

**EARLY WARNING REPORT
Form 62-103F1**

Required Disclosure under the Early Warning Requirements

Item 1 - Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

The designation of securities to which this report relates is a secured convertible bridge loan facility (the "**Loan**") provided by Jervois Mining Limited ("**Jervois**") to M2 Cobalt Corp. ("**M2 Cobalt**") in the principal amount of US\$3,000,000 (the "**Principal Amount**"), convertible into common shares of M2 Cobalt at a price of C\$0.245 per share.

The head office of M2 Cobalt is located at Suite 2000, 1177 West Hastings Street Vancouver, BC, Canada, V6E 2K3.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item 2 - Identity of the Acquiror

2.1 State the name and address of the acquiror.

The acquiror is Jervois Mining Limited, a company incorporated under the laws of Australia.

Jervois' head office is located at 585 Burwood Road, Hawthorn, Victoria, Australia, 3122.

Jervois' principal business is the exploration and development of the Nico Young nickel-cobalt laterite deposit in New South Wales, Australia.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On January 21, 2019, Jervois entered into an arrangement agreement with M2 Cobalt (the "**Arrangement Agreement**") pursuant to which the companies will merge in an at-market transaction (the "**Transaction**"). The Transaction will be completed by way of a plan of arrangement (the "**Plan of Arrangement**") under the *Business Corporations Act* (British Columbia) whereby Jervois will acquire all of the issued and outstanding common shares of M2 Cobalt, subject to the satisfaction of certain conditions set out in the Arrangement Agreement. Under the Plan of Arrangement, each common share of M2 Cobalt will be exchanged for one common share of Jervois.

In connection with the Transaction, Jervois has provided M2 Cobalt with the Loan. Pursuant to the terms of a convertible loan agreement dated January 21, 2019 (the "**Loan Agreement**"), the Loan will have an interest rate of 15.0% per annum on drawn amounts, a commitment fee of 3.0% per annum on the undrawn balance and will be secured against the assets of M2 Cobalt

and certain of its subsidiaries. Completion of any advances under the Loan are subject to the satisfaction of the conditions set out in the Loan Agreement.

The Loan is convertible into M2 Cobalt common shares, with the Principal Amount being convertible at C\$0.245 per share, and any accrued interest or expenses being convertible at the market price of M2 Cobalt shares at the time of conversion.

2.3 State the names of any joint actors.

Not applicable.

Item 3 - Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

As at the date of this report, Jervois does not own, and has not previously owned, any common shares of M2 Cobalt.

If the full Principal Amount is advanced under the Loan and converted into M2 Cobalt common shares, the Loan Agreement provides that the maximum number of M2 Cobalt common shares that Jervois can acquire is 19.9% of the issued and outstanding common shares of M2 Cobalt, being approximately 15,745,000 common shares of M2 Cobalt as at January 21, 2019. The Loan Agreement does not permit Jervois to convert the Loan into an aggregate position of more than 19.9% of the M2 Cobalt common shares.

Following completion of the Plan of Arrangement, Jervois will own 100% of the issued and outstanding common shares of M2 Cobalt.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

See Items 2.2 and 3.1 above.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See Item 3.1 above.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

See Item 3.1 above.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 - Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

The Principal Amount of the Loan is US\$3,000,000 (C\$3,989,100 based on the Bank of Canada daily exchange rate as at January 21, 2019).

Pursuant to the terms of the Plan of Arrangement, each M2 Cobalt shareholder will receive one Jervois share for each M2 Cobalt common share. This represents an implied offer price of C\$0.262 based on the closing price of Jervois' common shares on the Australian Stock Exchange on January 21, 2019, and C\$0.247 based on the 10-day VWAP for the period also ending January 21, 2019.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See Item 4.1.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

Item 5 - Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**

- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

Jervois has provided M2 Cobalt with the Loan for the purposes of improving the liquidity of M2 Cobalt until closing of the Transaction.

Under the Plan of Arrangement, Jervois intends to acquire 100% of the issued and outstanding common shares of M2 Cobalt such that M2 Cobalt will be a wholly-owned subsidiary of Jervois.

In connection with the Transaction, Jervois intends to complete a secondary listing of its common shares for trading on the TSX Venture Exchange and, on the completion of the Transaction, the common shares of M2 Cobalt will be de-listed from the TSX Venture Exchange.

Item 6 - Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Pursuant to the terms of the Loan Agreement:

- the Principal Amount of the Loan is to be US\$3,000,000;
- the Loan will have an interest rate of 15.0% per annum on drawn amounts, a commitment fee of 3.0% per annum on the undrawn balance and will be secured against the assets of M2 Cobalt and certain of its subsidiaries;
- the Loan is convertible into M2 Cobalt common shares, with the Principal Amount being convertible at C\$0.245 per share, and any accrued interest or expenses being convertible at the market price of M2 Cobalt shares at the time of conversion;
- Jervois is not permitted to convert the Loan into an aggregate position of more than 19.9% of the M2 Cobalt common shares; and
- if the Arrangement Agreement is terminated, the Loan will become payable within 30 days.

Pursuant to the terms of the Arrangement Agreement:

- Jervois is to acquire each M2 Cobalt common share in exchange for one common share of Jervois;
- the Transaction will be implemented by way of a court-approved Plan of Arrangement under the *Business Corporations Act* (British Columbia);
- M2 Cobalt stock options and warrants will be exchanged for replacement options and warrants under Jervois' stock option plan;
- the parties are afforded customary deal protection provisions, including non-solicitation covenants on the part of M2 Cobalt, subject to the right to accept a superior proposal in certain situations (for which Jervois has a right to match such superior proposal);
- the parties are afforded customary reciprocal break fees if the Arrangement Agreement is terminated in certain circumstances;
- following completion of the Transaction, the post-Transaction Board of Directors of Jervois will consist of three members from Jervois and one member from M2 Cobalt; and
- following completion of the Transaction, Jervois' Chairman, Mr. Peter Johnston, and Jervois' Chief Executive Officer, Mr. Bryce Crocker, will continue in their existing roles.

Also in connection with the Transaction, the Directors and executive officers of M2 Cobalt along with certain M2 Cobalt shareholders, holding in the aggregate 34.6% of the outstanding M2 Cobalt common shares, have each entered into customary voting and support agreements (the "**Voting Agreements**"). The Voting Agreements set out, among other things, the agreement of the party thereto to cause its respective M2 Cobalt common shares to be voted in favour of the Plan of Arrangement.

Material contracts will be filed on M2 Cobalt's SEDAR profile at www.sedar.com in accordance with Canadian securities laws.

Item 7 - Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 - Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 - Certification

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 23rd day of January, 2019.

JERVOIS MINING LIMITED

By: *(signed) "Bryce Crocker"*
Name: Bryce Crocker
Title: Chief Executive Officer