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

26.06.2019 | CNW

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

TORONTO, June 26, 2019 - First Cobalt Corp. (TSX-V: FCC, OTCQX: FTSSF) ("First Cobalt Corp.") today sent an ope the shareholders of eCobalt Solutions Inc. (TSX:ECS) ("eCobalt") urging them to vote against eCobalt's proposed merg Jervois Mining Ltd. (ASX:JRV) ("Jervois").

The full text of the letter is below and has also been filed on First Cobalt Corp.'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 appro are reaching out to you to express our deep conviction that this deal destroys value for eCobalt shareholders – i wrong deal at the wrong price and the wrong time.

As of the record date, First Cobalt Corp. owns 9,640,500 million shares representing a 5.8% interest in eCobalt, makin 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 Corp. 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 v return.
2. Fails to Advance the Idaho Cobalt Project: The proposed Jervois transaction does not advance the Idaho Cobalt ("ICP"), either technically or financially.
3. Introduces New Risks: The Jervois transaction introduces a number of material new risks that should concern eC shareholders, notably unproven exploration land in the highly unstable African country of Uganda, an undevelope project in Australia, a management team based half a world away from the ICP development project and a primar listing in Australia.
4. Sale Process Did Not Maximize Shareholder Value: The eCobalt Board did not fulfil its fiduciary duty to explore a value-maximizing options before entering into an agreement that triggers generous management severance payn 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 equity funds interested in funding the entire capital cost to build the ICP under different circumstances that would 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 tv

Option 1 – Remain independent. The cobalt market has struggled over the past 12 months but this will pass anc experienced commodity investors understand that mining is a cyclical business. Hard times are not an excuse to give u shareholders. As the market improves (and it will), eCobalt shareholders will be rewarded handsomely. Rather than pur proposed at-market transaction, the company should complete its long-anticipated updated feasibility study, continue to on its strategic plan and be patient when considering strategic transactions. We are in the early innings of an EV revolu 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 d conduct a proper auction. Invite Jervois to participate along with all potential suitors and then work with the party that of best consideration to eCobalt shareholders.

A vote for this transaction is a losing proposition: it burdens eCobalt with substantially more geopolitical and operationa 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 eCobal shareholders, our company can recover from the sharp underperformance and can be in a stronger position to participa accretive actions in the future. A renegotiation of the Jervois transaction at materially better terms would also be a win f 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. Sharehold requiring any assistance in executing their proxy or voting instruction form, can contact First Cobalt Corp. proxy solicita 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 ou DRC. The ICP is also a very high-grade project by global standards and CAD$135 million has been spent to date devel project. Putting the ICP into production would provide America with an ethical source of U.S-based cobalt and help ens 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 IC US$187 million, comprised of US$63 million for the mine and mill and US$124 million to build a cobalt refinery in Idaho after the release of the study, eCobalt decided that it would forego the cost of building a cobalt refinery and instead see 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 During this period, First Cobalt Corp. approached eCobalt with a proposal to recommission First Cobalt Corp.'s hydrom refinery in Canada as it was permitted to treat high levels of arsenic and had a successful operating history. Based on t published results of eCobalt's feasibility study and a First Cobalt Corp. refinery scoping study, First Cobalt Corp. believe time eCobalt could eliminate most of the US$124 million in capex of a new refinery by using the First Cobalt Corp. refin

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

eCobalt and First Cobalt Corp. signed a non-disclosure agreement with a standstill clause, which prevented either party making an unsolicited bid for the other company. Thereafter, repeated requests to advance due diligence and exchang 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 sig non-disclosure agreements with a standstill provision but that no serious discussions ensued. It is our understanding th parties who signed a non-disclosure agreement with eCobalt were never approached to table an offer that could have c 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 j the combined company while the owners of 53% are contributing nothing of concrete value. The proposed transaction c business rationale and does not in any way move the Idaho Cobalt Project closer to production. Why should eCobalt sh give away 53% of a permitted North American cobalt project in a deal that lacks a formal valuation? In the 2017 feasibil the ICP had a reported project net asset value of US$136 million after tax whereas the company is being sold for US$4 as of the date of the announcement. By contrast, the value of Jervois' nickel project and early-stage African copper exp 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 c primary obstacle has been to identify a refinery willing to buy the mine concentrate. For the past 18 months, manageme 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 result in a significant capital injection. The proposed transaction is a share-for-share exchange that does nothing to brin closer to production.

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

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

Objection #3: Introduces New Risks

The Jervois transaction brings with it a number of material new risks that should concern eCobalt shareholders. Jervois completed a transaction to acquire unproven copper exploration properties in the highly unstable African country of Uga other asset is an undeveloped nickel project in Australia with cobalt as a by-product for which Jervois is seeking a joint partner. The proposed transaction would result in a global collection of disparate assets with no synergies. The primary listing and the management team would be based in Australia, too far away from an Idaho mine development project th a dedicated team nearby. The eCobalt meeting circular fails to present a compelling transaction rationale and is totally with eCobalt's most attractive investment attributes: a pure-play cobalt development company controlling a permitted cr 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 opp make an offer for eCobalt prior to entering into an agreement with Jervois that includes an egregious CAD$3 million bre the event of a superior offer. Over the past two years, eCobalt signed several non-disclosure agreements with compani interested in discussing a merger or strategic relationship. The eCobalt board had other options so why wouldn't they w 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 of sell-side covering analysts have stock price targets that range from CAD$0.90–$1.70, all significantly higher tha 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 eCob chosen to move forward with such an inadequate transaction. It appears to us that the board abrogated its duty to shar agreeing to a deal that is extremely favorable to Jervois at the expense of the current shareholders. The proposed tran gives away control of the ICP without getting paid adequately. The transaction is not in the best interests of sharehold 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 r private equity firm indicating that it was interested in funding the entire capital requirement to build the Idaho Cobalt Pro multi-billion dollar fund's interest was premised on eCobalt merging with First Cobalt Corp. in order to capture the syne vertically integrated North American pure-play cobalt company by giving eCobalt ownership over the only North Americ capable of treating arsenic-rich mine concentrate. The belief, supported by published studies, was that this combinatio 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 ir of a potential complete funding solution and despite repeated invitations to the eCobalt management team to assess th refinery as a viable, regional processing option. In the interim, Glencore, the world's largest cobalt miner, signed a non- agreement with First Cobalt Corp. to process its cobalt feedstock through First Cobalt Corp.'s refinery but eCobalt mana has dismissed the facility out of hand. A strategic relationship between First Cobalt Corp. and Glencore does not close the opportunity for eCobalt to participate in this commercial venture but eCobalt has thus far refused to even consider t 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 sh At a minimum, the directors as fiduciaries were obligated to consider the possibility of a superior offer before locking up 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 a 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 sim deal for eCobalt shareholders.

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

This proposed transaction requires the support of $66^2/_3$% of total votes cast at the eCobalt Special Meeting and the dea 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 CH 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 o inquiries@gryphonadvisors.ca. There is a team standing by to assist you.

About First Cobalt

First Cobalt Corp. is a North American cobalt company and owner of the only permitted primary cobalt refinery in North
The Company is exploring a restart of the First Cobalt Corp. Refinery in Ontario, Canada, which could produce over 5,0
of contained cobalt in sulfate per year from third party feed. First Cobalt Corp.'s main cobalt project is the Iron Creek Co
Project in Idaho, USA, which has an inferred mineral resource estimate available on the Company's website. The Comp
controls a significant land package in the Canadian Cobalt Camp, spanning over 100 km^2 which contains more than 50
producing mines.

On behalf of First Cobalt Corp.

Trent Mell
President & Chief Executive Officer

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

Information in Support of Public Broadcast Solicitation

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

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

First Cobalt Corp. has filed a copy of this press release containing the information required in section 9.2(4) of NI 51-10
eCobalt's company profile on SEDAR at www.sedar.com. All costs incurred for any solicitation will be borne by First Co
provided that, subject to applicable law, First Cobalt Corp. may seek reimbursement from eCobalt of First Cobalt Corp.'
out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with the Special Me
anticipated cost of First Cobalt Corp.'s solicitation is estimated to be CAD$30,000 plus disbursements and customary fe

First Cobalt Corp. has retained Gryphon Advisors Inc. ("Gryphon") as its proxy solicitor. Gryphon's responsibilities will p
include providing strategic advice and advising First Cobalt Corp. with respect to any solicitations made by or on behalf
Cobalt Corp. in relation to the Special Meeting. Any proxies solicited by or on behalf of First Cobalt Corp., including by G
may be solicited by way of public broadcast, including through press releases, speeches or publications and by any oth
permitted under applicable laws. A proxy may be revoked by instrument in writing executed by a shareholder or by thei
authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized or by an
manner permitted by law.

First Cobalt Corp. is not currently proposing any transaction with or involving eCobalt. However, First Cobalt Corp. has
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
analysis of publicly available information and assumptions we believe to be reasonable. There can be no assurance tha
information we considered and analyzed is accurate or complete. The actual performance and results of eCobalt and Je
differ materially from our assumptions and analysis. Our views and our holdings could change at any time. We may sell
of our position or increase our exposure by purchasing additional securities. We may take any of these or other actions

eCobalt and Jervois without updating this letter or providing any notice whatsoever of any such changes (except as oth
required by applicable law). The information contained above is not and should not be construed as investment advice
not purport to be and does not express any opinion as to the price at which the securities of eCobalt and Jervois may tr
time. Investors should make their own decisions regarding eCobalt and Jervois and their prospects based on such inve
review of publicly available information. Neither First Cobalt Corp. nor any of its affiliates accepts any liability whatsoeve
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, "forwa
statements") within the meaning of applicable securities laws. All statements, other than statements of historical facts, a
forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as
"expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions
results "may", "could", "would", or "might" "occur" or "be achieved". In this press release, forward-looking statements in
are not limited to, statements concerning the benefits to First Cobalt Corp. of merging or otherwise engaging in a busin
transaction with eCobalt. Forward-looking statements involve risks, uncertainties and other factors that could cause act
performance and opportunities to differ materially from those implied by such forward-looking statements. Factors that c
cause actual results to differ materially from these forward-looking statements are set forth in the management discussi
analysis and other disclosures of risk factors for First Cobalt Corp., filed on SEDAR at www.sedar.com. Although First C
Corp. believes that the information and assumptions used in preparing the forward-looking statements are reasonable,
reliance should not be placed on these statements, which only apply as of the date of this news release, and no assura
given that such events will occur in the disclosed times frames or at all. Except where required by applicable law, First C
Corp. disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new
information, future events or otherwise.

Contact
visit www.firstcobalt.com or contact: Catch Advisory Group, info@firstcobalt.com, +1.416.900.3891

SOURCE First Cobalt Corp.