



## First Cobalt Reminds eCobalt Shareholders to Vote Against Value-Destroying Jervois Transaction

*Jervois would prioritize African exploration at the expense of American cobalt interests*

TORONTO, ON — (July 11, 2019) – First Cobalt Corp. (TSX-V: FCC, OTCQX: FTSSF) (“First Cobalt”) today sent a second open letter to the shareholders of eCobalt Solutions Inc. (TSX:ECS) (“eCobalt”) reminding 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](http://www.firstcobalt.com).

### Open Letter to Fellow eCobalt Shareholders

Dear eCobalt Shareholders:

As one of the largest eCobalt shareholders, we wrote a letter on June 26 urging you to vote against the proposed transaction with Jervois Mining Limited (click [here](#)). Since then, each company has issued a public response but both have failed to address the fact that eCobalt shareholders are facing significant dilution with no clear benefits accruing to us. We are therefore reaching out to you once again to express our deep conviction that this deal destroys value for eCobalt shareholders and should be rejected.

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

We find it unfortunate that the parties to the proposed transaction have chosen to resort to personal attacks and inaccurate statements rather than attempting to defend the transaction on its merits. They are ducking the issue by attempting to discredit the First Cobalt management team, which collectively has 100 years of exploration, development and operating experience spanning multiple commodities with global operators, including First Quantum, Barrick Gold, Noranda, Falconbridge and Inmet Mining. The core issue, which has not been addressed, is the quality of the assets that eCobalt shareholders are being asked to accept in return for losing control over the Idaho Cobalt Project (“ICP”).

Our previous letter outlined five principal reasons to oppose the transaction. Proxy material and recent developments have confirmed our views:

1. *Incredibly Dilutive*: eCobalt shareholders are being asked to give up a majority control of the proforma company while getting nothing of value in return.

**Recent Developments**: We were told that eCobalt shareholders would own 46.9% of the new company but a proposed financing by Jervois would see our pro forma interests drop to just a 40.8% interest. To make matters worse, less than 25% of proceeds would be used to advance the Idaho Cobalt Project. The proposed transaction ascribes a higher value to Jervois assets than eCobalt’s permitted ICP, a position we find to be baffling and nonsensical.

2. *Fails to Advance the Idaho Cobalt Project*: The proposed Jervois transaction does not advance the ICP, either technically or financially.

**Recent Developments:** Contrary to what we have been told, Jervois does not appear to be “committed to aggressively advancing the ICP”. The detailed use of proceeds for the next 12 months presented to Australian investors in late June proposes spending A\$6.3 million on exploration in Uganda, A\$6 million on G&A across three continents and a mere A\$4.1 million advancing the ICP. This is at odds with representations Jervois made to eCobalt to spend C\$10 million on the ICP project over the next 18 months, as the spending breakdown demonstrates a greater focus on Uganda than America. For a company that claims to be production-focused, most of its budget is earmarked for speculative exploration and administrative overhead.

3. *Introduces New Risks*: The Jervois transaction introduces a number of new material risks that should concern eCobalt shareholders, notably unproven exploration land in the highly unstable African country of Uganda, a low-grade nickel project in Australia, a management team based half a world away from the ICP development project and a primary stock listing in Australia.

**Recent developments:** Jervois has made it clear that its immediate priority is to test new targets in Uganda, a country that ranked 70th in an investment attractiveness index published by the Fraser Institute in 2016, behind Ethiopia, Tanzania and Papua New Guinea. By contrast, Idaho ranked 12th.

In addition, Jervois’s conscious decision not to file an application with the Committee on Foreign Investment in the United States (CFIUS) creates a risk, even after closing, that a U.S. court could unwind the transaction. Given that Jervois is considering Chinese joint venture partners for its Nico Young project, we believe that the CFIUS risk should not be overlooked in the current trade climate.

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 C\$3 million break fee, which impedes a superior offer.

**Recent Development:** The response that there were no other bids is disingenuous and ignores the fact that interested parties were not permitted to make an unsolicited bid under the non-disclosure agreements that eCobalt required of them. The duty to conduct a proper auction rests with the board and in this regard, we have no evidence that this was even contemplated. The notion that eCobalt conducted “multiple assessments” of other assets is not credible as there is no supporting evidence that management ever accepted confidential information offered to them. We continue to believe that the Board did not properly exercise its fiduciary duty prior to entering into this arrangement.

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?

**Recent Development:** In its press release defending the transaction, eCobalt says “eCobalt has had numerous parties interested in providing full project financing on the condition of a completed feasibility study.” Information about these financing alternatives should have been fully disclosed to shareholders. Why give away almost 60% of the ICP to Jervois for a \$4.1 million ICP investment rather than pursue a fully financed solution?

This merely adds credence to the argument that shareholders should wholeheartedly reject the proposed transaction with Jervois and insist that management pursue these project financing alternatives.

### **What You Can Do**

We urge shareholders to **VOTE AGAINST** the plan of arrangement and all related proposals to be voted upon at the Special Meeting. Your vote matters. The proposed transaction requires the support of 66<sup>2</sup>/<sub>3</sub>% of total votes cast at the eCobalt Special Meeting and the deadline to vote is July 17, 2019 at 10:00 am Pacific time.

We thank shareholders for their strong support to date. 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.

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](mailto: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 km<sup>2</sup> 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](http://www.firstcobalt.com) or contact:**

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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](http://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 C\$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](http://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.