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AFTERNOON COMMENT
January 21, 2009

PLEASE SEE IMPORTANT DISCLOSURES ON PAGES 4 AND 5.

FORMATION CAPITAL CORP.³ (TSX-FCO C\$0.21) MKT CAP C\$43 MILLION

RECOMMENDATION: SPECULATIVE BUY; TARGET: C\$1.20

ANALYST: RON COLL

Positive Record of Decision for the Idaho Cobalt Project

Earlier this morning, Formation Capital (“FCO”) announced that it is in receipt of a release from the United States Department of Agriculture Salmon Challis National Forest (“Forest Service”) indicating a revised Record of Decision (“ROD”) has been issued for FCO’s Idaho Cobalt Project (“Project”).

An approved ROD, along with the “Air Permit Pre-Construction Authorization” received mid-December 2008, will allow the FCO to commence construction before the “Permit to Construct” is finalized and issued. As expected, the ROD contains stipulations and mitigations that must be incorporated into the Project’s Plan of Operations. The revised ROD is subject to a 45-day administrative appeal period during which parties that have established standing may appeal the decision.

With a spring start to construction, and following a 14-month construction window, production could commence in Q4/2010. The project as proposed would produce 3.5 million lbs of high grade cobalt metal per year, specifically targeted toward the aerospace and medical applications industries. Operating costs are estimated to be US\$8.00/lb (net of credits), while Capex is estimated to be approximately US\$140 million. High grade, specialty applications cobalt metal currently trades for US\$18.50/lb.



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Buy: The stock is expected to provide a total return in excess of 10% over the current trading price over the next 12 months.

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RESTRICTED	2%
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Revised Monthly

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