



First Cobalt Provides Refinery Project Update

TORONTO, ON — July 22, 2020 – First Cobalt Corp. (TSX-V:FCC, OTCQX:FTSSF) (the “Company”) today provided an update on the recommissioning and expansion of its cobalt refinery located in Canada.

HIGHLIGHTS

- Intention to move directly to an expansion scenario and conduct pilot plant work at third party facilities, saving millions of dollars and generating stronger returns for shareholders
- Optimization studies for the Refinery Project are advancing, with significant opportunities identified to lower operating costs
- Financing discussions are entering phase two, with proposals under review with First Cobalt financial advisor CIBC

Trent Mell, First Cobalt President & CEO, commented:

As we execute our business plan, we have concluded that the optimal development scenario is to conduct additional product and process flow sheet testing at third party facilities. I am pleased by this outcome as an on-site demonstration plant would have resulted in higher capital costs, a longer development timeline and limited benefits to the project. Meanwhile, the engineering optimization work has identified opportunities to reduce the operating costs of the refinery and the financing talks are progressing. We have received several third party financing proposals and we will now seek to narrow the field in order to commence three-way discussions with our strategic partner.

On May 4, First Cobalt released a detailed engineering study for an expansion of its permitted cobalt refinery from a 12 tonnes per day (tpd) operation to a 55 tpd facility, transforming the facility into a globally competitive refiner of cobalt for the North American and European electric vehicle (EV) markets. Since that time, the Company has been conducting engineering optimization studies and advancing financing and permitting activities. The expanded refinery would represent up to 5% of global demand for refined cobalt.

The Company also completed an assessment of a restart of the Refinery using existing permits and equipment to operate a demonstration plant using the current 12 tpd configuration. The study assessed whether First Cobalt could leverage existing permits, infrastructure and equipment to produce sample cobalt sulfate material in advance of the major expansion. In consultation with Glencore and prospective EV partners, the Company concluded that the optimal economic decision is to conduct pilot plant testing at third party sites and focus construction efforts on the 55 tpd expansion.

Proceeding with an on-site demonstration plant would have resulted in several million dollars of additional investment that would not have been credited toward the 55 tpd expansion, currently estimated at US\$56 million. Moreover, EV manufacturers expressed no preference for an on-site demonstration plant, as final product qualification will be conducted from material produced at the expanded refinery. Management is pleased with this outcome as it will reduce costs and complexities and allow the project team to focus its efforts on building a globally competitive facility that will be the only North American refiner of cobalt sulfate.

A key focus of the optimization work has been to assess alternative approaches to managing sodium. Process water from the Refinery will be treated to a level that meets or exceeds regulatory requirements before being returned to the environment. However, owing to the use of sodium hydroxide in the process flowsheet that has been designed, effluent from the refining process would have an elevated concentration of sodium. The engineering study contemplated installing an established technological solution of evaporation and crystallization to remove sodium content but the cost of this solution represents approximately 30% of the refinery operating cost of US\$2.72/lb of cobalt produced. The Company is in discussion with various vendors and is making progress on alternatives that will achieve the same environmental standards at a significantly lower cost. Results of this work are anticipated in August.

Other elements of the current work program include optimizing storage capacity in the dry-stack tailings facility and preparing submissions for permit amendments. Both are progressing as expected. Metallurgical test work to validate expected improvements in cobalt recoveries have been delayed due to pandemic-related logistical delays in receiving representative cobalt hydroxide feed material from Glencore's designated mining operation. Based on work completed to date, the Company is confident that it will be in a position to demonstrate higher recoveries in Q3-Q4 2020.

The Company has completed the first round of discussions to identify financing parties that could partner with Glencore to fund the refinery capital requirements. CIBC is advising First Cobalt on this process and the market feedback has been encouraging. The Company is reviewing proposals with a view to commencing advanced discussions with one or more counterparties along with Glencore to conclude financing and commercial terms.

Refinery Overview

The First Cobalt Refinery is a hydrometallurgical cobalt refinery located on 120 acres north of Toronto, Canada. The facility was permitted in 1996 with a nominal throughput of 12 tpd and operated intermittently until 2015, producing a cobalt carbonate product along with nickel carbonate and silver precipitate. Testing of third-party cobalt hydroxide in 2019 confirmed suitability of cobalt hydroxide as a source of feed to produce a high purity, battery grade cobalt sulfate.

In July 2019, First Cobalt and Glencore AG agreed to a partnership framework to recommission the Refinery. Subject to certain conditions, the framework agreement contemplates that First Cobalt will treat cobalt feed material supplied from Glencore's DRC operations for an initial term of up to 5 years on a tolling basis, with Glencore providing up to 100% of the capital required to recommission and expand the facility. None of the feed material would be sourced from First Cobalt's mineral projects. The objective is to produce approximately 25,000 tonnes of cobalt sulfate per annum for the electric vehicle market.

About First Cobalt

First Cobalt owns North America's only permitted cobalt refinery. Cobalt refining is a critical component in the development and manufacturing of batteries for electric vehicles and forms a foundational piece of the next generation of the North American auto sector and other electrified consumer and industrial applications. First Cobalt also owns a cobalt project in the United States and controls significant mineral assets in the Canadian Cobalt Camp, including more than 50 past producing mines.

On behalf of First Cobalt Corp.

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President & Chief Executive Officer

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