

Fortune Minerals Secures Funding from the U.S. Department of Defense to Advance Critical Minerals Project

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[Fortune Minerals Limited](#) (TSX: FT | OTCQB: FTMDF) has secured substantial funding from the U.S. Department of Defense (DoD) to advance its NICO Project, a critical minerals asset in Canada. The DoD has [awarded](#) the company a grant of approximately C\$8.74 million under the Defense Production Act Title III program. This funding aims to expand domestic capacity and production of cobalt for the battery and high-strength alloy supply chains. This non-dilutive capital will enable Fortune to push the NICO Project towards a construction decision.

In addition to the DoD funding, Fortune Minerals has entered into a convertible securities [agreement](#) with Lind Global Fund II, LP, managed by The Lind Partners, for up to C\$10 million. An initial drawdown of C\$1.25 million from this agreement was used to make a C\$1 million downpayment to JFSL Field Services ULC, securing an option to purchase a site in Lamont County, Alberta. This site will house a hydrometallurgical refinery to process metal concentrates from the proposed NICO cobalt-gold-bismuth-copper mine and concentrator in the Northwest Territories.

The first convertible security, with a two-year term and a face value of C\$1.6 million, is secured by a lien against Fortune's assets. Lind will convert the face value amount incrementally over 24 months at a conversion price of 80% of the five-day

trailing volume-weighted average price (VWAP) of Fortune's shares. Fortune retains the right to repurchase the security after 180 days, subject to Lind's option to convert up to one-third of the face value into Fortune common shares at a price equal to 80% of the five-day VWAP. Lind also receives a closing fee of C\$50,000 and 12,500,000 common share purchase warrants with an exercise price of C\$0.065 per common share, exercisable for 60 months from issuance.

Additionally, Fortune has amended an option agreement with JFSL to acquire its 77-acre site and 42,000 square feet of serviced shops and buildings in Lamont County. The company has made option payments totaling C\$1.4375 million, which will be applied against the C\$5.5 million purchase price, with the balance due by June 28, 2024. JFSL retains the right to use the facilities for 18 months following Fortune's purchase. JFSL's parent company, Worley Group, has preferential rights to perform certain engineering work for Fortune.

On May 16, 2024, Fortune Minerals [announced](#) it had secured additional funding from the Government of Canada to advance the NIC0 Project. The Canadian government will provide up to C\$7.5 million through the Global Partnerships Initiative to cover 75% of the costs for additional engineering and test work. This funding builds on activities supported by the DoD, with the total non-dilutive funding expected from the U.S. and Canadian governments amounting to approximately C\$16.2 million.

The NIC0 Project includes a planned open-pit and underground mine and concentrator in the Northwest Territories, along with the hydrometallurgical refinery in Alberta. The project aims to produce cobalt sulfate, gold doré, bismuth ingots, and copper. Fortune has already invested over C\$137 million to advance the project from discovery to a near shovel-ready stage, including a positive feasibility study completed in 2014, environmental

assessment approval, and major mine permits for the Northwest Territories facilities.

The funding from the Government of Canada will support an expanded test work program, a feasibility study sensitivity analysis, and a Front-End Engineering and Design (FEED) study. The FEED study will provide detailed engineering to build on the DoD-funded updated feasibility study, enabling equipment procurement and greater cost certainty.

The NICO Project's development aligns with the Canada-U.S. Joint Action Plan on Critical Minerals Collaboration, which aims to strengthen North American production of essential metals and support the energy transition and green economy. The project addresses the urgent need for a reliable North American source of critical minerals, particularly cobalt, which is essential for lithium-ion batteries and high-strength alloys. Currently, 77% of global cobalt mine production is concentrated in the Democratic Republic of the Congo, and 80% of refined cobalt comes from China. Fortune's project aims to reduce dependence on these foreign supplies and enhance supply chain security.

Robin Goad, President and CEO of Fortune Minerals, emphasized the importance of this funding, stating, "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."

This substantial governmental support underscores the strategic importance of the NICO Project in bolstering North American supply chains for critical minerals, essential for the energy transition and technological advancements.