Rebuilding team for NICO development as public highway to Whati & cobalt market advance

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LONDON, ON, April 18, 2016 /CNW/ - Fortune Minerals Ltd. (TSX: FT) (OTCQX: FTMDF) ("Fortune" or the "Company") (www.fortuneminerals.com) announces the appointment of former minister of the Government of the Northwest Territories ("GNWT") Mr. David Ramsay to the Company's board of directors. Mr. Ramsay has more than 20 years of elected public office experience in the Northwest Territories, which included prominent cabinet positions in the Legislative Assembly. Prior to November 2015, he was Minister of Industry, Tourism and Investment that includes the preeminent mining portfolio, accounting for about 50% of private sector GDP in this jurisdiction. Mr. Ramsay has also served as Minister of Justice, Attorney General, Minister of Transportation and the Minister Responsible for the Public Utilities Board for the GNWT. Mr. Ramsay brings important political experience and business acumen to the board while Fortune works with three levels of government on road and power infrastructure initiatives that are important to the success of the Company's NICO gold-cobalt-bismuth-copper project.

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Key Highlights

- David Ramsay appointed to Fortune's board of directors
- Public highway to the community of Whati advancing
- Tesla validates EV demand, positively impacting cobalt market

"I am very excited to join the Fortune Minerals team at a critical stage in the development of the NICO project", said David Ramsay. "As the Minister responsible for mining in the previous Legislative Assembly, I have followed the progress of this vertically integrated project with interest and recognize its importance to sustain mining as a pillar of the Northwest Territories economy. Having a reliable Canadian solution to the impending supply deficit for cobalt will be critical to global electronics companies that need cobalt to make lithium-ion batteries used to power portable electronic devices, electric vehicles and stationary storage cells. It is gratifying to be part of a solution to air quality concerns and climate change by reducing our dependence on fossil fuels with the growth of automotive industry electrification."

As a 36-year resident of the Northwest Territories, David Ramsay has been involved with numerous businesses and was the recipient of the Young Entrepreneur Award from the Business Development Bank of Canada in 1996. He was first elected to public office in 1997 and served five years as a Yellowknife City Councillor, where he chaired the Corporate Services Committee and represented the City on the Diamond Task Force. Dave Ramsay was elected to the Legislative Assembly in 2003, representing the riding of Kam Lake in Yellowknife. In addition to serving in Cabinet, Mr. Ramsay was Vice President of the Pacific Northwest Economic Region ("PNWER") from 2011 to 2014, ?and President between 2014 and 2015. The PNWER is a statutory public / private partnership of Alaska, Idaho, Oregon, Montana, Washington, British Columbia, Alberta, Saskatchewan, Yukon and the Northwest Territories whose mandate is to increase the economic well-being and quality of life for all citizens of the region, while maintaining the natural environment. Dave Ramsay is also President of RCS Limited and Northern Building Solutions and he is a director of Northern Gateway Consulting.

Public highway to the community of Whati advancing

The GNWT - Department of Transportation has submitted applications to permit a 94-kilometre all-season public highway to the community of Whati (see Fortune news release dated April 11, 2016). This initiative, developed with the support of the Tlicho Government, would reduce the cost of living and improve the quality of life in the outlying Tlicho communities, while also promoting economic activity and diversification in the region. These communities are isolated and are currently serviced by winter ice roads, which have become unreliable and expensive to maintain because of climate change. Fortune has already received environmental assessment approval to build a spur road from Whati to its proposed NICO mine located 50 km north of the community to transport metal concentrates south to its proposed refinery for further processing.

NICO project

Fortune owns the vertically integrated NICO gold-cobalt-bismuth-copper development, comprised of a planned mine and concentrator in the Northwest Territories and refinery near Saskatoon to process concentrates from the mine to higher value products. The NICO project has already been assessed in a positive feasibility study and has received its environmental assessment approvals in the Northwest Territories and Saskatchewan. The NICO mineral reserves will support a 21-year mine life at a mill feed rate of 4,650 tonnes of ore per day to produce 180 wet tonnes of concentrate per day for shipment to the refinery. Life of mine average annual production is projected to be 41,300 ounces of gold, 1,615 tonnes of cobalt contained in a battery grade cobalt sulphate heptahydrate, 1,750 tonnes of bismuth contained in ingots, needles and oxide, and 265 tonnes of copper.

Tesla validates EV interest, cobalt market expanding due to lithium-ion batteries

Cobalt is the dominant metal in the NICO project. The cobalt market has had compound annual growth of 5 to 6% for the past two decades and in 2015 grew by 5.4%, more than double global GDP growth of 2.4% for the same period. Market growth has been driven primarily by the demand for cobalt in chemicals needed to make lithium-ion rechargeable batteries. Battery chemical demand increased nearly 12% in 2015 and now accounts for approximately half of the world's annual cobalt production. Double digit percentage growth of cobalt used in rechargeable batteries is expected to continue for the foreseeable future. Supporting this positive outlook, Tesla Motors made automotive history on March 31, 2016 with the launch of its Model 3 electric vehicle, receiving US$325 million in deposits from 325,000 pre-orders of these cars in the first week and validating mainstream interest in electric vehicles.

Analysts are projecting a supply deficit for cobalt in 2016 because of the increased demand. Additionally, as demand continues to grow, cobalt supply is under pressure, in part because it is produced primarily as a by-product of nickel and copper mining, and some high-cost mines have recently closed due to low base metal prices. The risks to cobalt supply are further exacerbated by concentration of supply with 65% of mine production currently sourced from the Democratic Republic of the Congo, a politically unstable country, and 52% of refinery production in China. This risk was recently addressed in the Assessment of Critical Minerals report to the U.S. Congress which identified cobalt as a critical mineral on a list that, "have a supply chain that is vulnerable to disruption, and that serve an essential function in the manufacture of a product, the absence of which would cause significant economic or security consequences.

NICO is well positioned to become a reliable, vertically integrated North American producer of battery grade cobalt chemicals with supply chain custody transparency and tax advantages under the North American Free Trade Agreement (NAFTA). Earlier in 2016 the Company delivered an ultra-pure cobalt sulphate sample for testing by a potential customer. Discussions for offtake agreements and project financing are ongoing.

The NICO deposit also contains a significant gold co-product from more than 1.1 million ounces of gold in its mineral reserves, as well as 12% of global bismuth reserves. Bismuth is a metal used in a broad range of industrial applications, particularly in the automotive and pharmaceutical sectors. It is also an environmentally safe replacement for lead, which is subject to lead-toxicity concerns and legislation banning its use in potable drinking water sources and some consumer products. Bismuth is used to replace lead in solders, brasses, steel, aluminum and zinc-galvanizing alloys, paint pigments, cosmetics and ceramic glazes. Notably, bismuth was also identified in the Assessment of Critical Minerals report to the U.S. Congress.

The disclosure of scientific and technical information contained in this press release has been approved by Robin Goad, M.Sc., P.Geo., President and CEO of Fortune, who is a "Qualified Person" under National Instrument 43-101. The technical report on the feasibility study referred to above, entitled "Technical Report on the Feasibility Study for the NICO-Gold-Cobalt-Bismuth-Copper Project, Northwest Territories, Canada", dated April 2, 2014 and prepared by Micon International Limited, has been filed on SEDAR and is available under the Company's profile at www.sedar.com.

About Fortune Minerals
Fortune is a Canadian development stage mining company focused on advancing the vertically integrated NICO gold-cobalt-bismuth-copper project in the Northwest Territories and a related refinery the Company plans to construct in Saskatchewan. Fortune also owns the Sue-Dianne copper-silver-gold deposit located 25 km north of NICO and a potential future source of incremental mill feed to extend the life of the NICO mill. The Company also maintains the right to repurchase the Arctos anthracite coal deposits in northwest British Columbia that were recently purchased by a provincial Crown corporation.

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This press release contains forward-looking information and forward-looking statements within the meaning of applicable securities legislation. This forward-looking information includes statements with respect to, among other things, the Company's plans to develop the NICO project, anticipated growth in the demand for cobalt, anticipated constraints on the supply of cobalt and the plans of the plans of the GNWT and the Tlicho Government to build an all-season road to Whati and plans of the GNWT to expand power generation into the Snare – Yellowknife electrical grid. Forward-looking information is based on the opinions and estimates of management as well as certain assumptions at the date the information is given (including, in respect of the forward-looking information contained in this press release, assumptions regarding the Company's ability to arrange the necessary financing to continue operations and develop the NICO project, growth in the demand for cobalt, restrictions on the supply of cobalt and the proposed construction of the all-season road to Whati and expansion of the Northwest Territories electrical grid). However, such forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the risks that the Company may not be able to arrange additional financing to continue operations, the Company may not be able to finance and develop NICO on favourable terms or at all, the demand for cobalt may not grow to the extent anticipated, the supply of cobalt may not be restricted to the extent anticipated and the construction of an all-season road to Whati and the expansion of power generation into the Snare – Yellowknife electrical grid may not be completed in a timely fashion or at all. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. The forward-looking information contained herein is made as of the date hereof and the Company assumes no responsibility to update or revise it to reflect new events or circumstances, except as required by law.

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