



A.B.N. 52 007 626 575

29 April 2019

ASX:JRV

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## Jervois Mining Quarterly Activities Report to 31 March 2019

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**Jervois Mining Limited**  
ACN: 007 626 575  
ASX: JRV

**Corporate Information:**  
223.3M Ordinary Shares  
30.4M Unlisted Options

**Non-Executive Chairman**  
Peter Johnston

**Chief Executive Officer**  
Bryce Crocker

**Non-Executive Director**  
Brian Kennedy

**Non-Executive Director**  
Stephen van der Sluys

**Company Secretary**  
Alwyn Davey

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### HIGHLIGHTS

- Jervois, M2 Cobalt and eCobalt to combine to build a global industry leader ("New Jervois") – enlarged company with greater scale, liquidity and diversification with significant re-rating potential
- New Jervois to have Australian, East African and United States project pipeline
- New Jervois to seek listings on the TSXV and US OTCQX markets
- Jervois to sell remaining royalties to Franco Nevada for A\$3.6 million cash, including Bullabulling
- M2 Cobalt mobilises Ugandan copper-cobalt-nickel exploration utilizing US\$3.0 million loan from Jervois, agreed as part of the merger
- Michael Rodriguez appointed Executive General Manager – Technical Services, resigned from Board position to facilitate

## CORPORATE UPDATE

### Merger with eCobalt Solutions Inc.

On 2 April 2019, Jervois Mining (ASX:JRV) (“Jervois”) and eCobalt Solutions Inc. (TSX:ECS) (“eCobalt”) announced they had entered into an arrangement agreement pursuant to which the companies will combine (the “eCobalt Merger”). The eCobalt Merger will be completed by way of a Plan of Arrangement under the *Business Corporations Act* (British Columbia) (the “eCobalt Arrangement”) whereby Jervois will acquire all of the issued and outstanding common shares of eCobalt that Jervois does not already own. Jervois currently owns 7,249,800 common shares in the capital of eCobalt, constituting approximately 4.5% of the outstanding common shares of eCobalt on an undiluted basis. At launch, 15.9% of eCobalt’s outstanding shares committed to vote in favour of the eCobalt Merger.

Under the eCobalt Arrangement, each share of eCobalt will be exchanged for 1.65 shares of Jervois. The eCobalt Merger will result in the issue of approximately 262.4 million New Jervois common shares, and if all eCobalt options and warrants were to be exercised, a further 47.0 million New Jervois shares. At today’s share prices, the proforma market capitalization of New Jervois is approximately US\$95 million, which will make New Jervois the third largest publicly listed cobalt company globally.

Shareholder documents relating to the eCobalt merger are expected to be posted to Jervois and eCobalt shareholders shortly after the M2 Cobalt Merger (defined below) closes, which is expected to be mid-June. The eCobalt Merger is expected to be completed in early Q3 2019. Further detail is available in Jervois’ ASX Announcement dated 2 April 2019.

The eCobalt Merger and the M2 Cobalt Merger are separate, unrelated mergers.

#### *Transaction Highlights:*

- Enhanced geographic and asset diversification by combining development-stage Nico Young and Idaho Cobalt Project (“ICP”) assets in Australia and the United States, respectively, with assets in Africa from previously announced M2 Cobalt Merger;
- Board of Directors of New Jervois will consist of three nominees from Jervois and two nominees from eCobalt, post-closing of the the eCobalt Merger (which is expected to follow closing of the M2 Cobalt Merger);
- Current Jervois Chairman, Mr Peter Johnston, and Chief Executive Officer, Mr Bryce Crocker, will continue in these roles in New Jervois; and
- Primary listing on the Australian Stock Exchange (“ASX”) and will seek a listing on the TSX Venture Exchange (“TSXV”) as well as the US OTCQX market; will provide access to the Australian and North American mining capital markets.

eCobalt is an advanced-stage development company with its flagship asset the 100%-owned ICP located near Salmon in Idaho, United States. ICP is fully environmentally permitted with C\$135

million having been spent to date. ICP has the largest NI 43-101 compliant cobalt resource in the United States, with 3.87Mt Measured and Indicated resource @ 0.59% Co and 0.85% Cu with an additional 1.82Mt Inferred resource @ 0.46% Co and 0.81% Cu<sup>1</sup>. A new Feasibility Study is underway which contemplates an increased throughput rate from 800 tonnes of ore per day<sup>(2)</sup>.

### **Merger with M2 Cobalt Corp.**

In January 2019, Jervois and M2 Cobalt Corp. (TSXV:MC) (“M2 Cobalt”) announced they had entered into a definitive agreement pursuant to which the companies will combine in an at-market transaction (the “M2 Cobalt Merger”). The M2 Cobalt Merger will also be completed pursuant to the *Business Corporations Act* (British Columbia).

M2 Cobalt is an exploration stage company with 100% ownership of highly prospective properties in Uganda. The company has an established Ugandan operating presence with strong government and local stakeholder relationships. Its projects are at target drilling stage and exhibit strong anomalies.

On 31 January 2019, Jervois announced it had received a waiver from Listing Rule 7.1. from the ASX. This waiver confirmed prior in-principle advice. In April, Jervois reported approximately 50% of M2 Cobalt’s outstanding shares had signed customary voting agreements in support of the M2 Cobalt Merger. Jervois shareholder approval is not required. The M2 Cobalt shareholder meeting to consider the M2 Cobalt Merger has been set for 14 June 2019, and the M2 Cobalt circular is expected to be posted during the month of May. The M2 Cobalt merger is expected to close shortly after the shareholder meeting on 14 June 2019.

### **Sale of Non-Core Royalties**

On March 30, 2019, Jervois accepted an offer from Franco Nevada (TSE:FNV) (NYSE:FNV) to purchase the remainder of Jervois’ non-core royalty portfolio for A\$3.6 million in cash (subject to certain closing conditions) (the “Royalty Sale”). This includes Jervois’ Bullabulling gold royalty in Kalgoorlie. Other royalties included 1.5% NSR’s over the Forest Reefs exploration project in New South Wales, operated by Newcrest, and the Mt Moss mining lease in Queensland, owned by Curtain Bros (Qld) Pty Ltd.

The Royalty Sale is subject to negotiating and executing a definitive agreement, obtaining certain third party consents and customary closing conditions, including Australian Foreign Investment Review Board (“FIRB”) approval. The Royalty Sale is expected to close in Q2 2019.

### **Listing on the US OTCQX**

Jervois will seek to list on the United States (“US”) OTCQX market following its announcement that it will combine with eCobalt and earlier announcement of a planned merger with M2 Cobalt.

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<sup>1</sup> Refer to eCobalt Press Release 7 February 2018.

<sup>2</sup> Refer to eCobalt Press Release 7 January 2019.

Trading on the OTCQX supports Jervois' strategy to broaden its international investor base, particularly in North America, where eCobalt and M2 Cobalt are both listed. Cross-trading in the US will allow New Jervois to promote itself to a larger audience of potential investors, improving the accessibility and liquidity of New Jervois' stock. The listing is also important for eCobalt and M2 Cobalt's existing US retail shareholders.

### **Appointment of EGM – Technical Services**

During the quarter, Jervois announced Michael Rodriguez would transition from Non-Executive Director into an executive role as Executive General Manager – Technical Services. This is due to Jervois' expanded activities, and transition of both Nico Young, and, upon consummation of the eCobalt Merger, ICP into final definitive feasibility studies ("DFS").

Mr Rodriguez has more than 30 years of experience in the design, construction, commissioning, operation and management of globally significant mineral processing operations including Murrin Murrin, Olympic Dam and the Kwinana nickel refinery.

Mr Rodriguez has been a Non-Executive Director of Jervois since October 2017, however in assuming his new executive role he has resigned from the Jervois Board of Directors.

### **Liquidity and Cashflow**

Expenditure on exploration and development for the quarter was A\$0.7 million, which represented finalization of the Nico Young PFS.

Jervois ended the March quarter with A\$5.2 million in cash, A\$4.4 million in public securities and no debt.

On March 30, 2019, Jervois entered into the Royalty Sale with a A\$3.6 million cash sale price. As noted above, the Royalty Sale is subject to negotiating and executing a definitive agreement, obtaining certain third party consents and customary closing conditions.

## **PROJECT UPDATES**

### **Nico Young Nickel-Cobalt Project, NSW, Australia**

#### *Pre-Feasibility Study ("PFS") Update*

After quarter end Jervois finalized its Nico Young PFS on a heap leach facility. The study confirms an attractive long life nickel-cobalt project. After construction, the facility will be one of Australia's largest cobalt-nickel operations, and heap leach represents a flowsheet with lower technical risk at reduced capital intensity compared with alternatives pursued by Jervois' ASX-listed peers. The study now resides with regulators for review.

Jervois was pleased that independent support of the value of Nico Young was received as part of its previously announced M2 Cobalt Merger and eCobalt Merger. The investment banks Canaccord Genuity Corp. and TD Securities Inc. undertook due diligence on the Nico Young PFS as part of these transactions, and each of them provided positive fairness opinions to their client's Board of Directors.

Jervois continues its negotiations with investment and off-take partners for Nico Young. Interest remains strong and Jervois remains optimistic with the level of strategic and customer interest and is confident that an attractive partner and customer for the project will be secured.

Jervois' initial intention is to commit only off-take required to facilitate the introduction of partner funding to complete the Nico Young DFS. Upon completion of the DFS, Jervois will again reassess its level of equity share of Nico Young, and uncommitted off-take, and determine a suitable ownership structure and marketing strategy to facilitate obtaining project financing to move into construction.

### **M2 Cobalt Exploration Programme, Uganda**

During the quarter, M2 Cobalt announced it was mobilising for its 2019 exploration program in Uganda as a continuation and expansion of its initial drill program launched in 2018. This programme will be funded via the US\$3.0 million secured, convertible loan, provided by Jervois as part of the previously announced M2 Cobalt Merger. The exploration programme will include up to 6,000 metres of diamond and reverse circulation drilling. M2 Cobalt also plans additional ground geophysics and rock grab and soil sampling within its existing and recently-acquired exploration licenses.

### **NON-CORE ASSETS**

#### **Khartoum Tin Project, Herberton, Queensland, Australia**

The Khartoum Tin Project comprises five tenements in the Mt Garnet / Herberton area of the Atherton Table Lands, North Queensland, Australia. The area was historically mined for tin and dominated by highly deformed greisen / skarn.

Although the properties are promising, Jervois has determined they are no longer core to its revised strategy to focus on lithium ion battery cathode raw materials. Jervois has established a data room and a process to exit these interests continues.

#### **Arunta West JV (Jervois 49%)**

Norwest Minerals Ltd, operator of the Arunta West JV, has advised that an initial 4 hole diamond drill programme will commence in May 2019 on the North Dover coincident gravity and magnetics anomaly. The target is IOCG mineralisation and is located between recent copper and gold

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discoveries to the west and east. A soil sampling programme has also commenced. Jervois looks forward to the results of this drilling.

By Order of the Board

Bryce Crocker  
Chief Executive Officer

#### Australian Tenements

<b>Description</b>	<b>Tenement number</b>	<b>Interest owned %</b>
Ardnaree (NSW)	EL 5527	100.0
Thuddungra (NSW)	EL 5571	100.0
Nico Young (NSW)	EL 8698	100.0
Area 1 (NSW)	EL 8474	100.0
West Arunta (WA)	E80 4820	49.0
West Arunta (WA)	E80 4986	49.0
West Arunta (WA)	E80 4987	49.0
Old Khartoum (QLD)	EPM 14797	100.0
Khartoum (QLD)	EPM 19112	100.0
Three Mile Creek (QLD)	EPM 19113	100.0
Carbonate Creek (QLD)	EPM 19114	100.0
Mt Fairyland (QLD)	EPM 19203	100.0

*The information in this report that relates to Exploration Results is based on information compiled by Mr David Selfe (MAusIMM), a full-time employee of Jervois. Mr David Selfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr David Selfe consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

JERVOIS MINING LIMITED

### ABN

52 007 626 575

### Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,988	6,328
1.2 Payments for		
(a) exploration & evaluation	(697)	(3,848)
(b) development	-	-
(c) production	-	-
(d) staff costs	(217)	(624)
(e) administration and corporate costs	(813)	(1,500)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	49
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	1
<b>1.9 Net cash from / (used in) operating activities</b>	<b>285</b>	<b>406</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(341)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	597
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(418)	(418)
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	2
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(421)</b>	<b>(160)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	200
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Security bonds	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>200</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,297	4,715
4.2	Net cash from / (used in) operating activities (item 1.9 above)	285	406
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(421)	(160)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	200
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,161</b>	<b>5,161</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	5,045	5,182
5.2 Call deposits	116	115
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)*</b>	<b>5,161</b>	<b>5,297</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
111
-

Fees paid to Directors on normal commercial terms.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

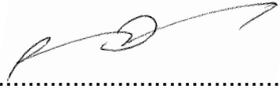
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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	230
9.5 Administration and corporate costs	500
9.6 Other - Loan to M2 Cobalt	2,315
<b>9.7 Total estimated cash outflows</b>	<b>3,045</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  .....

Date: 29 April 2019

(Director/Company secretary)

Print name: Alwyn Davey

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.