



First Cobalt and Glencore Conclude Term Sheet for Refinery Restart

TORONTO, ON — (July 15, 2019) – First Cobalt Corp. (TSX-V: FCC, OTCQX: FTSSF) (the “Company” - https://www.commodity-tv.net/c/search_adv/?v=298892) is pleased to announced that it agreed on a term sheet with Glencore AG outlining the framework for a non-dilutive, fully funded, phased approach to recommission the First Cobalt Refinery in Ontario, Canada. The framework remains subject to a number of conditions and outlines the key milestones to a long-term strategic relationship that could bring a reliable source of domestically refined cobalt to the North American market.

Highlights

- Objective is to establish a collaborative long-term partnership to supply refined cobalt for the North American market
- Phase 1 entails a US\$5 million loan from Glencore to support additional metallurgical testing, engineering, cost estimating, field work, and permitting associated with the recommissioning of the First Cobalt Refinery, including a definitive feasibility study for a 55 tonnes per day (tpd) refinery expansion
- Phase 2 envisions commissioning the Refinery at a feed rate of 12 tpd in 2020 to produce a battery grade cobalt sulfate for prequalification for the electric vehicle supply chain
- Phase 3 involves an expansion of the Refinery to a 55 tpd feed rate by 2021, using the current site infrastructure and buildings
- Total capital investment under the three phases is estimated at approximately US\$45 million and Phases 2 and 3 remain subject to the findings of the studies undertaken during Phase 1. Capital invested will be repaid by First Cobalt from cash flow generated under a long-term refining arrangement.

Trent Mell, First Cobalt President & Chief Executive Officer, commented:

“Transitioning to cash flow as a North American refiner is our primary focus and today’s news demonstrates that we are moving closer to achieving that objective. Glencore has been supportive throughout the process and we look forward to working closely with their technical team on a successful execution.”

This partnership will help First Cobalt achieve its stated objective of providing ethically sourced battery grade cobalt for the North American electric vehicle market. An operating refinery in North America can benefit all North American cobalt projects, as it significantly reduces the capital cost of putting a new mine into production.”

On May 21, 2019, First Cobalt and Glencore signed a memorandum of understanding outlining the terms of a potential partnership to produce refined cobalt for the North American market. Since that time, the parties have conducted due diligence and held extensive discussions to develop a business plan for the First Cobalt Refinery. The term sheet announced today outlines a phased approach that could see the refinery operational in less than a year and expanded to 55 tpd in 2021.

During Phase 1, Glencore would provide US\$5 million advance to First Cobalt to complete detailed engineering and estimating, metallurgical testing, field work and permitting associated with the advancement of the First Cobalt Refinery. In particular, this phase includes

delivery of a definitive feasibility study for a 55 tpd refinery expansion. Commencement of Phase 1 is subject to a number of conditions precedent, including execution of a loan agreement and related documentation, completion of any remaining due diligence, execution of a term sheet outlining a framework for commercial terms for Phases 2 and 3, and any required regulatory approvals.



First Cobalt Refinery, Ontario Canada

The second phase would entail recommissioning the Refinery in 2020 under existing permits at a feed rate of 12 tpd, subject to the results of additional studies and an economic analysis to be completed during Phase 1. The parties believe that there are many advantages associated with an early restart with a smaller throughput. The 12 tpd scenario will allow the parties to assess various refined product options, including producing a battery grade cobalt sulfate for prequalification with an electric vehicle manufacturer.

The third and final phase is the expansion to 55 tpd as contemplated in a report by Ausenco announced on May 28, 2019 and available on the Company's website at www.firstcobalt.com/refinery. The Ausenco report estimates that First Cobalt could produce 5,000 tonnes per annum of contained cobalt in sulfate assuming cobalt hydroxide feed grading 30% cobalt.

A final decision to put the First Cobalt Refinery back into production is contingent on the outcome of a feasibility study for a 55 tpd expansion scenario that is expected to be completed later this year. A restart of the Refinery will be linked to a long-term feed supply or exclusive tolling agreement with Glencore and not on near-term development of any of the Company's current projects.

Under the terms of the US\$5 million advance for Phase 1, Glencore AG would loan funds to First Cobalt's wholly-owned subsidiary, Cobalt Camp Refinery Ltd., which would be guaranteed by First Cobalt and secured by a general security agreement and a pledge of the shares in Cobalt Camp Refinery Ltd. The loan will have a two-year term and can be extended for an additional year at First Cobalt's election. The loan interest rate would be LIBOR + 5%, with interest payable semi-annually in arrears until maturity. First Cobalt will have the ability to defer interest and have it added to the principal amount outstanding on each interest payment date. Glencore would retain an option to convert the outstanding loan and interest balance at maturity into common shares of First Cobalt at a fifteen percent discount to the 10-day volume weighted average price.

Should the parties proceed to Phases 2 and/or Phase 3, the intention is that the Phase 1 loan would be rolled up into a larger accordion financing facility, the terms of which are still under review. The accordion facility would be used for recommissioning at 12 tpd and for the capital

expenditures in connection with an expansion to 55 tpd.

The parties continue to work on the loan documentation and a number of commercial details. Glencore anticipates providing 100% of the feed requirements under both the 12 tpd and 55 tpd scenarios under a tolling agreement. First Cobalt will also enter into a services agreement with XPS - Expert Process Solutions, a Sudbury-based metallurgical consulting, technology and testing facility affiliated with Glencore, in order to provide technical support to the First Cobalt team. A tendering process is nearing completion to designate lead third party firms to oversee advanced metallurgical testing, the feasibility study and permitting.

About the FCC Refinery

The First Cobalt Refinery is a hydrometallurgical cobalt refinery in the Canadian Cobalt Camp, approximately 600 kilometres from the U.S. border. The First Cobalt Refinery has the potential to produce either a cobalt sulfate for the lithium-ion battery market or cobalt metal for the North American aerospace industry or other industrial and military applications.

The First Cobalt Refinery is the only permitted primary cobalt refinery in North America. The Company recently completed testing of third-party cobalt hydroxide as a potential source of feed, confirming that the existing processes in the First Cobalt Refinery are capable of producing a high purity, battery grade cobalt sulfate. With no cobalt sulfate production in North America today, the First Cobalt Refinery has the potential to become the first such producer for the American electric vehicle market.

A study by Ausenco defined the production capacity, capital costs and operating costs associated with recommissioning the Refinery in Ontario, Canada using third party cobalt hydroxide and another third party feed source. Ausenco has since lowered their operating cost estimates by approximately 30% due to lower reagent costs, based on actual quotations rather than estimates. The study does not comment on the economic viability of operating the Refinery, and instead is an estimate of the costs associated with recommissioning. A copy of the study is available at www.sedar.com and on the Company's website. A feasibility study will assess the economic viability of the Refinery operating at 55 tpd.

A corporate video featuring the First Cobalt Refinery in Ontario, Canada is available on the Company's website at <http://www.firstcobalt.com/investors/media-gallery/videos/>.

Corporate Update

In connection with services rendered for the quarter ended June 30, 2019, the Company has issued 612,800 Deferred Share Units ("DSUs") in lieu of cash compensation that directors would have been entitled to. In accordance with the Company's Amended and Restated Long-Term Incentive Plan (the "Plan"), the DSUs were priced based on today's closing price of the Company's common shares on the TSX Venture Exchange. DSUs vest immediately and may not be exercised until a director ceases to serve on the Board. A total of 76,563 DSUs were also granted to certain officers of the Company in lieu of incentive payments. These same officers have also agreed to a 5% reduction in their base salaries to reflect current market conditions and to reduce the Company's cash outflows.

The Company has also agreed with certain insiders to cancel an aggregate of 1,283,482 incentive stock options held by them, which will result in an 11% decrease in total number of options outstanding. Following the cancellation, there are currently 11,398,333 stock options outstanding under the Plan.

About First Cobalt

First Cobalt is a Canadian-based pure-play cobalt company and owner of the only permitted primary cobalt refinery in North America. The Company is exploring a restart of the First Cobalt Refinery in Ontario, Canada, which could produce 5,000 tonnes of cobalt sulfate or

metallic cobalt per year. First Cobalt's main cobalt project is the Iron Creek Cobalt Project in Idaho, USA, which has Inferred mineral resources of 26.9 million tonnes grading 0.11% cobalt equivalent, or an alternative underground-only scenario of 4.4 million tonnes grading 0.3% cobalt equivalent. For further information regarding the resource estimate for the Iron Creek Cobalt Project, readers are encouraged to review the technical report prepared for the Company, dated effective September 18, 2018 (as amended), a copy of which is available on SEDAR and on the Company's website.

On behalf of First Cobalt Corp.

Trent Mell
President & Chief Executive Officer

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Cautionary Note Regarding Estimates of Resources

Readers are cautioned that mineral resources are not economic mineral reserves and that the economic viability of resources that are not mineral reserves has not been demonstrated. The estimate of mineral resources may be materially affected by geology, environmental, permitting, legal, title, socio-political, marketing or other relevant issues. The mineral resource estimate is classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's "2014 CIM Definition Standards on Mineral Resources and Mineral Reserves" incorporated by reference into NI 43-101. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies or economic studies except for Preliminary Economic Assessment as defined under NI 43-101. Readers are cautioned not to assume that further work on the stated resources will lead to mineral reserves that can be mined economically. An Inferred Mineral Resource as defined by the CIM Standing Committee is "that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration."

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. 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. 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.