

# Fortune Minerals Announces U.S. Government Funding to Accelerate the NICO Critical Minerals Project Development

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Expanding domestic production of cobalt for the battery supply chain & energy transition

[Fortune Minerals Ltd.](#) (TSX: FT) (OTCQB: FTMDF) ("Fortune" or the "Company") ([www.fortuneminerals.com](http://www.fortuneminerals.com)) is pleased to announce that the United States Department of Defense ("DoD") has awarded the Company a US\$6,380,555 (~C\$8.74 million) grant under the Defense Production Act ("DPA") Title III program to expand the domestic capacity and production of cobalt for the battery and high strength alloy supply chains. This non-dilutive source of capital will allow Fortune to advance the vertically integrated NICO cobalt-gold-bismuth-copper development asset in Canada ("NICO Project") toward a project construction decision.

The NICO Project is an advanced development stage Critical Minerals asset comprised of a planned open pit and underground mine and concentrator in the Northwest Territories ("NWT") and a related hydrometallurgical refinery in Alberta to process concentrates from the mine to value-added metals and chemicals. Once developed, the NICO Project would become a reliable North American supplier of cobalt sulphate for the rapidly expanding lithium-ion rechargeable battery industry, with gold, bismuth, and copper co-products.

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Fortune has been awarded DoD funding to complete work in four focus areas needed to advance the NICO Project to a project finance decision:

1. Metallurgical tests to optimize the Alberta Refinery site hydrometallurgical processes.
2. Secure the remaining authorizations and preparation of management plans for construction and operation of the NICO mine and concentrator in the NWT.
3. Secure the requisite permits to construct and operate the hydrometallurgical refinery at the planned brownfield site in Alberta's Industrial Heartland.
4. Complete an updated Feasibility Study assessing NICO Project economics with the new refinery site, recently completed Tlicho all-season road, the new mine plan and production schedule and other recent optimizations.

The Company's goal is to deliver vertically integrated North American production facilities to become a reliable domestic producer of cobalt, bismuth, and copper Critical Minerals with more than one million ounces of gold as a liquid and countercyclical co-product. The cobalt sulphate production from the NICO Project would provide a source of battery materials that is compliant with the U.S. Inflation Reduction Act ("IRA") and help qualify U.S. customers of North American built electric vehicles for tax credits supporting the transition to e-mobility.

The NICO Project is projected to have average annual production of 1,800 metric tonnes of cobalt (~8780 tonnes of cobalt sulphate), 47,000 Troy ounces of gold, 1,700 tonnes of bismuth in ingots, and 300 tonnes of copper. One of the objectives of the metallurgical test work program is to also validate the production of a clean gypsum by-product from neutralization of the autoclave effluent to be used in the local agriculture, cement and oil and gas industries, while also reducing waste disposal costs. Fortune is also collaborating with Rio Tinto, assessing the feasibility of processing intermediate products produced from the Kennecott smelter in Utah at the Alberta Refinery to increase cobalt and bismuth production (see the Company's news release dated September 29, 2023). This cross-border initiative is aligned with the U.S. - Canada Collaboration on Critical Minerals Supply and Fortune has identified other sources of materials that could also be processed in the Alberta Refinery to augment metal production.

Cobalt is a particularly important Critical Mineral due to its expanding consumption in lithium-ion batteries powering the transition to e-mobility and high strength alloys used in the aerospace industry. However, there are risks with the current sources of supply due to geographic concentration of mine production in the politically unstable Democratic Republic of the Congo (77% of global cobalt mine production) and China's dominant position in refining (80% of the world's refined cobalt supply). In addition, some current cobalt production does not align with western democratic environmental-social governance practices or values. Cobalt is therefore identified on the U.S., Canadian, European Union, and Japanese Critical Minerals Lists because of its prominent role in the energy transition and the supply chain concerns.

The U.S. has limited domestic capacity for cobalt production and development of the NICO Project will help reduce the acute reliance on imports from foreign nations of concern, while strengthening and diversifying the supply chain for metals used in important new technologies and defense applications.

Robin Goad, President and CEO of Fortune Minerals commented, "It has been difficult attracting investment funding for essential Critical Minerals projects in traditional capital markets. We are therefore grateful for the U.S. Defense Department's timely and strategic financial support to enable Fortune Minerals to accelerate development of the NICO Project to provide additional domestic capacity and security of supply."

The NICO Project is an advanced Critical Minerals development that Fortune has already expended more than C\$137 million to advance from an in-house mineral discovery to a near shovel-ready development asset with a positive Feasibility Study completed in 2014, and environmental assessment approval and the major mine permits for the facilities in the NWT. The NICO Project is primarily a cobalt-gold asset, but the deposit also contains 12% of global bismuth reserves, another essential Critical Mineral used in the automotive industry and with growing consumption in environmental applications, including lead replacement, plugging decommissioned oil and gas wells, and manganese-bismuth magnets to make electric vehicle powertrains.

For more detailed information about the NICO Mineral Reserves and certain technical information in this news release, please refer to the Technical Report on the NICO Project, 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 which has been filed on SEDAR and is available under the Company's profile at [www.sedar.com](http://www.sedar.com). 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 Canadian to U.S. dollar exchange rate used in the conversion is US\$1 = C\$1.37.

About Fortune Minerals:

Fortune is a Canadian mining company focused on developing the NICO cobalt-gold-bismuth-copper Critical Minerals project in the Northwest Territories and Alberta. Fortune also owns the satellite Sue-Dianne copper-silver-gold deposit located 25 km north of the NICO Deposit and is a potential future source of incremental mill feed to extend the life of the NICO mill and concentrator.

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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 use of the DOD funds, advancement of the NICO Project towards a project finance decision, including the successful construction and completion of the Company's proposed hydrometallurgical refinery and the successful development and construction of the planned NICO cobalt-gold-bismuth-copper mine and concentrator NICO Project becoming a reliable source of cobalt,

sulphate, gold, bismuth and copper, NICO Project providing a source of battery materials that would be compliant with IRA and allow tax credits, and NICO Project's projected average annual production of cobalt, gold, bismuth and copper. 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 actual receipt of funds from DOD, the Company's ability to complete construction of NICO Project mine, concentrator, the hydrometallurgical refinery and advance the NICO Project; the Company's ability to arrange the necessary financing beyond the DOD funding to continue operations and develop the NICO Project; the receipt of all necessary regulatory approvals for the construction and operation of the NICO Project, including the planned NICO cobalt-gold-bismuth-copper mine and concentrator and hydrometallurgical refinery and the timing thereof; growth in the demand for cobalt; the time required to construct the NICO Project; the relevant laws and regulations in Canada and the U.S.; and 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 global geopolitical situations may interfere with the Company's ability to continue development of the NICO Project, the Company may not be able to finance and develop NICO on favourable terms or at all, relevant regulatory changes, uncertainties with respect to the receipt or timing of required permits, approvals and agreements for the development of the NICO Project, including the related hydrometallurgical refinery, the construction of the NICO Project may take longer than anticipated, the Company may not be able to secure offtake agreements for the metals to be produced at the NICO Project, the Sue-Dianne Property may not be developed to the point where it can provide mill feed to the NICO Project, the inherent risks involved in the exploration and development of mineral properties and in the mining industry in general, the market for products that use cobalt or bismuth may not grow to the extent anticipated, the future supply of cobalt and bismuth may not be as limited as anticipated, the risk of decreases in the market prices of cobalt, bismuth and other metals to be produced by the NICO Project, discrepancies between actual and estimated Mineral Resources or between actual and estimated metallurgical recoveries, uncertainties associated with estimating Mineral Resources and Reserves and the risk that even if such Mineral Resources prove accurate the risk that such Mineral Resources may not be converted into Mineral Reserves once economic conditions are applied, the Company's production of cobalt, bismuth 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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