First Cobalt Announces Financing for Construction of North American Battery Materials Refinery

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TORONTO, Aug. 23, 2021 - First Cobalt Corp. (TSXV: FCC) (the "Company") is pleased to announce that it has arranged a combined secured convertible debt and brokered equity financing package with an aggregate value of approximately US$45 million to finance the construction of its wholly-owned hydrometallurgical refinery (the "Refinery") located in Ontario, Canada.

The financing consists of the following components:

- An offering of US$37.5 million principal amount of 6.95% senior secured convertible notes due December 1, 2026 (the "Notes") led by Cantor Fitzgerald & Co. ("CF&Co") (the "Note Offering"); and
- An overnight-marketed public offering of common shares in the capital of the Company (the "Offered Shares") led by BMO Capital Markets for gross proceeds of approximately C$9.5 million (approximately US$7.5 million), at a price per Offered Share to be determined in the context of the market (the "Equity Offering").

"This is one of our most important catalysts for the year, as this financing will allow us to advance construction of our Canadian battery material refinery," said President & CEO Trent Mell. "Every director and officer is participating in the financing, underlining our confidence in our business strategy and strengthening our alignment with shareholders.

"Our vision is to be the most sustainable producer of battery materials, starting with North America's only domestic supply of battery grade cobalt. Longer term, we are pursuing the creation of a Battery Park around our refinery, which would include battery recycling, nickel sulfate production and lithium-ion battery precursor manufacturing. We intend to capitalize on this first-mover advantage and leverage our position as an ultra-low carbon operation."

The Company intends to use the aggregate net proceeds of the Note Offering and the Equity Offering for capital expenditures associated with the expansion and recommissioning of the Refinery, including buildings, equipment, infrastructure, and other direct costs, as well as engineering and project management costs.

The Note Offering and Equity Offering announced today will replace the debt financing process announced by the Company on March 31, 2021. The Company's management and board of directors determined that the financing terms and covenants of the financing described herein are superior to the debt financing the Company was previously pursuing.

Upon completion of this financing, the Company will advance discussions on a non-dilutive working capital facility to cover (i) a minimum liquidity requirement of US$5M, and (ii) cobalt hydroxide feed purchases through to the time of sale of cobalt sulfate to market.

Convertible Note Offering

The Company engaged CF&Co to act as sole placement agent for the Note Offering, which is being conducted on a private placement basis. The Note Offering consists of the issuance of US$37.5 million principal amount of 6.95% convertible senior secured notes due December 1, 2026 (subject to an option to increase, as described below). The Company has entered into convertible note subscription agreements dated August 23, 2021 with certain investors to purchase the entire initial principal amount of Notes under the Note Offering. A note indenture (the "Indenture") will be entered into between the Company and Global Loan Agency Services Limited ("GLAS"), as trustee for the Notes (the "Trustee"), as well as other customary

associated security documentation, upon closing of the Note Offering.

Holders of Notes ("Noteholders") will have an option to require the Company to issue to the Noteholders a pro rata amount of an aggregate additional US$7.5 million principal amount of Notes, issued at par, for 60 days from the date hereof. The Notes, including any aforementioned additional Notes, will bear interest at 6.95% per annum, payable in cash semi-annually in arrears in February and August of each year and will mature December 1, 2026. The Company will be the borrower under the Notes, and the obligations will be guaranteed by the Company's Canadian, United States, and Australian subsidiaries, as well as any other subsidiary that guarantees the Company's obligations from time to time, subject to certain customary exclusions.

The Notes will be secured by a first priority security interest (subject to customary permitted liens) in substantially all of the Company's assets, and the assets and/or equity of the secured guarantors. Security against the Company's Iron Creek Project in Idaho will be released upon achieving certain refinery commissioning thresholds.

The Notes will be convertible into common shares in the capital of the Company ("Common Shares") at 125% of the reference price per Common Share at any time until the close of business on the second trading day immediately preceding the maturity date. Such reference price will be equal to the price per share of the Equity Offering. Converting Noteholders will be entitled to an interest make-whole payment, which, subject to the prior approval of the TSX Venture Exchange ("TSXV"), may be satisfied in Common Shares. The Company sought and obtained a waiver from the maximum period conversion period requirements under TSXV Policies, such that the conversion period of the Notes may be up to 45 days from the issuance date of any additional Notes.

Should the Company achieve a third-party green bond designation during the term of the Indenture, the interest rate on future payments shall be reduced by 1/8 to 6.825% per year.

The Indenture will contain certain positive and negative covenants in favour of the Trustee for the benefit of the Noteholders. The Company will be obligated to make an offer to repurchase the Notes at par in certain circumstances. After the third anniversary of the issue date of the Notes, the Company may mandate the conversion of the Notes at its option in the event the trading price of the Common Shares exceeds 150% of the Conversion Price for at least 20 trading days, whether consecutive or not, during any consecutive 30 trading day period.

The Notes will also be subject to customary events of default, dilution protection, limitations on beneficial ownership, and registration rights in certain circumstances.

The Note Offering is expected to close on or about September 1, 2021, concurrently with the Equity Offering. Closing of the Note Offering is subject to customary closing conditions, including the approval of the Note Offering and the listing of the underlying Common Shares by TSXV . The completion of the Note Offering is also conditional on completion of the Equity Offering.

Equity Offering

The Equity Offering will be led by BMO Capital Markets as sole agent (the "Agent"). In connection with the Equity Offering, the Company intends to enter into an agency agreement with the Agent (the "Agency Agreement").

The Company expects to file a prospectus supplement (the "Prospectus Supplement") to its previously filed short form base shelf prospectus dated November 26, 2020 (the "Base Shelf Prospectus") in connection with the Equity Offering by no later than August 26, 2021.

The Offered Shares are being offered (i) to the public in each of the provinces of Canada, other than Quebec, and (ii) in such other international jurisdictions, as permitted.

The Prospectus Supplement, when filed, will contain important additional information about the Company,

the Note Offering and the Equity Offering. Prospective investors should read the Prospectus Supplement and the Base Shelf Prospectus, including the documents incorporated by reference therein, and the other documents the Company has filed on SEDAR before making an investment decision. Copies of the Base Shelf Prospectus, and, when filed, the Prospectus Supplement to be filed in connection with the Equity Offering, can be found on SEDAR at www.sedar.com.

The Equity Offering is scheduled to close on or about September 1, 2021 and is subject to customary closing conditions including the receipt of all necessary regulatory approvals, including the approval of the TSXV. The completion of the Equity Offering is also conditional on completion of the Note Offering.

Termination of the Company's At-the-Market Program

In the context of arranging for the financing package, on August 23, 2021, the Company provided notice to Cantor Fitzgerald Canada Corporation ("CFCC") of the Company's intention to terminate its at-the-market offering program (the "ATM Program"), effective as of September 2, 2021. The ATM Program was established on February 22, 2021, allowing the Company to issue Common Shares with a value of up to C$10 million from treasury to the public from time to time, at the Company's discretion. Distributions of the Common Shares through the ATM Program were made pursuant to the terms of an equity distribution agreement between the Company and CFCC dated February 22, 2021. The Company raised a total of C$686,274.10 under the ATM Program. All sales under the ATM Program have been suspended.

The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any applicable U.S. state securities laws, and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About First Cobalt

First Cobalt's mission is to be the most sustainable producer of battery materials. In 2022, the Company plans to commission North America's only cobalt sulfate refinery, a critical asset in the development and manufacturing of batteries for electric vehicles. First Cobalt also owns the Iron Creek cobalt-copper project in Idaho, USA as well as several significant cobalt and silver properties in the Canadian Cobalt Camp.

On behalf of First Cobalt Corp.

Trent Mell
President & Chief Executive Officer

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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. Specifically, statements with respect to the completion of the Note Offering and Equity Offering and the timing thereof, the filing of the Prospectus Supplement and the timing thereof, the use of proceeds of the Note Offering and Equity Offering, the development of the Refinery, and other matters ancillary or incidental to the foregoing 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. 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 First Cobalt, filed on SEDAR at www.sedar.com, and are included in the Base Shelf Prospectus and will be included in the Prospectus Supplement. Although First Cobalt believes 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 times frames or at all. Except where required by applicable law, First Cobalt disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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