



**NEWS
RELEASE**

United States
Department of Agriculture

Forest Service
Salmon - Challis National
Forest
1206 South Challis
Salmon, Idaho 83467



December 9, 2009

Forest, Formation Capital Sign Plan for Idaho Cobalt Project

Salmon-Challis National Forest Supervisor Bill Wood and Bill Scales, President of Formation Capital Corporation, U.S. signed an agreement which approves the first stage of the plan of operations for the Idaho Cobalt Project (ICP) a proposed mining operation to be located near Cobalt, 45 miles southwest of Salmon, Idaho.

According to the document ICP can begin Stage I of construction which includes plans for work in over-snow and frozen conditions January through March 2010. Stage I consists of timber clearing operations for the tailings and waste rock storage facility, topsoil stock pile area, roads around the mill site and concentrator pads. Bonding has been posted for Stage I operations.

Woods said, "I approved their plan of operations giving them the go-ahead for the first phase of construction. . . . It was a great day for them, and it was a great day for us. There was a lot of collective hard work since our meeting in Ogden in October to generate, review, and revise documents to get us to this point."

Scales stated, "What this means", is that the Company can now begin construction activities for the mining and milling operations for the ICP. The Forest Service and the Company have worked very hard to develop a socially responsible Mine Plan that meets the needs of the people and the environment. We are pleased to finally be able to get underway."

Planning is still to be completed for the other stages of the plan of operations including Stage II, facility construction and mine development, and Stage III, mine development below the water table.

For further information please contact Kimberly D. Nelson, Salmon-Cobalt, District Ranger, at 208-756-5247.

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