

Lithium-ion battery demand for cobalt and supply chain concerns contribute to favorable financing environment

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LONDON, ON, Jan. 18, 2017 /CNW/ - [Fortune Minerals Ltd.](#) (TSX: FT) (OTCQX: FTMDF) ("Fortune" or the "Company") (www.fortuneminerals.com) is pleased to announce the engagement of PricewaterhouseCoopers Corporate Finance Inc. ("PwCCF") as the Company's Financial Advisor to help secure financing for construction of the NICO Cobalt-Gold-Bismuth-Copper Project in Canada. PwCCF has a global network of more than 2,500 professionals across 60 countries to provide in-depth execution and expertise in cross border transactions and provide Fortune with the right blend of transaction experience, sector insight and local relationships to drive strategic objectives and create company value. The recent announcement of government funding for a public road to the community of Whati needed for mine operations, and the positive momentum in cobalt and gold markets, will allow the Company to proceed with financing construction of the project. NICO is a vertically integrated development comprised of a proposed mine and mill in the Northwest Territories and hydrometallurgical refinery in Saskatchewan where concentrates from the mine are planned to be processed to value-added metals and chemicals.

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Stephen Mallowney, PricewaterhouseCoopers' Managing Director of Corporate Finance commented, "We are pleased to be working with Fortune to arrange the NICO project financing. NICO is uniquely positioned as a shovel-ready asset to meet the needs of the lithium-ion battery industry as it enters the next phase of commercialization with transformative automobile electrification and stationary storage of power enabling renewable energy in grid base load."

Robin Goad, Fortune's President and Chief Executive Officer said, "Development of NICO would make Fortune a reliable emerging producer of battery-grade cobalt chemicals and respond to the significant growth in demand as the market transitions into supply deficit. As a new Canadian source of cobalt, NICO mitigates some concerns over geographic concentration of supply in politically unstable countries and ethical procurement of raw materials with supply chain transparency. With cobalt metal trading above US\$16 per pound and trending higher toward longer-term averages, it is an opportune time to secure the project financing needed for construction."

PwCCF Advisory Mandate:

PwCCF provides a full range of debt, capital and M&A advisory services, from acquisitions and disposals, through to equity and debt raising, debt refinancing, public-private partnership arrangements and complex procurement, across all industry sectors, to corporations, private equity firms, public sector bodies, sovereign wealth and other investment funds. In the last 10 years, PwCCF provided financial advice on over 4,000 transactions globally and in 2016, was ranked first by deal count by Merger Market with over 350 deals completed.

Fortune has expended more than C\$116 million advancing NICO from an in-house discovery to a development project with positive Feasibility and Front-End Engineering and Design Studies prepared by globally recognized engineering firms. Capital costs to develop the asset are estimated at C\$ 589 million, excluding working capital. With the assistance of PwCCF, Fortune plans to secure these funds through a combination of strategic partnerships, conventional and supplier debt, product off-take and/or forward sales of a portion of the contained gold. The key to realizing full value for any one component is closing on the entire project financing concurrently.

Cobalt Market:

Cobalt is a critical metal used in a variety of metal and chemical applications and annual consumption of more than 100,000 metric tonnes. Cobalt demand has grown at an approximate 6% compounded annual rate over the past 20 years, primarily due to its use in high performance rechargeable batteries. Cobalt delivers superior energy density for power and performance and cobalt-bearing lithium-ion batteries are expected to remain the industry standard for the foreseeable future. The first phases of battery commercialization in portable electronic devices has driven cobalt used in batteries to account for approximately 50% of the current market. The next phase of battery commercialization is underway with transformative evolution of the automobile from internal combustion engines to electric drive trains. Significant demand is also projected to come from stationary cells used to store electricity from intermittent wind and solar generators and off-peak charging from the electrical grid. At least 14 battery mega-factories have either been announced or are under construction to meet the expected increase in demand, including the US\$ 5 billion Tesla Gigafactory in Nevada that recently commenced production. By 2018, the Gigafactory is expected to produce 35 GWh per year of lithium-ion battery cells, nearly as much as the rest of the entire world's combined production. Notably, Exane BNP Paribas forecasts cobalt demand to double to approximately 200,000 metric tonnes by 2022, primarily due to demand in electric vehicle batteries.

The future supply of cobalt is at risk due to various factors, including geographic concentration of supply and the predominant cobalt production as a by-product of copper and nickel mining. The Democratic Republic of the Congo is responsible for more than 60% of cobalt mine supply and is a politically unstable country that could erupt in violence as a result of the reluctance of the current President to cede power pursuant to the constitutional mandate in 2016. China controls more than 52% of cobalt

refinery production and 85% of refined cobalt chemical supply after purchasing control of the Tenke-Fungurume Cobalt-Copper Project in the Congo. Near surface oxide deposits in the Congo are also becoming depleted, requiring mines to transition into deeper sulphide ores that require more expensive downstream processing. Nickel-cobalt laterite deposits in other countries also have very high capital and operating costs and there have been mine closures due to low copper and nickel prices. Ethical sourcing of raw materials has become an issue for the electronics industry because of the use of child labour in some Congolese artisanal mines and concerns about metals being used to finance conflicts under U.S. Dodd-Frank and European Ethical Sourcing legislation.

NICO is planned to become an important new Canadian vertically integrated producer of cobalt with supply chain transparency and uninterrupted custody of metal from ores through to the production of battery chemicals. The more than 1.11 million ounces of gold contained in the NICO mineral reserves is also a highly liquid co-product whose price is commonly countercyclical to the other contained metals to mitigate cobalt and bismuth price volatility. NICO contains approximately 12% of global bismuth reserves, a critical metal that also has supply chain concerns from dominant Chinese production and growing consumption as an environmentally friendly and non-toxic replacement for lead.

About NICO:

The NICO deposit contains Proven and Probable Mineral Reserves totaling more than 33 million tonnes that will support a 21-year mine life at a planned mill throughput rate of 4,650 metric tonnes of ore per day. Approximately 180 wet tonnes per day of bulk concentrate will be produced by flotation in the mill containing the recoverable metals and will be trucked from the site on the new road to the rail head at Hay River for railway delivery to the refinery in Saskatchewan and downstream processing to value-added metals and chemicals. 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, 1,750 tonnes of bismuth contained in metal ingots and oxide powder, and 265 tonnes of copper.

The disclosure of scientific and technical information contained in this news release has been approved by Robin Goad, M.Sc., P.Geo., President and Chief Executive Officer 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, from which certain information in this press release has been extracted, 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 (including the Company's plans to secure off-take agreements and project financing to start construction), estimated future production, anticipated growth in the demand for cobalt, anticipated constraints on the supply of cobalt and plans for the construction of an all-season road needed for operations at the NICO Project. 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, the economic environment in which the Company will operate in the future, including the price of gold, cobalt and other by-product metals, anticipated costs and the volumes of metals to be produced at the NICO Project). 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 finance and develop NICO on favourable terms or at all, the market for rechargeable batteries and the use of stationary storage cells may not grow to the extent anticipated, the future supply of cobalt may not be as limited as anticipated, the Company's production of cobalt and other metals may be less than anticipated and other operational and development risks, market risks and regulatory risks. 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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