



First Cobalt Urges Fellow eCobalt Shareholders to Vote Against Value-Destroying Jervois Transaction

Proposed deal would see eCobalt shareholders give away 53% of its Idaho Cobalt Project while getting nothing in return

TORONTO, ON — (June 26, 2019) – First Cobalt Corp. (TSX-V: FCC, OTCQX: FTSSF) (“First Cobalt”) today sent an open letter to the shareholders of eCobalt Solutions Inc. (TSX:ECS) (“eCobalt”) urging them to vote against eCobalt’s proposed merger with Jervois Mining Limited (ASX:JRV) (“Jervois”).

The full text of the letter is below and has also been filed on First Cobalt’s website at www.firstcobalt.com.

Open Letter to Fellow eCobalt Shareholders

Dear eCobalt Shareholders:

The opportunity to vote on the proposed merger with Jervois at the July 19 Special Meeting of eCobalt is quickly approaching. We are reaching out to you to express our deep conviction that this deal destroys value for eCobalt shareholders – it is the wrong deal at the wrong price and the wrong time.

As of the record date, First Cobalt owns 9,640,500 million shares representing a 5.8% interest in eCobalt, making us one of its largest shareholders.

We urge fellow shareholders to vote AGAINST the transaction utilizing the proxy mailed to you by eCobalt.

As further explained below, First Cobalt opposes the Jervois transaction for the following reasons:

1. **Incredibly Dilutive:** eCobalt shareholders would give up 53% of the proforma company and would get nothing of value in return.
2. **Fails to Advance the Idaho Cobalt Project:** The proposed Jervois transaction does not advance the Idaho Cobalt Project (“ICP”), either technically or financially.
3. **Introduces New Risks:** The Jervois transaction introduces a number of material new risks that should concern eCobalt shareholders, notably unproven exploration land in the highly unstable African country of Uganda, an undeveloped nickel project in Australia, a management team based half a world away from the ICP development project and a primary stock listing in Australia.
4. **Sale Process Did Not Maximize Shareholder Value:** The eCobalt Board did not fulfil its fiduciary duty to explore all other value-maximizing options before entering into an agreement that triggers generous management severance payments and contains a CAD\$3 million break fee, which impedes a superior offer.
5. **Circular Does Not Disclose All the Facts:** We understand that eCobalt received a letter from one of the industry’s top private equity funds interested in funding the

entire capital cost to build the ICP under different circumstances that would preclude the Jervois transaction. Why was this critical piece of information not disclosed to shareholders?

If, and when, shareholders reject the terms of this ill-conceived, value-destructive transaction, we would prefer one of two paths:

Option 1 – Remain independent. The cobalt market has struggled over the past 12 months but this will pass and experienced commodity investors understand that mining is a cyclical business. Hard times are not an excuse to give up on your shareholders. As the market improves (and it will), eCobalt shareholders will be rewarded handsomely. Rather than pursue the proposed at-market transaction, the company should complete its long-anticipated updated feasibility study, continue to execute on its strategic plan and be patient when considering strategic transactions. We are in the early innings of an EV revolution the likes of which have never been seen and the Idaho Cobalt Project could become an operating mine at the perfect time.

Option 2 – Run a formal and competitive sale process. If the eCobalt board insists on pursuing a sale, it has a duty to conduct a proper auction. Invite Jervois to participate along with all potential suitors and then work with the party that offers the best consideration to eCobalt shareholders.

A vote for this transaction is a losing proposition: it burdens eCobalt with substantially more geopolitical and operational risk while unjustifiably giving away the upside of the Idaho Cobalt Project, which belongs to the current shareholders.

Voting **AGAINST** the transaction is a **WIN** for eCobalt shareholders. If the transaction fails to win the support of eCobalt shareholders, our company can recover from the sharp underperformance and can be in a stronger position to participate in value accretive actions in the future. A renegotiation of the Jervois transaction at materially better terms would also be a win for eCobalt shareholders. There is no apparent downside in voting **AGAINST** this deal.

We urge shareholders not to allow complacency to permit eCobalt's board to sneak this flawed deal through. Shareholders requiring any assistance in executing their proxy or voting instruction form, can contact First Cobalt Corp. proxy solicitation agent Gryphon Advisors Inc. at: 1-833-335-6118 or 1-416-661-6592 or inquiries@gryphonadvisors.ca.

The Facts

The Idaho Cobalt Project is a permitted North American cobalt project and one of precious few primary cobalt assets outside the DRC. The ICP is also a very high-grade project by global standards and CAD\$135 million has been spent to date developing the project. Putting the ICP into production would provide America with an ethical source of U.S.-based cobalt and help ensure that the country's national security and economic interests are secure for years to come.

In September 2017, eCobalt announced the results of a feasibility study that estimated a total capital cost to build the ICP at US\$187 million, comprised of US\$63 million for the mine and mill and US\$124 million to build a cobalt refinery in Idaho. Shortly after the release of the study, eCobalt decided that it would forego the cost of building a cobalt refinery and instead seek to sell a lower value cobalt-copper-arsenic concentrate to a third party refiner.

eCobalt embarked upon a global marketing effort to identify a refinery capable of treating elevated levels of arsenic but to no avail. During this period, First Cobalt approached eCobalt with a proposal to recommission First Cobalt's hydrometallurgical refinery in Canada as it was permitted to treat high levels of arsenic and had a successful operating history. Based on the published results of eCobalt's feasibility study and a First Cobalt refinery scoping study, First Cobalt believed at that time eCobalt could eliminate most of the US\$124 million in capex of a new refinery by using the First Cobalt refinery.

On September 27, 2018, Michael Callahan was appointed as new CEO of eCobalt. On January 16, 2019, the two company CEOs had the first of several strategic discussions. First Cobalt offered to "give" the refinery to eCobalt for future consideration, in the belief that a commercial arrangement would be of significant benefit of both companies' shareholders. Discussions intensified, culminating in a meeting on February 16 and 17 to discuss the benefits of merging the two companies to capture the vertical integration synergies by combining the ICP and the First Cobalt refinery. Discussions focused on the benefits of creating a North American pure-play cobalt company by bringing together the ICP, the refinery, First Cobalt's Iron Creek Project in Idaho and First Cobalt interests in the Canadian Cobalt Camp.

eCobalt and First Cobalt signed a non-disclosure agreement with a standstill clause, which prevented either party from making an unsolicited bid for the other company. Thereafter, repeated requests to advance due diligence and exchange confidential information were ignored by eCobalt.

We understand that other parties have expressed an interest in a corporate transaction and that some of them also signed non-disclosure agreements with a standstill provision but that no serious discussions ensued. It is our understanding that those parties who signed a non-disclosure agreement with eCobalt were never approached to table an offer that could have created more value for eCobalt shareholders.

Instead, the board agreed to support the Jervois transaction with a Lock Up Agreement and under penalty of a CAD\$3 million "break fee" if they failed to recommend that shareholders approve the deal. The board of eCobalt also failed to file the Lock Up Agreement with securities regulatory authorities as is required by law. By failing to do so, potential suitors were placed at an additional disadvantage and the eCobalt board further impeded any opportunity for shareholders to maximize value for their shares.

Objection #1: Incredibly Dilutive

eCobalt shareholders are being asked to give away a crown jewel, the Idaho Cobalt Project. Shareholders would own just 47% of the combined company while the owners of 53% are contributing nothing of concrete value. The proposed transaction defies any business rationale and does not in any way move the Idaho Cobalt Project closer to production. Why should eCobalt shareholders give away 53% of a permitted North American cobalt project in a deal that lacks a formal valuation? In the 2017 feasibility study, the ICP had a reported project net asset value of US\$136 million after tax whereas the company is being sold for US\$44.8 million as of the date of the announcement. By contrast, the value of Jervois' nickel project and early-stage African copper exploration prospects are far from clear and both Jervois assets detract from eCobalt's appeal as a pure-play cobalt company.

Objection #2: Fails to Advance the Idaho Cobalt Project

Once the eCobalt board abandoned the idea of building a cobalt refinery in late 2017 in an effort to reduce the capital cost, the primary obstacle has been to identify a refinery willing

to buy the mine concentrate. For the past 18 months, management traveled to every corner of the earth but has not secured an offtake contract due to very high levels of arsenic in its concentrate.

Any transaction involving eCobalt must do at least one of two things: (1) offer technical solutions to de-risk the ICP and/or (2) result in a significant capital injection. The proposed transaction is a share-for-share exchange that does nothing to bring the ICP closer to production.

There is a refinery in Canada that is permitted and has a history of treating arsenic cobalt concentrates that has attracted interest from some of the world's largest cobalt miners. eCobalt refused to even consider the option, not as a result of due diligence or a technical review but because it was perceived as a threat to the incumbent board and management team. Management of eCobalt considered building and permitting a roasting facility in Idaho to remove the arsenic but the process is unproven, results in additional capital requirements and would still result in eCobalt giving away an important part of the value chain to a third party refiner.

The proposed Jervois transaction does nothing to solve critical technical obstacles to developing the Idaho Cobalt Project and the company's cash balance is insufficient to advance the project. More dilution is to be expected from this deal as Jervois will be forced to pursue a dilutive equity offering under any scenario. That means our 47% interest will drop even further if this deal is approved.

Objection #3: Introduces New Risks

The Jervois transaction brings with it a number of material new risks that should concern eCobalt shareholders. Jervois just completed a transaction to acquire unproven copper exploration properties in the highly unstable African country of Uganda. Their other asset is an undeveloped nickel project in Australia with cobalt as a by-product for which Jervois is seeking a joint venture partner. The proposed transaction would result in a global collection of disparate assets with no synergies. The primary stock listing and the management team would be based in Australia, too far away from an Idaho mine development project that requires a dedicated team nearby. The eCobalt meeting circular fails to present a compelling transaction rationale and is totally at odds with eCobalt's most attractive investment attributes: a pure-play cobalt development company controlling a permitted critical mineral project in the USA that America desperately needs.

Objection #4: eCobalt Directors Did Not Run a Sale Process, Contrary to the Fiduciary Duties they owe Shareholders

It is our understanding, confirmed by the eCobalt meeting circular, that no parties other than Jervois were given an opportunity to make an offer for eCobalt prior to entering into an agreement with Jervois that includes an egregious CAD\$3 million break fee in the event of a superior offer. Over the past two years, eCobalt signed several non-disclosure agreements with companies interested in discussing a merger or strategic relationship. The eCobalt board had other options so why wouldn't they want to explore them?

Just six months after joining eCobalt, incoming CEO Michael Callahan and the board threw in the towel in a tough commodities market, triggering generous severance payments. No effort was made to similarly look after the owners of the company by maximizing shareholder value through a competitive sale process.

TD, who is an advisor to eCobalt's board, has a target price of CAD\$0.45 per share, which is 20% above the implied offer. Other sell-side covering analysts have stock price targets that range from CAD\$0.90–\$1.70, all significantly higher than the CAD\$0.36 implied by the deal on the day of announcement.

We are disappointed that the directors of eCobalt, who collectively own only 1,145,608 shares or about 0.69% of eCobalt, have chosen to move forward with such an inadequate transaction. It appears to us that the board abrogated its duty to shareholders by agreeing to a deal that is extremely favorable to Jervois at the expense of the current shareholders. The proposed transaction gives away control of the ICP without getting paid adequately. The transaction is not in the best interests of shareholders and should not be approved at the Special Meeting.

Objection #5: Circular Does Not Disclose All the Facts

Prior to announcing the transaction with Jervois, we understand that eCobalt received a letter from a highly respected mining private equity firm indicating that it was interested in funding the entire capital requirement to build the Idaho Cobalt Project. The multi-billion dollar fund's interest was premised on eCobalt merging with First Cobalt in order to capture the synergies of a vertically integrated North American pure-play cobalt company by giving eCobalt ownership over the only North American refinery capable of treating arsenic-rich mine concentrate. The belief, supported by published studies, was that this combination could eliminate up to US\$95 million in capital expenditures from eCobalt's September 2017 feasibility study estimates.

We are confused and frustrated that no effort was made to even assess this option or consider a win-win relationship in the face of a potential complete funding solution and despite repeated invitations to the eCobalt management team to assess the permitted refinery as a viable, regional processing option. In the interim, Glencore, the world's largest cobalt miner, signed a non-binding agreement with First Cobalt to process its cobalt feedstock through First Cobalt's refinery but eCobalt management has dismissed the facility out of hand. A strategic relationship between First Cobalt and Glencore does not close the door on the opportunity for eCobalt to participate in this commercial venture but eCobalt has thus far refused to even consider the option because it is perceived as a threat to the incumbent board and management team.

It is shocking to us that the eCobalt board ignored the funding letter and failed to mention it in its proxy disclosure to shareholders. At a minimum, the directors as fiduciaries were obligated to consider the possibility of a superior offer before locking up with Jervois – and to disclose all the facts.

What You Can Do

We are extremely disappointed that eCobalt's board of directors has chosen to move forward with such a transaction and we urge you to **VOTE AGAINST** the plan of arrangement all of the proposals to be voted upon at the Special Meeting.

The proposed transaction relative value is unbelievably lopsided in Jervois' favor. Jervois stock for eCobalt stock is simply a bad deal for eCobalt shareholders.

There are far better options for eCobalt than this value-destructive transaction. The company will not collapse if the deal is voted down. On the contrary, it can prosper in an improving market.

This proposed transaction requires the support of 66²/₃% of total votes cast at the eCobalt Special Meeting and the deadline to vote is July 17, 2019 at 10:00 am Pacific time.

DON'T GIVE UP CONTROL OF eCOBALT FOR INADEQUATE CONSIDERATION. PLEASE VOTE.

EVEN IF YOU HAVE ALREADY VOTED ON THE PROXY CARD SENT TO YOU BY eCOBALT, YOU CAN STILL CHANGE YOUR VOTE BY SIMPLY RECASTING YOUR VOTE. ONLY YOUR LATEST DATED PROXY CARD WILL COUNT.

If you have any questions, or need help voting, contact Gryphon Advisors Inc. at: 1-833-335-6118 or 1-416-661-6592 or email inquiries@gryphonadvisors.ca. There is a team standing by to assist you.

About First Cobalt

First Cobalt is a North American cobalt company and owner of the only permitted primary cobalt refinery in North America. The Company is exploring a restart of the First Cobalt Refinery in Ontario, Canada, which could produce over 5,000 tonnes of contained cobalt in sulfate per year from third party feed. First Cobalt's main cobalt project is the Iron Creek Cobalt Project in Idaho, USA, which has an inferred mineral resource estimate available on the Company's website. The Company also controls a significant land package in the Canadian Cobalt Camp, spanning over 100 km² which contains more than 50 past producing mines.

On behalf of First Cobalt Corp.

Trent Mell
President & Chief Executive Officer

For more information visit www.firstcobalt.com or contact:

Catch Advisory Group
info@firstcobalt.com
+1.416.900.3891

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Information in Support of Public Broadcast Solicitation

First Cobalt is relying on the exemption under section 9.2(4) of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102") to make this public broadcast solicitation. The following information is provided in accordance with securities laws applicable to public broadcast solicitations.

This press release and any solicitation made by First Cobalt in advance of the Special Meeting is, or will be, as applicable, made by First Cobalt and not by or on behalf of the management of eCobalt.

First Cobalt has filed a copy of this press release containing the information required in section 9.2(4) of NI 51-102 on eCobalt's company profile on SEDAR at www.sedar.com. All costs incurred for any solicitation will be borne by First Cobalt, provided that, subject to applicable law, First Cobalt may seek reimbursement from eCobalt of First Cobalt's out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with the Special Meeting. The anticipated cost of First Cobalt's solicitation is estimated to be CAD\$30,000 plus disbursements and customary fees.

First Cobalt has retained Gryphon Advisors Inc. ("Gryphon") as its proxy solicitor. Gryphon's responsibilities will principally include providing strategic advice and advising First Cobalt with respect

to any solicitations made by or on behalf of First Cobalt in relation to the Special Meeting. Any proxies solicited by or on behalf of First Cobalt, including by Gryphon, may be solicited by way of public broadcast, including through press releases, speeches or publications and by any other manner permitted under applicable laws. A proxy may be revoked by instrument in writing executed by a shareholder or by their attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized or by any other manner permitted by law.

First Cobalt is not currently proposing any transaction with or involving eCobalt. However, First Cobalt has in the past proposed, and may in the future propose, a transaction with or involving eCobalt.

The head office of eCobalt is 1810-999 West Hastings Street, Vancouver, British Columbia, Canada.

Important Disclosure Information

This press release contains our current views on the value of securities of eCobalt and Jervois. Our views are based on our own analysis of publicly available information and assumptions we believe to be reasonable. There can be no assurance that the information we considered and analyzed is accurate or complete. The actual performance and results of eCobalt and Jervois may differ materially from our assumptions and analysis. Our views and our holdings could change at any time. We may sell any or all of our position or increase our exposure by purchasing additional securities. We may take any of these or other actions regarding eCobalt and Jervois without updating this letter or providing any notice whatsoever of any such changes (except as otherwise required by applicable law). The information contained above is not and should not be construed as investment advice and does not purport to be and does not express any opinion as to the price at which the securities of eCobalt and Jervois may trade at any time. Investors should make their own decisions regarding eCobalt and Jervois and their prospects based on such investors' own review of publicly available information. Neither First Cobalt nor any of its affiliates accepts any liability whatsoever for any direct or consequential loss howsoever arising, directly or indirectly, from any use of the information contained above.

Cautionary Note Regarding Forward-Looking Statements

This letter and news release may contain forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", or "might" "occur" or "be achieved". In this press release, forward-looking statements include, but are not limited to, statements concerning the benefits to First Cobalt of merging or otherwise engaging in a business transaction with eCobalt. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance and opportunities to differ materially from those implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements are set forth in the management discussion and analysis and other disclosures of risk factors for First Cobalt, filed on SEDAR at www.sedar.com. Although First Cobalt believes that the information and assumptions used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed times frames or at all. Except where required by applicable law, First Cobalt disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.