- Pre-Tax NPV_{8.5%}:
- Post-Tax NPV_{8.5%}:
- Initial Capital Costs:
- Life of Mine (LOM):
- LOM Gross Revenue:
- LOM Total Net After Tax Cash Flow
- LOM Average Net Cash Cobalt Production Cost:
- Pre-Tax Initial Capital Payback:
- LOM Cobalt Production:
- LOM Copper Production:
- LOM Gold Production:

(Note: All monetary values used in this news release are in US\$)

VANCOUVER, April 22, 2015 /CNW/ - Formation Metals Inc. (FCO-TSX) ("Formation" or the "Company") is announcing that positive economics have been reported in a Preliminary Economic Assessment ("PEA") for the Company's Idaho Cobalt Project ("ICP"). The ICP is owned 100% by the Company's wholly owned subsidiary, Formation Capital Corporation, U.S. The PEA was prepared by Samuel Engineering ("SE") of Denver, Colorado in conjunction with Mine Development Associates ("MDA") of Reno, Nevada for an environmentally permitted underground primary cobalt mine with by-product copper and gold located in Idaho, USA. The ICP is comprised of the mine and mill located outside the town of Salmon, in Lemhi County, Idaho, and the Cobalt Production Refining Facility ("CPF") to be located along a railhead in southern Idaho.

Mr. Paul Farquharson, President and C.E.O. of the Company stated "Management is very encouraged with the results of the PEA and looks forward to advancing the ICP towards feasibility. As announced in January 2015, metallurgical test work suitable for a feasibility study has already commenced on samples from the project to characterize the final end products we plan on producing. The Company is optimistic about the future of the cobalt market and believes the ICP will be well positioned to meet the growing demand for battery grade cobalt chemicals in the U.S. The ICP offers a unique near term potential for North American consumers to secure an ethically sourced, environmentally sound supply of battery grade cobalt chemicals, mined safely and responsibly in the United States."

PEA Description

The PEA is based on an underground mine with a target production rate of 800 tons per day ("tpd") with a weighted average annual production of 2,771,000 lbs of cobalt, 4,533,000 lbs of copper and 3,600 oz of gold over a 12.5 year mine life with an estimated pre-production period of 21 months utilizing a 0.20% cobalt cut-off. The economic model uses a 35% corporate tax rate and an 8.5% discount rate, resulting in an after tax NPV of \$113.45M and an IRR of 24.07%.

In July 2007, the Company completed a feasibility level study on the ICP utilizing a previously calculated resource base to produce high purity cobalt metal suitable for critical applications in the aerospace sector. By November 2012, the Company had completed two of three stages of construction at the mine and mill when the property was placed on care and maintenance in May 2013. This current PEA utilizes an updated resource, mine model and mine schedule with intentions to produce cobalt and copper sulfate chemicals and gold at the CPF. Additional information regarding comparisons to previous work on the project can be found in the "Background" section in this news release.

Current plans are for the production of a combined cobalt/copper/gold concentrate from the mine and mill to be shipped to the CPF for hydrometallurgical processing of cobalt and copper bearing sulfides to produce cobalt sulfate heptahydrate utilized in the

production of cathodes for the rechargeable battery sector. Other marketable by-products include copper concentrate, copper sulfate pentahydrate and magnesium sulfate used primarily in the agricultural industry, and gold. The substitution of magnesium oxide for lime as a neutralizing agent at the CPF results in the production of agricultural grade magnesium sulfate. Copper in concentrate will initially be scalped from the bulk concentrate at the CPF utilizing a standard froth flotation circuit and free gold will be recovered through a gold carbon in leach circuit producing gold-loaded carbon.

The ICP is 100% owned by Formation and there is no underlying royalty on the property. The PEA has been compiled in accordance with National Instrument 43-101 guidelines and will be made available on SEDAR and on the Company's website within 45 days of this news release. Readers are strongly encouraged to review the final PEA report in its entirety.

Economic Highlights

A pro forma cash flow was developed using conventional methodology utilizing an 8.5% discount rate, before and after tax determination of project economics, annual cash flows discounted on an end of year basis with costs estimated in Q1 2015 U.S. Dollars. A summary of the Life of Mine ("LOM") economic results are shown in the following table.

Summary of LOM Economic Results		
	Units	Value
Cobalt in Cobalt Sulfate Heptahydrate Produced	lb	35,356,000
Copper in Copper Sulfate Produced	lb	34,911,000
Magnesium Sulfate Crystals Produced	Ton	220,000
Gold Produced	oz	37,000
Copper Concentrate contained metals:		
- Contained Copper	lb	22,474,000
- Contained Gold	oz	9,500
Gross Revenue	\$Million	983.36
After Tax Cash Flow Before Capex and Development Cost	\$Million	455.66
Initial Capital Cost	\$Million	142.95
Initial Net Working Capital	\$Million	3.81
Total Initial Capital Cost	\$Million	146.76
Mine Development Cost during Production	\$Million	26.90
Sustaining Capital Cost	\$Million	27.75
Total LOM Capital Cost	\$Million	201.41
Net After Tax Cash Flow	\$Million	258.06
Discount Rate	%	8.5
Pre-Tax NPV	\$Million	147.71
Post-Tax NPV	\$Million	113.45
Pre-Tax IRR	%	27.7
Post-Tax IRR	%	24.1
Corporate Tax Rate	%	35.0
Pre-Tax Initial Capital Payback	Years	3.7
Total Cash Production Cost of all Products per lb of Cobalt	\$	13.25
By-Product Credits per lb of Cobalt	\$	8.31
Net Cash Production Cost per lb of Cobalt	\$	4.94

The following table shows the impact on pre-tax and post-tax NPV from changes in the discount rate.

Sensitivities to Discount Rate (NPV in \$Million)							
Discount Rate	5.5%	6.5%	7.5%	Base Case	9.5%	10.5%	11.5%
				8.5%			
Pre-tax NPV	\$ 194.36	\$ 177.56	\$ 162.05	\$ 147.71	\$ 134.43	\$ 122.11	\$ 110.65
Post-tax NPV	\$ 153.43	\$ 139.05	\$ 125.76	\$ 113.45	\$ 102.04	\$ 91.45	\$ 81.59

General parameters used in the economic analysis are shown in the table below. The pre-production period prior to full capacity production is estimated to be 21 months for project development and construction.

Production, Metal Prices and Terms		
Parameters	Units	Value
Construction Period including pre-production	Months	21
Mine Life after preproduction	Years	12.5
LOM Mineralized Material Tonnage	Ton	3,458,000
LOM Cobalt Grade	%	0.56
Target Mill Production Rate	tpd	800
Cobalt Price	\$/lb	14.50
Price of Cobalt Contained in Cobalt Sulfate Heptahydrate	\$/lb	19.50
(cobalt spot price plus \$5.00 premium for cobalt sulfate)		
Copper Price	\$/lb	2.60
Price of Copper Contained in Copper Sulfate Price		4.00
(copper spot price plus \$1.40 premium for copper sulfate)	\$/lb	
Magnesium Sulfate Price	\$/lb	0.125
Gold Price	\$/oz	1,200.00
Inflation/Currency Fluctuation		Real Terms
Income Tax	%	35.0

The Company cautions that this PEA is preliminary in nature, and is based on technical and economic assumptions which will be evaluated in further studies. The PEA is based on the current (as at March 10, 2015) ICP estimated resource model, which consists of material in both the measured/indicated and inferred classifications. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them outside the scope of a PEA. The current basis of project information is not sufficient to convert the mineral resources to mineral reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability. Accordingly, there can be no certainty that the results estimated in the PEA will be realized.

Contained cobalt in cobalt sulfate heptahydrate trades at a value added premium over the price of cobalt metal. This additional premium has varied widely from approximately 10% to 50%, typically averaging between 20% and 25%. The variances are due primarily to fluctuating cobalt metal prices, as the price for cobalt sulfates has historically been considerably more stable. The pricing for cobalt contained in cobalt sulfate heptahydrate used in this PEA study is based on a 20.9% battery grade content of cobalt. Several factors were reviewed to support a price of cobalt contained in cobalt sulfate heptahydrate as follows:

- Price quotations (March 2015) received from a USA and a Chinese supplier supporting \$19.50/lb contained cobalt. The
 American supplier quoted a price of \$4.22/lb for cobalt sulfate, which equates to \$20.19/lb of contained cobalt (at 20.9% cobal
 content). The Chinese supplier returned a quote of \$8,600 per tonne, which equates to \$3.90/lb equating to \$19.50/lb
 contained cobalt (at 20% cobalt content);
- Recent research of price quotes by Chinese suppliers range from \$8,000 to \$10,000 per tonne (\$17.28/lb to \$21.60/lb) depending on purity levels and cobalt content. Other recent quotes ranged from \$6.00 to \$10.00/kg, equating to \$13.24/lb to \$22.06/lb for varying purities and cobalt content sulfates;
- The forecast for future cobalt prices is robust. By mid-2016, LME cobalt metal prices are forecast to reach between \$17.50 and \$18.00/lb. Using a conservative 10% premium and the lower forecast price of \$17.50, infers the value of cobalt in sulfate will be \$19.52 or US\$4.00/lb (after Skybeco Inc. Cobalt Market Review, February 2015); and
- Peer assumption for the pricing of cobalt contained in cobalt sulfate heptahydrate announced in a feasibility study with an effective date of April 2, 2014, utilized \$19.04/lb when the price of cobalt metal reported a low of \$14.20 and a high of \$15.30/lb. Since that time cobalt metal attained a high of \$16.00/lb per pound in August 2014 and has since averaged approximately \$14.50/lb to the end of February2015. (Metal Bulletin)

Cobalt use in rechargeable battery applications now accounts for 42% of world consumption and is expected to grow 9.2% annually to 2018 (Roskill Information Services, 2014). The compound annual growth rate for cobalt chemicals in batteries has been 7.6% over the previous 5 years to 2013 (Darton Commodities Limited, 2014). With slowing supply growth (4% in 2015), the supply-demand balance is projected to turn negative in 2016. The market is expected to respond with steady price increases beginning late 2015 and strengthening markets and prices through to 2018. By 2018, cobalt metal prices are forecasted to reach close to \$24.00/lb (Skybeco Inc., 2015).

The LOM Post-Tax NPV Sensitivities table summarizes the post-tax NPV sensitivity to the changes in price of cobalt contained in cobalt sulfate heptahydrate, operating costs, development costs, capital expenditures, cobalt grades and cobalt recoveries.

Post Tax NPV (discounted at 8.5%) and IRR Sensitivities to Price					
Cobalt Contained in			Base Case		
Cobalt Sulfate Heptahydrate (\$/lb)	\$14.50	\$17.00	\$19.50	\$22.00	\$24.50
Post-tax NPV	\$25.94	\$68.06	\$113.45	\$157.59	\$202.23
Post-tax IRR	12.35%	18.19%	24.07%	29.51%	34.88%

The sensitivity shows that the change in the price of cobalt and the cobalt grade has the most significant impact on NPV.

The LOM Revenue Composition pie chart shows the total revenue composition of the ICP during the LOM where the main revenue source comes from cobalt sulfate heptahydrate followed by copper sulfate, copper concentrate, magnesium sulfate and gold.

The total revenue and net present value from each of the products produced during the LOM using base case prices are summarized in the table below.

Base Case Present Value of Revenue Stream by Product (\$Million)				
Products	Total LOM Revenue	PV of Revenue		
		Discounted at 8.5%		
Cobalt Sulfate Heptahydrate	689.45	442.93		
Copper Sulfate	139.64	86.48		
Copper Concentrate	61.12	36.84		
Magnesium Sulfate	55.08	34.54		
Gold	38.07	23.74		
Total Revenue	983.36	624.53		

Capital Costs

The total LOM capital cost is estimated at \$201.41M, including \$146.76M for initial capital, and \$54.65M in sustaining capital

and mine development capital during production over the LOM. The table below summarizes the total capital cost for the LOM. Prior to the deferral of the ICP to care and maintenance status in Q1 2013 due to depressed market conditions, the Company spent \$65.31M on the ICP for earthworks, engineering, and milling equipment including the ball mill, flotation circuits, grizzles, hoppers, conveyors, etc. These are sunk costs and not included in the numbers below.

Life of Mine Capital Cost Summary				
Description	LOM Cost (\$Million)			
Mine: (with 10%* Contingency)	30.01			
Mill: (with 15%* Contingency)	43.52			
CPF: (with 20%* Contingency)	69.42			
Initial Net Working Capital	3.81			
Total Initial Capital	146.76			
Mine Development Cost During Production	26.90			
Sustaining Capital	27.75			
Total LOM Capital	201.41			

*Note: LOM capital costs contingencies for the Mine, Mill and CPF are 10%, 15% and 20% respectively. This is due primarily to high level engineering completed on the mine and mill in a previous study to produce different products at the CPF that included high purity cobalt metal. The highest contingency is applied to the CPF where new flow sheets have been developed and ongoing metallurgical test work is in progress.

Operating Costs

The total LOM cash production cost is estimated at \$468.73M or \$13.26/lb of processed cobalt contained in cobalt sulfate heptahydrate and \$175.58M or \$4.94/lb of processed cobalt sulfate heptahydrate net of credits as summarized in the table below.

Life of Mine –Cash Productio	n Cost Summary			
Description	LOM Total Cash Production Cost/lb	LOM Total Cash Production Cost/ton	LOM Total Cash	Percentage of
	FIOCESSED CODAIT (\$)	(\$)	Production Cost	Total Cost
			(\$Million)	(%)
Mining	6.22	63.58	219.88	46.9
Mill	2.14	21.93	75.83	16.2
CPF	2.59	26.49	91.61	19.5
General & Administrative	2.30	23.54	81.40	17.4
LOM Cash Production Cost	13.25	135.53	468.72	100.0
Less By-Product Production Credits	(8.31)	(84.98)	(293.14)	
LOM Net Cash Production Cost	4.94	50.55	175.58	

The LOM Operating Cost pie chart illustrates the composition of total operating cost during the LOM with the highest cost in mining followed by the CPF, G&A and processing at the mill.

MDA updated the ICP's Ram deposit estimate of cobalt, copper, and gold resources into a three-dimensional block model to be used for mine planning, design, and scheduling forms part of the PEA with an effective date of March 10, 2015. MDA had previously estimated the resources for the Ram deposit. Cobalt, copper, and gold reported resources are shown in the table below. The stated resource is diluted throughout the entire 2 feet by 5 feet by 5 feet blocks that are equal to or above the cutoff grade of 0.2% cobalt. There is approximately 15% dilution in the stope designs. The copper and gold resources are those resources carried within the blocks which attain the cobalt cutoff grade. No metal value is given to the copper or gold in determining the Co resource cutoff. No metal recoveries are applied, as this is an in-situ resource.

Ram Repo	orted Re	esource						
Class	Cutoff (%Co)	tons	%Co	lbs Co	%Cu	lbs Cu	oz Au/ton	oz Au
Measured	0.20	2,266,000	0.54	24,587,000	0.71	32,123,000	0.016	35,600
Indicated	0.20	1,214,000	0.58	13,996,000	0.82	19,839,000	0.018	22,100
M + I	0.20	3,480,000	0.55	38,583,000	0.75	51,962,000	0.017	57,700
Inferred	0.20	1,675,000	0.47	15,648,000	0.71	23,753,000	0.013	21,900

Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them outside the scope of a PEA. The current basis of project information is not sufficient to convert the mineral resources to mineral reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability. For further information refer to the cautionary statement on page three of this news release.

Mining Methods

The zones of economic mineralization in the Ram deposit range from 1 foot to more than 20 feet in thickness, with an average dip of 55 degrees. Due to this geometry, underground selective mining by cut-and-fill mining methods have been considered the most suitable for the exploitation of the deposit, particularly in the horizons of greatest interest. Mine development and production are based on a mining rate of 800 tpd.

Areas with a horizontal width of 8 feet or greater will be mined by mechanized cut-and-fill using narrow vein jumbo drills and small Load-Haul-Dump ("LHDs") units. In zones where the horizontal width is less than 8 feet, slusher mining and jacklegs will be used for mining to a minimum width of 6 feet. If it is found that the use of mechanized jumbo drills and LHDs require greater than expected operating room, then the minimum horizontal mining width for mechanized equipment will become 10 feet and slusher mining will occur in everything with less than 10 feet of horizontal width.

Approximately 94% of mining will be mechanized. The following table summarizes the tonnage extracted by mining method.

Mining Methods Summary					
	Mechanized	Slusher	Total		
tons	3,481,348	238,593	3,719,941		
Cobalt Grade, %	0.56	0.46	0.56		
Copper Grade, %	0.88	0.38	0.85		

Recoveries

Overall recoveries to products (copper concentrate, sulfate crystals and gold loaded carbon) with respect to mill feed and internal recoveries at the CPF are 90.99% for cobalt, 92.76% for copper and 78.46% for gold. Overall recoveries for copper and gold includes metals contained in the copper concentrate as well as leached products. All magnesium that is input as MgO is recovered in the MgSO₄ product in the current model for this study.

	Internal Recoveries, %				Recovery with Respect to	Mill Feed	I, %
	Concentrator Recoveries	Cu Scalp Recoveries	Co con Recovery Cu Scalped Tails	Leach Recoveries	Concentrator Recoveries	Cu Scalp	Co con Recove Cu Sca
Со	93.36	1.15	98.85	98.60	93.36	1.08	92.28
Cu	96.53	43.40	56.60	93.10	96.53	41.89	54.64
Au	88.93	21.55	78.45	85.00	88.93	19.16	69.77

PEA Risks

The most significant potential internal risks associated with the ICP are uncontrolled dilution, lower metal recoveries than those projected, operating and capital cost escalation, unforeseen schedule delays, the potential reduction of mineable reserves after removing inferred material from the model and the ability to raise financing. The reported mineral resources are not mineral reserves and do not have demonstrated economic viability. These risks are common to most mining projects, many of which can be mitigated with adequate engineering, planning and pro-active management.

Project Opportunities

There are significant opportunities that could improve the economics of the ICP. Excluding those opportunities typical to all mining projects, such as changes in metal prices, exchange rates, etc., there are additional opportunities that exist. For example, the mineral resource has not been fully delineated and there is an excellent opportunity to expand this resource. The addition of marginal mineralized zones that were excluded from the resource and mine plan could also add to resources. In addition, over a dozen potential targets have been identified in the immediate area within the claim block of the ICP. Four of these have been drill tested with several intercepts exceeding the current cut-off grade. There is also potential to add additional resources from the nearby Black Pine property owned by the Company which potentially could provide additional feed for the mill.

There is an opportunity for the mine to produce more tons for short durations on the high tonnage levels of the mine through the optimization of the mine plan and sequence. There also exists the possibility of increasing overall recoveries at the CPF and obtain better shipping and handling terms through formal negotiations in the future and to incorporate offtake and/or streaming agreements on some or all of the products to be produced. In addition, the project has potential to recover both heavy and light rare earth elements previously identified in association with the cobalt mineralization. No metal value is given to the copper or gold in determining the cobalt resource cutoff. With modifications to the processing design incorporating copper and gold values back into the cut-off calculation, an increase in tonnage within the resource would be realized. Further information and assessments are needed before these opportunities should be included in the project economics.

Background

A feasibility level study was completed on the ICP in 2007 to produce high purity cobalt metal suitable for critical applications in the aerospace sector. Management continues to maintain an extensive metallurgical and engineering database on the manufacture of high purity cobalt metal for future production consideration which is outside the scope of this PEA. The annual production volume from the mine itself has not changed from the originally planned 800 tpd underground operation and consequently all environmental permits remain valid and in place for this operation.

To date, the Company has spent US\$65.3M (\$50.3M at the mine and mill and \$15.0M at the CPF) and completed two phases of the ICP mine and mill construction that commenced in June 2011 and completed was in December 2012. This work was comprised of extensive earthworks including access and haul road, portal bench, mill & concentrator pads and tailing waste storage facility construction. In addition, pre-purchasing of mining equipment, including the ball mill, flotation circuits, grizzlies, hoppers, conveyors, etc., totaling approximately \$16.0M has been delivered to a staging area outside the town of Salmon, Idaho, proximal to the mine and mill.

Due to then prevailing weak financial markets and declining commodity prices, the ICP was placed on care and maintenance in May 2013. The current PEA is a culmination of efforts that commenced last year to reevaluate the ICP in response to improving financial markets and the projected bullish long-term demand for cobalt. Cobalt use in rechargeable battery applications is expected to grow 9.2% annually to 2018 (Roskill Information Services, 2014), with overall demand growth in all end uses projected at 7% annually until 2020 (Skybeco Inc., 2015).

Key differences between the 2007 feasibility study and 2015 PEA are summarized in the table below. This table has been prepared with the sole objective of informing our shareholders of the previous results made public in a 2007 technical report on the ICP (amended and restated in June 2008) in relation to the current PEA results made public in this news release. The table

below does not represent an economic comparison between the 2007 technical report and the current PEA. Only a pre-tax NPV was calculated for the 2007 feasibility study. Inferred resources and gold credits were included in the 2015 PEA and were not included in the 2007 feasibility study. Results from 5,727.5 feet of additional drilling conducted in 2010 were also incorporated into this PEA. There are certain economic assumptions made in the 2007 technical report that are out of date that include metal price assumptions, plant performance, additional resources and other economic assumptions and as such the 2007 feasibility study should no longer be relied upon. In addition, as more fully disclosed in the cautionary statement made on page three of this news release, the Company cautions that this PEA is conceptual and preliminary in nature, and is based on technical and economic assumptions which will be evaluated in further studies.

	Units	2007 Feasibility*	2015 PEA
REPORTED RESOURCES			
Measured	tons	1,840,700	2,266,000
Indicated	tons	813,700	1,214,000
Total M&I		2,654,400	3,480,000
Inferred	tons	1,121,600	1,675,000
LOM (includes inferred material in 2015 PEA)	Years	10.0	12.5
TOTAL INITIAL CAPITAL COST	\$Million	138.70	146.76
LOM REVENUE			
Cobalt Value of Product	\$Million	592.93	689.45
Copper Value of Product	\$Million	65.74	200.76
Gold	\$Million	-	38.07
Magnesium Sulfate	\$Million	2.88	55.08
Total Revenue	\$Million	661.55	983.36
PRICING ASSUMPTIONS			
Cobalt Value of Product (\$14.50/lb Co metal base price used in PEA)	\$/lb	22.52	19.50
Copper Value of Product (\$ 2.60/lb Cu metal base price used in PEA)	\$/lb	2.30	4.00
Magnesium Sulfate	\$/lb	0.10	0.125
Gold	\$/oz	-	1,200
POST-TAX NPV @ 8.50%	\$Million		113.45
POST-TAX IRR	\$Million	-	24.07
PRE-TAX NPV @ 7.50%	\$Million	87.29	162.05
PRE-TAX IRR	%	22.30	27.07

This PEA covers the final Stage III of construction involving underground development at the mine and mill and the construction of the new CPF. Changes implemented to improve the economics of the project from the 2007 feasibility study include the following:

- Inclusion of additional resources from a 2010 mine plan optimization drilling program;
- Updating of the mine plan and production schedule from a string mine model to a block mine model;

- Flowsheet changes at the CPF to reflect the shift from metal to sulfate production with saleable by-products:
 - addition of cobalt sulfate production circuits to produce battery grade cobalt chemicals
 - addition of copper sulfate production circuits for agricultural and other industrial uses;
 - addition of magnesium sulfate production circuits for agricultural and other industrial uses;
 - addition of a copper scalping flotation circuit to produce a clean saleable copper concentrate;
 - addition of gold leach circuit to extract gold onto carbon to be sold prior to leach residue disposal;
 - removal of electrowinning circuits previously required for cobalt metal production;
 - removal of electrowinning circuits previously required for copper metal production;
 - removal of several cobalt purification circuits required for the production of high purity cobalt metal;
- Relocation of the CPF to a major industrial hub on a rail head in southern Idaho;
- Review of capital cost of equipment, both mine and process;
- Review of operating cost estimates, both mine and process; and
- Review of construction cost estimates.

Conclusions

SE and MDA have concluded that the PEA contains adequate detail and information to support the positive PEA outcome shown for the ICP. Standard industry practices, equipment and design methods were used in the PEA. SE and MDA further concluded that the ICP contains a viable cobalt and base metal resource that can be successfully mined by underground methods and recovered with conventional processing. Using the assumptions contained in the PEA, SE and MDA reports that the project is economic and should proceed to the pre-feasibility or feasibility stage. To date the QPs are not aware of any fatal flaws for the ICP. SE and MDA estimated that a feasibility study, metallurgical testwork and supporting field work would cost approximately US\$1.1M. This figure does not include possible additional surface drilling, remodeling of the mine schedule to exclude inferred resources and the cost of additional engineering and supporting consultants. The advancement of the ICP towards feasibility is contingent upon financing and Formation's Board of Directors' approval.

Moving Forward:

The positive results of the PEA and recommendations from independent engineering consultants have given Formation's Management and Board of Directors a clear mandate to move the ICP towards feasibility. Current quotes are being assessed for project advancement and marketing campaigns are being organized and scheduled. Results from an ongoing metallurgical test work suitable for a feasibility study are expected before the end of the Q2 2015.

The Qualified Persons as defined by National Instrument 43-101 responsible for the PEA and this news release are listed below:

Qualified Person	Organization	Overall Responsibilities
Matt Bender. P.E.	Samuel Engineering Inc.	Metallurgy, process design and
	(Lead engineering firm)	economics
Neil Prenn, P.E.	Mine Development Associates	Resource calculation, mine plan,
		design and scheduling
E.R. (Rick) Honsinger, P.Geo.	Formation Metals Inc.	Review and approval of the
		contents of this news release

Cobalt is an essential element utilized in the production of rechargeable batteries required for portable electronic devices and electric and hybrid electric vehicles. Cobalt's usage in batteries now accounts for 42% of global consumption. Cobalt's second largest use is for critical applications in the aerospace sector which includes the production of both air and land based jet turbine engines.

The ICP remains the sole, near term, fully environmentally permitted, primary cobalt deposit in the United States.

Formation Metals Inc.

"J. Paul Farquharson"

This news release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Statements in this news release pertaining to projected revenues and cash flows, quantity and grade of mineralized materials, estimated mineral prices and the continued expansion of the market for battery grade cobalt chemicals are forward-looking statements. These forward-looking statements are based on assumptions and address future events and conditions and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Many of the assumptions respecting projected revenue, cash flow and quantity of mineralized materials will be set out in detail in the Preliminary Economic Assessment. Such projections are and will inevitably always be dependent on assumptions about future mineral prices and development costs which will be subject to fluctuation due to global and local economic conditions. This news release also contains forward-looking statements respecting the growing demand for battery grade cobalt chemicals, which demand may or may not continue to grow depending on consumer habits and technological developments. Assumptions also include that the Company will be able to file a new NI 43-101 compliant technical report within 45 days from the issuance of this news release. While the Company expects to be able to meet this deadline, there is no guarantee that the new technical report will be filed within 45 days from the issuance of this news release or at all. Further information regarding risks and uncertainties which may cause results to differ from those contained in forward-looking statements are included in filings by the Company with securities regulatory authorities and are available at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

The statements contained in this news release in regard to <u>Formation Metals Inc.</u> that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including <u>Formation Metals Inc.</u>'s beliefs, expectations, hopes or intentions regarding the future. All forward-looking statements are made as of the date hereof and are based on information available to <u>Formation Metals Inc.</u> as of such date. It is important to note that actual outcome and the actual results could differ from those in such forward-looking statements. Factors that could cause actual results to differ materially include risks and uncertainties such as technological, legislative, corporate, commodity price and marketplace changes.

SOURCE Formation Metals Inc.

Contact

Diane Mann, B.Sc., Investor Relations Manager, <u>Formation Metals Inc.</u>, 1810 - 999 West Hastings Street, Vancouver, BC, V6C 2W2, Tel: 604-682-6229 - Email: inform@formationmetals.com - Web: formationmetals.com