

First Cobalt Announces Friendly Acquisition of US Cobalt

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TORONTO, March 14, 2018 - [First Cobalt Corp.](#) (TSX-V: FCC, ASX: FCC, OTCQB: FTSSF) ("First Cobalt") and [US Cobalt Inc.](#) (TSX-V: USCO, OTCQB: USCFF) ("US Cobalt") are pleased to announce they have entered into a definitive agreement (the "Arrangement Agreement") whereby First Cobalt will acquire all of the issued and outstanding shares of US Cobalt pursuant to a plan of arrangement (the "Transaction"), further enhancing First Cobalt's position as a pure-play North American cobalt company.

Under the terms of the Arrangement Agreement, all of the US Cobalt issued and outstanding common shares will be exchanged on the basis of 1.5 First Cobalt common shares for each US Cobalt common share issued and outstanding (the "Exchange Ratio"). The Exchange Ratio represents a 61.8% premium to US Cobalt's closing price and a 58.5% premium based on both companies' 5-day volume-weighted average trading prices, both as at March 13, 2018. As part of the Transaction, it is expected that (a) all US Cobalt stock options outstanding will be replaced with First Cobalt stock options and be exercisable for First Cobalt shares based on the Exchange Ratio for the remainder of their original term, and (b) all US Cobalt warrants outstanding will participate in the Transaction on a comparable basis to holders of US Cobalt common shares based on the in-the-money portion of those securities. This implies a total equity value of approximately \$149.9 million on a fully-diluted in-the-money basis.

Upon completion of the Transaction, existing First Cobalt and US Cobalt shareholders will own approximately 62.5% and 37.5% of the combined company respectively, on a fully-diluted in-the-money basis, assuming all US Cobalt options and warrants are exercised prior to completion of the Transaction.

Transaction Highlights

- **Clean Cobalt:** Strategically positions First Cobalt as a leading non-DRC cobalt company with North American projects located in close proximity to infrastructure as well as electric vehicle and technology hubs such as Michigan and California
- **Vertically Integrated:** Pure-play North American cobalt company with three significant North American assets
 1. Ontario: 50 historic mines across 100 km² in the Canadian Cobalt Camp
- **Revaluation Opportunity:** Clean Cobalt Project in the US with a maiden mineral resource estimate of an institutional size of 1.5 Mt of cobalt, a strong balance sheet and a proven management team
 2. Idaho: 50 historic mines across 100 km² in the US with a maiden mineral resource estimate of an institutional size of 1.5 Mt of cobalt
 3. Refinery: The only permitted cobalt refinery in North America capable of producing battery materials

Trent Mell, First Cobalt President and CEO commented,

"We foresee a shortage of cobalt over the next five years yet there are few companies doing significant work to identify new sources of supply. This transaction creates a larger platform to discover and develop cobalt projects for the growing electric vehicle market by combining high quality North American assets in two of the best cobalt jurisdictions outside the DRC. US Cobalt's Idaho project complements our Canadian Cobalt Camp properties, offering upside potential for shareholders of both companies. We view the First Cobalt Refinery as a strategic asset as it is the only permitted cobalt refinery in North America capable of producing battery materials. We look forward to working with the US Cobalt technical team as they complete drilling in support of a maiden mineral resource estimate expected later in 2018."

US Cobalt CEO Wayne Tisdale commented,

"The transaction offers our shareholders an opportunity to benefit from a larger North American cobalt company with a portfolio of high quality assets and a strong balance sheet. US Cobalt shareholders will have meaningful ownership in a vertically integrated pure-play cobalt company with a proven and experienced management team that shares our commitment to creating long-term sustainable value. We are very proud of what the US Cobalt team has accomplished in a very short period of time. We look forward to advancing our original vision that demand for ethically-sourced cobalt is just beginning."

Benefits to First Cobalt Shareholders

- Acquisition of a high quality asset in the Idaho Cobalt Belt with excellent near-term resource potential

- Strengthens and de-risks portfolio of assets with the addition of an advanced exploration project with a historic non-compliant resource estimate
- Opportunity to leverage the First Cobalt refinery through exposure to projects in two jurisdictions
- Aligns with First Cobalt's strategy of growing its presence in North America

Benefits to US Cobalt Shareholders

- Immediate and significant premium of approximately 61.8% based on the prior day closing price, and 58.5% based on the 5-day VWAPs of both companies
- US Cobalt shareholders will maintain a meaningful position in First Cobalt, allowing for upside participation as First Cobalt progresses with exploration and development projects
- US Cobalt shareholders will benefit from the increased size and liquidity of the combined company
- Combined company has significant revaluation potential as a vertically integrated pure-play cobalt company with assets outside the DRC
- US Cobalt exploration team joins a First Cobalt senior management team with significant experience in exploration, development and operations across various jurisdictions with a history of creating shareholder value

Transaction Summary

The Transaction will be completed pursuant to a plan of arrangement. The Transaction will require approval by two thirds of the votes cast at a special meeting of US Cobalt shareholders expected to be held in May 2018 with the Transaction expected to close by the end of May 2018. The directors and senior officers of US Cobalt, representing approximately 6.7% of the outstanding US Cobalt common shares, have entered into voting support agreements, pursuant to which they will vote their common shares held in favour of the Transaction.

In addition to securityholder and court approvals, the Transaction is subject to applicable regulatory approvals, including acceptance by the TSX-V, and the satisfaction of certain other closing conditions customary for a transaction of this nature. The Arrangement Agreement includes customary deal protections, including non-solicitation covenants, including a \$5.5 million termination fee payable by either party under certain customary circumstances.

First Cobalt has agreed to appoint a US Cobalt nominee to its Board of Directors effective at the closing of the Transaction.

Full details of the Transaction will be included in the meeting materials which are expected to be mailed to the shareholders of US Cobalt in April 2018.

Board of Directors' Recommendations

The Arrangement Agreement has been unanimously approved by the Boards of Directors of First Cobalt and US Cobalt. The Board of Directors of US Cobalt recommends that its shareholders vote in favour of the Transaction.

The Board of Directors of US Cobalt has received opinions from each of Fort Capital Partners and Eight Capital Corp. that, based upon and subject to the assumptions, limitations, and qualifications stated in each such opinion, the consideration to be received by US Cobalt shareholders (other than First Cobalt) pursuant to the Transaction is fair, from a financial point of view, to such US Cobalt shareholders.

Advisors and Counsel

Canaccord Genuity Corp. acted as financial advisor to First Cobalt. Fasken Martineau DuMoulin LLP acted as legal counsel to First Cobalt. Fort Capital Partners acted as financial advisor to US Cobalt and has provided a fairness opinion to the US Cobalt Board of Directors. Eight Capital Corp. has provided a second fairness opinion to the US Cobalt Board of Directors. Cassels Brock & Blackwell LLP acted as legal counsel to US Cobalt.

About First Cobalt

First Cobalt assets include almost half of the historic mining properties in the Cobalt Camp in Ontario, Canada. First Cobalt controls 50 historic mines over 10,000 hectares as well as a mill and the only permitted cobalt refinery in North America capable of producing battery materials. First Cobalt began drilling in the Cobalt Camp in 2017 and seeks to build shareholder value through new discovery and growth opportunities.

About US Cobalt

US Cobalt is an exploration company focused on the acquisition and development of deposits of production grade metal which are critical components to power storage solutions including lithium-ion batteries for electric vehicles and consumer electronics. US Cobalt's key assets are located in Idaho and Utah.

On behalf of First Cobalt Corp.
Trent Mell, President & Chief Executive Officer

On behalf of US Cobalt Inc.
Wayne Tisdale, President

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Cautionary Note Regarding Forward-Looking Statements

This news release may contain forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws and the United States Private Securities Litigation Reform Act of 1995. 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", "might", "occur" or "be achieved". 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. In particular, forward-looking information included in this news release includes, without limitation, (i) assumptions and expectations with regard to the Transaction and its completion and the anticipated benefits and advantages of the Transaction, (ii) the future prospects of the combined company, including the resource potential of the Iron Creek Cobalt Project, (iii) the opportunity to leverage the First Cobalt refinery, and (iv) the revaluation potential of the combined company. 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 each of First Cobalt and US Cobalt, filed on SEDAR at www.sedar.com. Although First Cobalt and US Cobalt believe 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 time frames or at all. Except where required by applicable law, First Cobalt and US Cobalt disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Historic Estimates

US Cobalt considers the cobalt and copper tonnage and grade estimates above as historical estimates. The historical estimates do not use categories that conform to current CIM Definition Standards on Mineral Resources and Mineral Reserves as outlined in National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") and have not been redefined to conform to current CIM Definition Standards. They were prepared in the 1980s prior to the adoption and implementation of NI 43-101. A qualified person has not done sufficient work to classify the historical estimates as current mineral resources and US Cobalt is not treating the historical estimates as current mineral resources. More work, including, but not limited to, drilling, will be required to conform the estimates to current CIM Definition Standards. Investors are cautioned that the historical estimates do not mean or imply that economic deposits exist on the Iron Creek property. US Cobalt has not undertaken any independent investigation of the historical estimates nor has it independently analyzed the results of the previous exploration work in order to verify the accuracy of the information. US Cobalt believes that the historical estimates are relevant to continuing exploration on the Iron Creek property.

SOURCE [First Cobalt Corp.](http://www.firstcobalt.com)

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