



From the CEO, *Mari-Ann Green*

May 28, 2009



Mari-Ann Green, CEO

The past fiscal year has been one of the most trying in the company's history, and yet without a doubt, it has also proven to be one of the most rewarding. Continued efforts throughout the year resulted in the receipt of the necessary environmental permits to move our Idaho Cobalt Project forward and I would like to take this opportunity to thank our shareholders for their continued support.

On our website you will find our Financial Statements and the Management Discussion and Analysis for the year ended February 28, 2009. These documents are also available at www.SEDAR.com. The Management Discussion and Analysis (MD&A) is quite detailed and, as the opening paragraph describes, should be read in conjunction with the Financial Statements.

Below are the highlights and excerpts from the Outlook for the year as outlined in the MD&A. These accomplishments lay the foundation for the development of the Idaho Cobalt Project, setting the stage for an exciting and rewarding fiscal 2010.

HIGHLIGHTS:

Idaho Cobalt Project:

- Water Right Permit received
- Annexation approval for staging property received
- Biological Opinion completed
- Endangered Species Act Exemption Permit granted
- First Record of Decision issued (subsequently revised)
- Key personnel hired to expedite Engineering and Procurement
- Agreement reached with Idaho Conservation League not to oppose project
- Detailed design Engineering and Procurement for mine and mill facilities 78% completed
- Access across Blackbird Mine Site granted by court
- Air Permit Pre-Construction Authorization received
- Forest Service issued revised Record of Decision
- National Pollution Discharge Elimination Permit ("NPDES") and 401 Certification received
- Lemhi County Commissioners established corporation to issue tax exempt industrial bonds
- Record of Decision affirmed, all significant environmental permits now attained

Big Creek Hydrometallurgical Complex:

Sunshine Refinery

- Dubai Exchange listing for Good Delivery updated
- Increased production of gold by 22% to 9,112 troy ounces
- Added mid-tier silver producer as a customer and began negotiations with two other major mining company customers

Cobalt Production Facility

- Hydrometallurgical plant process optimization and evaluation of equipment selection continue to result in reduction of capital costs



FORMATION

Other Projects:

- Summer / fall 2007 drilling on Virgin River Uranium Project (announced March 2008) returns high grade intercepts including 14.2 meters grading 9.33% U_3O_8
- Winter 2008 drilling on Virgin River confirms continuity of Centennial Zone
- Highest grade-thickness intervals intercepted to date from summer / fall 2008 drilling on Virgin River Uranium Project, including 7.62% over 17.8 meters

Corporate:

- Northwest Mining Association awards Formation Capital "Platinum Award for Corporate Excellence"
- \$250,000 flow through financing completed for uranium projects
- Oversubscribed \$8.25 million financing closed

OUTLOOK

In the coming year, the Company expects to focus first on arranging adequate mine financing. With financing secure it is expected that construction of the Idaho Cobalt Project mine could begin. The Company has completed a Bankable Feasibility Study and National Instrument 43-101 Technical Report for the Idaho Cobalt Project and has attained all required environmental permits. In addition, the Company continues to expand its operations to meet growing demand for refining services at its Sunshine Precious Metals Refinery. Management will continue to focus its efforts on the timely development and construction of the Idaho Cobalt Project.



Idaho Cobalt Project Mill Site Rendering

Mari-Ann Green
CEO

Formation Capital Corporation