

The Grandich

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Letter

The following is an excerpt from the March 31, 2008, edition of the Grandich Letter. The full version of the newsletter is available for download at: http://www.grandich.com/docs/alert_03-31-08.pdf

Company Update:

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Formation Capital (FCO-TSE \$0.55) – The Company continues to move forward towards attaining their final mine permit on their 100%-owned Idaho Cobalt Project. The cobalt project is a unique, primary cobalt deposit located in Idaho and will be capable of producing high purity cobalt metal suitable for critical applications in the super alloy sector. Such alloys are used in the moving parts of jet engine turbines, and are in strong demand. Since my last mention in my January 09, 2008 edition, progress on the project has been made on many fronts. However, despite all-time high cobalt prices reaching over \$50/lb, those positive developments have been made in very jittery markets as evidenced in their rather stagnant share price.

Progress on their cobalt project since the beginning of the year included the completion of the Biological Assessment and the receipt of their water rights permit. The completed Biological Assessment kicked-off a 135-day Consultation Period between the permitting agencies to complete the Biological Opinion. This infers the agencies have until no later than the middle of May to complete this document, which, according to FCO Company officials, is the last major piece of the puzzle needed to complete the final Environmental Impact Statement (EIS). The Forest Service's Schedule of Proposed Action, being admittedly conservative, shows a completion date of July for the final EIS. The final EIS is typically issued with a Record of Decision, which for all intents and purposes is the go ahead to commence construction. Management has indicated it is their goal to start construction this summer. Whether or not that becomes a reality remains to be seen, but regardless they seem to be nearing the finish line on their permitting.

On another front, the investment communities' reaction to very impressive results from their Virgin River uranium 2007 drill program released in early March give a revealing insight to the market's thinking. On news that the highest grade uranium mineralization to date was discovered on the project (33.8 feet or 10.3 meters grading 12.76%, with a maximum grade of 52.2% encountered), FCO traded a notable 1.5 million shares, yet ended up closing down a penny on the day. This is a good example of some investors thinking it's a good time to acquire stock on good news while others are taking money off the table under uncertain market conditions.

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Company	Options in Cdn \$	Monthly Fee in US \$	Company	Options in Cdn \$	Monthly Fee in US \$
ARQ	** 100,000 @ \$.95 15,000 @ \$ 2.97	\$1000	KMK	100,000 @ \$.60	\$2000
ATW	200,000 @ \$.82	\$1500	KNP	** 100,000 @ \$.21	\$2000
CRC	100,000 @	\$2000		****100,000 @ \$.165	
CXX	** 200,000 @ \$.25	\$2000	LGD	50,000 @ \$.32	
	** 100,000 @ \$.45		LV	100,000 @ \$.33	\$1500
	100,000 @ \$ 1.31			100,000 @ \$1.18	\$1500
	100,000 @ \$ 2.03		OLE	100,000 @ \$.60	
DON	100,000 @ \$.35	\$2000		* 100,000 @ \$1.77	\$1500
	50,000 @ \$.50		OTL	100,000 @ \$2.60	
ER	100,000 @ \$.52	\$1500	PMM	100,000 @ \$1.38	\$1500
	100,000 @ \$.65			150,000 @ \$.10	\$2000
	100,000 @ \$.79			100,000 @ \$.10	
FAN	50,000 @ \$.80	\$1000	PXC	200,000 @ \$.11	\$2000
	50,000 @ \$.63		RDI	100,000 @ \$.55	\$1000
FCO	50,000 @ \$.80	\$1500	SGC	100,000 @ \$ 1.39	\$2000
	** 100,000 @ \$.54		TEM	100,000 @ \$1.00	\$2000
	75,000 @ \$.41		TMM	100,000 @ \$.50	\$2000
	50,000 @ \$.60		UCR	100,000 @ \$.36	\$2000
	** 100,000 @ \$.40			50,000 @ \$.36	
GIX	* 100,000 @ \$.54	\$2000			
	* 100,000 @ \$.50				
	75,000 @ \$ 1.90				
GRS	50,000 @ \$.40	\$2000			
	100,000 @ \$.45				
HGC	100,000 @ \$1.60	\$2000			

* Exercised
** Exercised and Sold
*** Options Expired
**** Partially Exercised

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