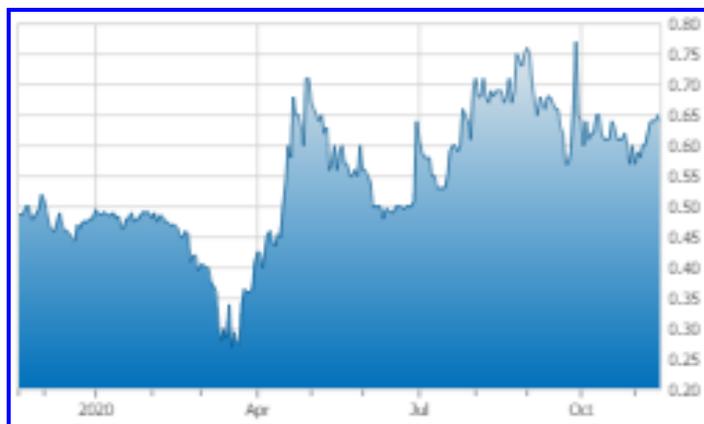


# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – November 2020 Update

www.globalatomiccorp.com



**GLOBALATOMIC**

**Global Atomic Corp. (C\$ 0.67)**

TSX : GLO  
OTCQX: : GLATF  
Frankfurt : G12

H + L prices (12 months) : C\$ 0.90 – 0.23

Net shares issued : 151.6 million  
Fully diluted shares : 168.9 million

Market Capitalization : C\$ 101.7 million  
(US\$ 85.7 million)

**2021 price target: C\$ 1.00**

## Company profile



**Global Atomic Corporation** is providing a unique combination of high-grade uranium development in the **Republic of Niger** and cash flow-ing zinc concentrate production in **Turkey**.

The Company's **Uranium Division** includes 6 exploration permits in **Niger** covering an area of approximately 750 km<sup>2</sup>. Uranium mineralization has been identified on each of the permits, with the most significant discovery being the **Dasa deposit** situated on the Adrar Emoles III concession.

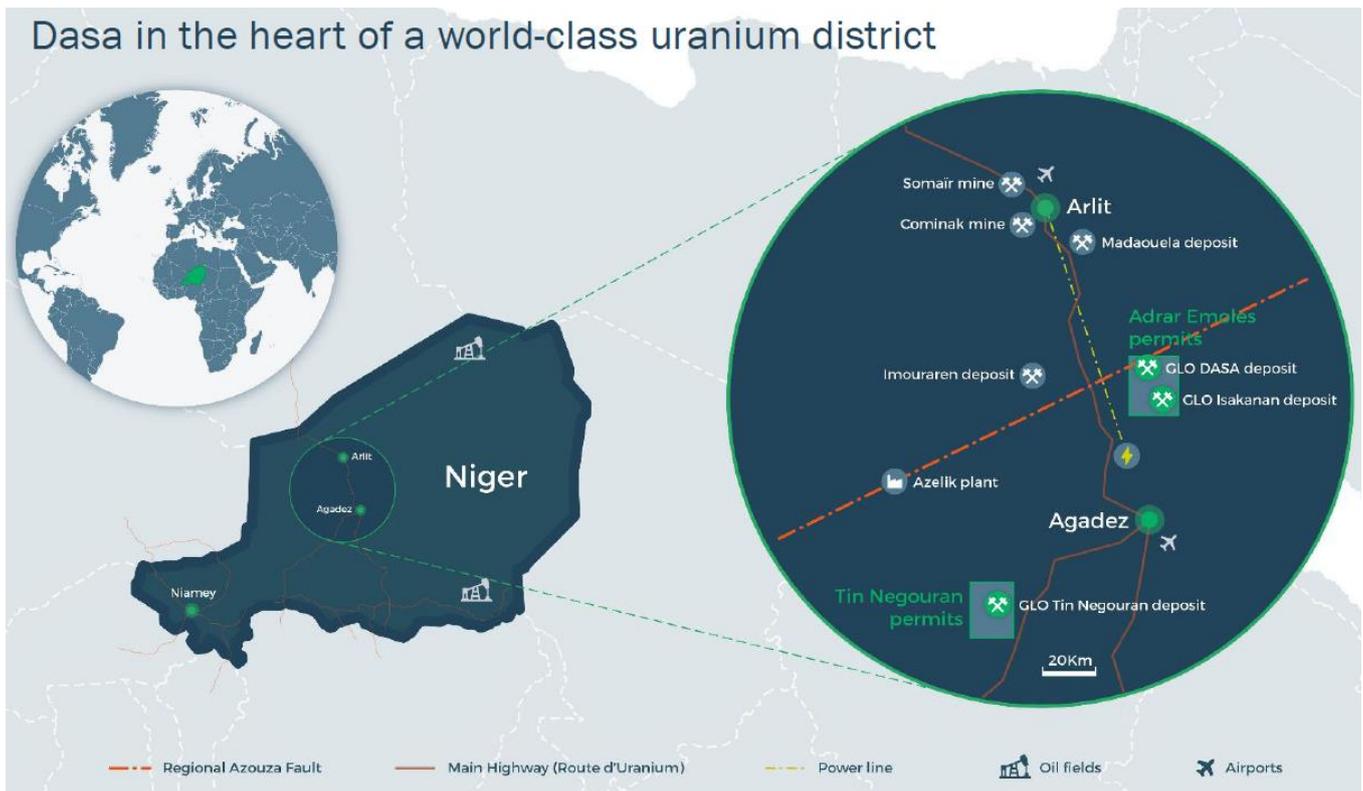
**Global Atomic**'s management is conducting a number of studies to optimize the development of the high-grade **Dasa** underground deposit, including the opportunity to ship mineralized material to **Orano Mining**'s operations in **Arlit** under an MoU signed with Orano in July 2017.

On July 18, 2019, **Global Atomic** announced a new Resource Estimate. The **Indicated Resources** increased by **56%** to **101.6 million pounds eU3O8 at 1,752 ppm** and the **Inferred Resources** increased by **81%** to **87.6 million pounds U3O8 at 1,781 ppm**.

**Global Atomic**'s **Base Metals Division** holds a 49% interest in **Befesa Silvermet Turkey ("BST")**, which operates a processing facility located in Iskenderun, that converts Electric Arc Furnace Dust ("EAFD") into a **high-grade zinc oxide concentrate** which is sold to zinc smelters around the world.

The Company's joint venture partner, Befesa Zinc, listed on the Frankfurt exchange under BFSA, holds a 51% interest in and is the operator of the BST joint venture. **Befesa is a market leader in EAFD recycling, capturing approximately 50% of the European EAFD market**, with facilities located throughout Europe and Asia.

## Dasa in the heart of a world-class uranium district



### ► Dasa Uranium Deposit – Niger

On April 16, 2020, a **Preliminary Economic Assessment (“PEA”)** of the Phase 1 Mine Plan for **Dasa** was **summarized indicating a 12-year mine life to produce 44.1 million pounds U<sub>3</sub>O<sub>8</sub>**.

The PEA results were prepared based on a U<sub>3</sub>O<sub>8</sub> price of \$ 35 per pound, resulting in a Phase 1 Development Plan after-tax internal rate of return of 26.6% and net present value of US\$ 211 million, using an 8% discount rate. The average cash cost over this project phase is US\$ 16.72/pound U<sub>3</sub>O<sub>8</sub> and the AISC is US\$ 18.39/pound U<sub>3</sub>O<sub>8</sub>.

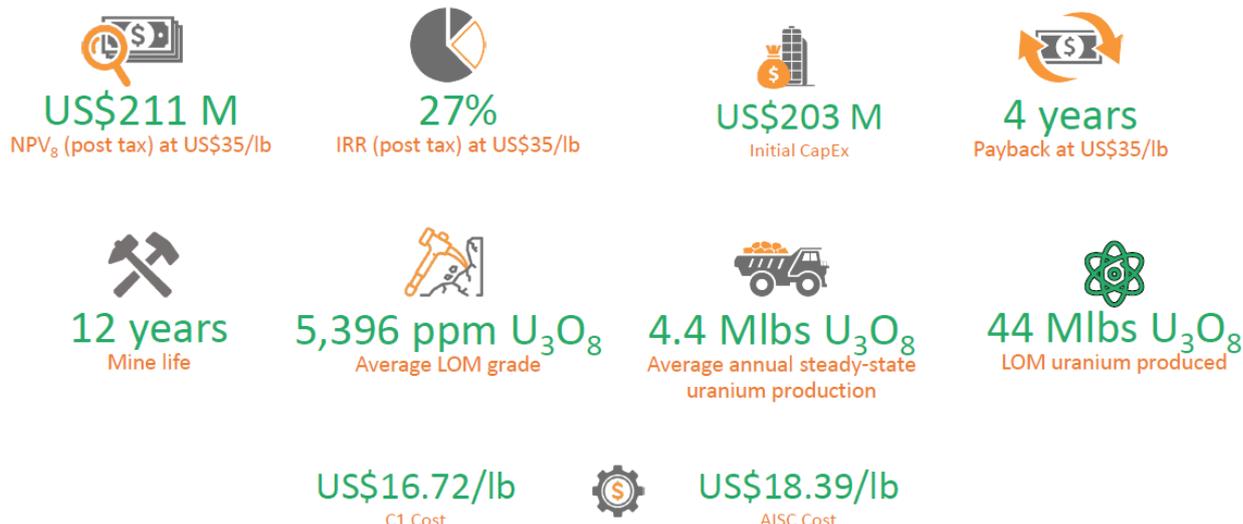
With the completion of various optimization and trade-off studies underway, final engineering, equipment selection and contractor selection will proceed. **The objective is to mobilize to site and begin construction in Q1 2022, subject to availability of financing and the timely granting of the mining permit.**

### Highlights Q 3 ended September 30, 2020

- The Environmental Impact Statement (“EIS”) was completed and filed with the Niger Government in July 2020.
- Pilot plant trials were initiated in August 2020 to confirm and optimize the processing plant flow sheet.
- The Mining Permit application was submitted to the Niger Government on September 25, 2020.

### Optimized PEA Highlights (1)

Phase 1 plan is a low Capex development targeting profitable production over a twelve year mine life



### Optimized PEA Highlights (2)

Strong base case economics improve significantly using long-term uranium prices

Economic sensitivity with varying uranium prices <sup>(1)</sup>						
Uranium price (per pound)	\$25/lb	\$30/lb	\$35/lb	\$40/lb	\$45/lb	\$50/lb
Before-tax NPV <sub>8</sub>	\$41 M	\$139 M	\$260 M	\$365 M	\$485 M	\$601 M
After-tax NPV <sub>8</sub>	\$34 M	\$113 M	\$211 M	\$294 M	\$391 M	\$485 M
After-tax IRR	11.5%	18.5%	26.6%	32.6%	39.7%	46.3%

<sup>1</sup> Sensitivities used the base case mining model at US\$35 per pound uranium

Economic sensitivity with varying discount rates using base-case uranium price \$35/lb				
Discount rate (%)	5%	8%	10%	12%
Before-tax NPV	\$341 M	\$260 M	\$215 M	\$177 M
After-tax NPV	\$279 M	\$211 M	\$173 M	\$141 M

## Significant near-term Catalysts

### Dasa, Niger (100%)

- Results of pilot plant trials
- Granting of mining permit
- Completion of a bankable feasibility study

### BST, Turkey (49%)

- Increasing recovery of steel production in Turkey to restore EAFD throughput
- Retirement of debt related to the 2019 expansion and modernization

## ► Turkish Zinc Joint Venture

Having approved a capital project to modernize and expand the **Iskenderun** plant in 2018, the **Turkish Zinc JV plan** was completed in 2019. Commissioning of the new plant was completed in August 2019 and production ramp up began in September.

The Iskenderun plant now has the capacity to process 110,000 tonnes EAFD per annum, an increase from the 65,000 tonnes per annum previous capacity.

## Highlights Q 3 ended September 30, 2020

**BST processed 51,295 tonnes EAFD through Q3 2020, which represents approximately 62% of plant capacity.** In Q3, EAFD tonnes processed were negatively impacted due to the shutdown in August for scheduled maintenance, as well as completion of final adjustments for the plant.

Since restarting the plant in September 2019, operating efficiencies have improved to the planned level for the new plant. 2019 production is not comparable.

- **The Company's share of the Turkish Joint Venture ("Turkish JV") EBITDA was \$ 1.2 million in Q3 2020 (\$ 2.9 million for the 9 months 2020);**
- **The non-recourse Turkish JV debt was reduced from US \$ 22.85 million at the end of Q2 2020 to US \$ 21.15 million (Global Atomic share - \$ 10.4 million) at the end of Q3 2020 and the cash balance was US\$ 0.3 million;**
- **The Company's share of the Turkish JV net loss was \$1.2 million in Q3 2020, largely attributable to a \$ 4.4 million unrealized foreign exchange loss on the Turkish debt, due to the decline in both the Turkish Lira and the Canadian dollar relative to the US dollar.**

The current outlook is that the plant will process between 65,000 and 70,000 tonnes EAFD in 2020. **The zinc content in concentrate shipments during the first 9 months of 2020 was 30.6 million pounds.** Based on the current outlook for 2020, zinc content of concentrate shipments for the year are expected to exceed 40 million pounds.

## Corporate

- **Global Atomic continues to receive management fees and sales commissions from the Turkish JV, helping to offset corporate overhead costs.**

BST, Iskenderun, Turkey (49% Global Atomic)

## New efficient kiln doubles capacity

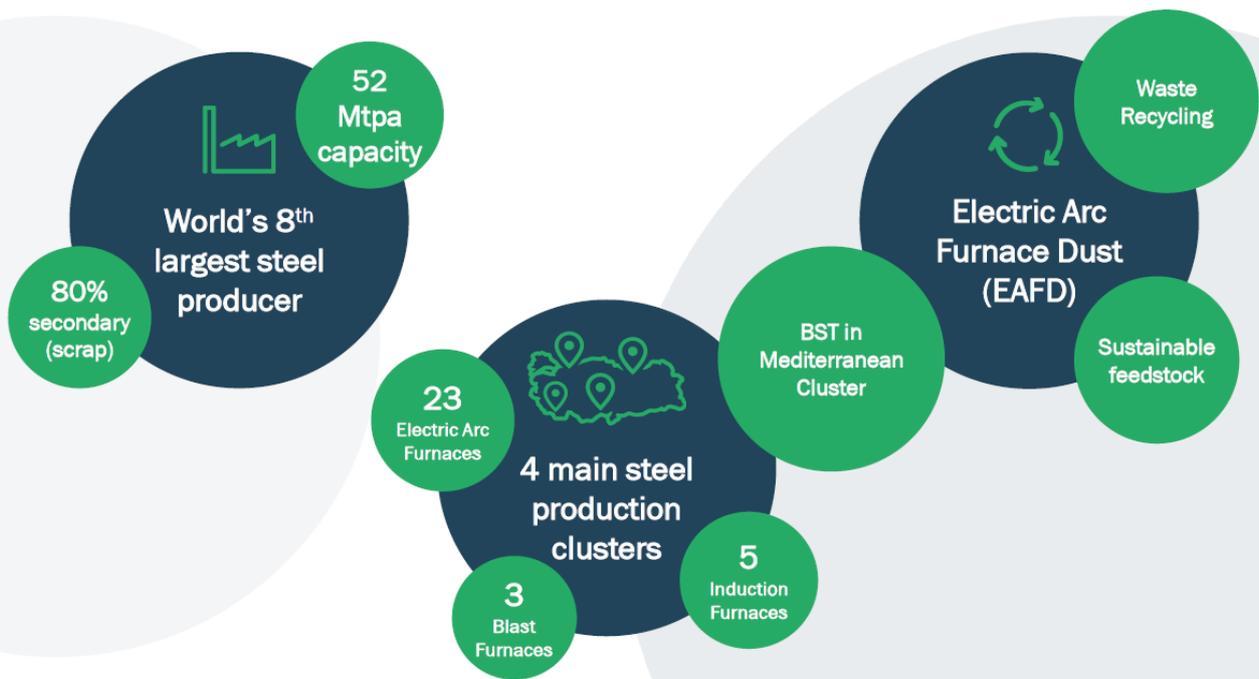
**BEFESA**

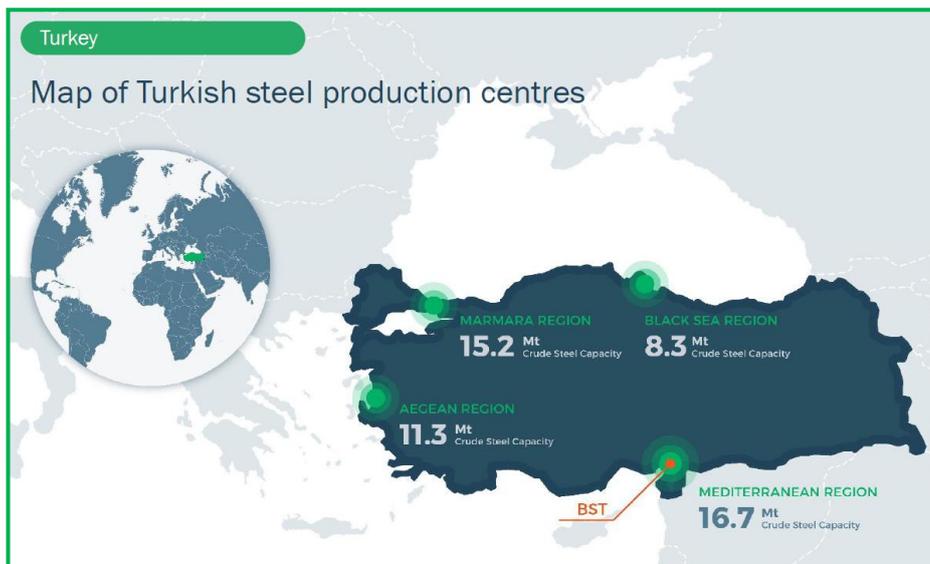
- 51% and operator
- market leader in EAFD recycling



Turkey

## Home of a robust steel industry





## Management

**Stephen G. Roman, Chairman, President & CEO**, has 35+ years of experience and was former senior officer and Director of Denison Mines. He discovered the Gold Eagle Mine which was sold to Goldcorp (\$1.5 billion), and was engaged with Verena Minerals / Belo Sun –Volta Grande, Black Fox, Gabriel Resources. Mr. Roman was the PDAC “Bill Dennis Award” winner, Prospector of the Year, 2016.

**Ronald S. Halas, P.Eng., Chief Operating Officer**, has over 30 years of diverse experience, including open pit and underground mining in both base and precious metals and has worked with major mining companies such as Kinross, IAMGOLD, Vale, PT Freeport Indonesia, Placer Dome and Cominco. His extensive experience in mine feasibility study, development and operations has been gained in Canada, Indonesia, New Caledonia, Suriname, Brazil and Mauritania.

**Rein A. Lehari, Chief Financial Officer**, was CFO, President and Director of Silvermet prior to its merger with Global Atomic in 2017. He was previously a partner at PricewaterhouseCoopers and the CFO for Harte Gold. Mr. Lehari became President of Reindalyne Enterprises Inc, in 2002, which provides financial consulting services.

**Tim Campbell, Vice President & Secretary**, has 20+ years’ experience in government relations, community consultation, First Nations, permitting, as well as corporate finance, go-public transactions and regulatory compliance.

**George Flach, P.Geo., Vice President, Exploration, Director**, has 30+ years of experience in the discovery and development of gold projects in West Africa, including the 20 Moz Gold Fields Tarkwa, 4 Moz Bogosu and 2 Moz Benso mines in Ghana, and the 2 Moz Goulagou mine in Burkina Faso.

**Fergus Kerr, BSc, P.Eng., ARSM Mining Consultant**, has 35+ years of experience as a mining engineer and uranium specialist. He was General Manager at Denison’s Elliot Lake uranium mine and subsequently, Mine Manager at Inco’s Sudbury operations.

**Peter Wollenberg, Ph.D., P.Geo., Director Exploration, Resource Development**, has 30+ years of experience in uranium mining and is the former Director North American exploration, AREVA Resources Canada. Previously, he worked on AREVA’s Niger projects.

**Bob Tait, F.CIRI, Vice President Investor Relations**, has 30 years leading investor relations at companies on the TSX, NYSE and JSE. He spent 10 of these years in mining with IAMGOLD, First Uranium and Eldorado Gold.

## Finance

The total cash cost for the plant modernization and expansion was approximately US\$ 26.6 million, which was funded by cash on hand, available credit lines from the BST JV's Turkish bank and non-recourse loans from Befesa.

At September 30, 2020, the Befesa loan totalled US\$ 15.6 million, bearing interest at Libor +4% and mature between May and December 2022. The Turkish bank loans were renewed in August and September 2020 and converted to revolving lines of credit.

The outstanding balance at September 30, 2020 was US\$ 5.5 million and bears interest at 3.75%.

The loans are denominated in US dollar but converted to Turkish Lira for functional accounting purposes. For presentation purposes, the equity interests are then converted to Canadian dollars.

The foreign exchange loss for the 9 months to September 30, 2020 related to the joint venture debt was C\$ 8.7 million (\$ 4.4 million for the 3 months ended September 30, 2020).

Overall, the Company's share of EBITDA was \$ 1.2 million in Q3 (\$ 2.9 million for 9 months 2020) and its share of net loss was \$ 1.4 million (\$ 3.0 million for 9 months), driven largely by the unrealized foreign exchange loss recognized on the debt balance.

As at September 30, 2020, **Global Atomic** had **total assets of C\$ 51.7 million, total liabilities of C\$ 0.6 million**, as a result of which **Shareholders' equities amounted to C\$ 51.1 million**.

The Company's **cash** at September 30, 2020 was **C\$ 3.8 million**.

### Investment comments:

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On September 25, 2020, **Global Atomic** submitted its Mining Permit application for **Dasa** to the Niger Government.

**Global Atomic's Base Metals Division** holds a 49% interest in **Befesa Silvermet Turkey ("BST")**, which operates a processing facility located in Iskenderun, Turkey that converts Electric Arc Furnace Dust ("EAFD") into a **high-grade zinc oxide concentrate** which is sold to zinc smelters around the world.

The **Iskenderun** plant has a capacity to process 110,000 tonnes EAFD per annum.

**Global Atomic** is rated as the world's highest ranked listed uranium exploration/development company by market valuation being focused on **Africa** as the leading destination to search for prospective uranium investment opportunities (see overview). Considering a mining permit to be issued for the **Dasa Uranium Deposit** next year, **Global Atomic**, in my view, continues to offer a highly prospective investment opportunity.

**My 2021 price target remains C\$ 1.00.**

## World Top 10 uranium producing countries

(in million pounds U3O8)

	2019 Production	% of total production
Kazakhstan	59.2	42.6
Canada	17.9	12.9
Australia	16.5	11.9
Namibia	14.2	10.2
Niger	7.8	5.6
Russia	7.5	5.4
Uzbekistan	6.3	4.5
China	4.9	3.5
Ukraine	2.2	1.6
India	1.3	0.9
South Africa	0.8	0.6
Others	0.4	0.3
<b>Total</b>	<b>139.0</b>	<b>100</b>

## World's top listed uranium exploration/development companies focused on emerging countries (by market valuation)

	Country focus	Trade symbol	Share price Nov. 17 2020	Share price Year-end 2019	Change Year-end 2019 in %	Market valuation (US\$ million)
Berkeley Energia	Spain	ASX BKY	A\$ 0.47	A\$ 0.18	161	88.7
Global Atomic *	1) Niger	TSX.V GLO	C\$ 0.62	C\$ 0.56	11	71.5
Deep Yellow *	Namibia	ASX DYL	A\$ 0.35	A\$ 0.25	40	59.9
Lotus Resources	2) Malawi	ASX LOT	A\$ 0.10	A\$ 0.07	39	51.7
GovEx *	Niger/other African countries	TSX.V GXU	C\$ 0.14	C\$ 0.15	-7	50.5
Bannerman Resources	Namibia	ASX BMN	A\$ 0.04	A\$ 0.04	0	30.1
Forsys Metals	Namibia	TSX FSY	C\$ 0.15	C\$ 0.15	-3	18.4
Plateau Energy Metals	3) Peru	TSX.V PLU	C\$ 0.21	C\$ 0.28	-24	16.7
Blue Sky Uranium	4) Argentina	TSX BSK	C\$ 0.10	C\$ 0.16	-41	8.7
<b>Total market capitalization</b>						<b>396.2</b>

\* featured as a **Special Situation** and included in the 2020 Shortlist of investment recommendations

1) also 49% interest in operating zinc project in Turkey

2) acquired 85% stake in major uranium project in Malawi from Paladin Energy; also cobalt project in NSW Australia

3) uranium-lithium project; main focus on lithium

4) uranium-vanadium project