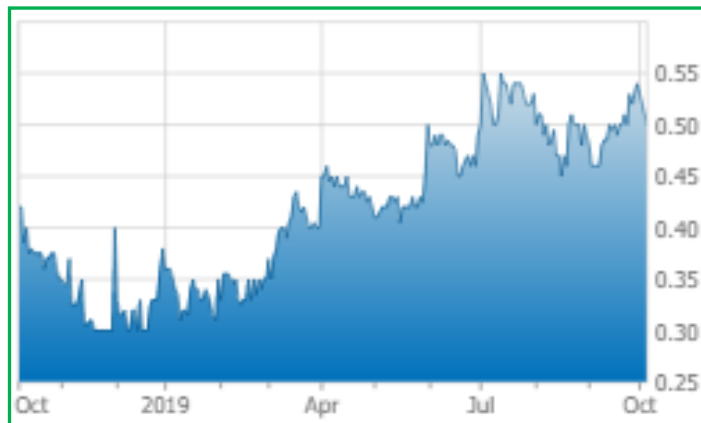


Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – October 2019

www.globalatomiccorp.com



Global Atomic Corp. (C\$ 0.50)

TSX.V	: GLO
H + L prices (12 months)	: C\$ 0.56 – 0.28
Net shares issued	: 144.2 million
Fully diluted shares	: 160.3 million
Market Capitalization	: C\$ 72.1 million

2020 price target: C\$ 1.00

Company profile

Global Atomic (formerly Silvermet) is providing a unique combination of high-grade uranium development in the **Republic of Niger** and **cash flowing zinc concentrate production** in **Turkey**.

The Company's **Uranium Division** includes 6 exploration permits in **Niger** covering an area of approximately 750 km². 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.

The **DASA deposit** is currently undergoing a feasibility program to study operating scenarios, including the opportunity to strip mineralized material to **Orano Mining's** operations in **Arlit** under an MOU signed with Orano in July 2017.

On July 19, 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 ("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 Company's joint venture partner, **Befesa Zinc**, listed on the Frankfurt exchange under BFSZ, 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 Korea.

Overview of projects

► DASA Uranium Deposit – Niger

Global Atomic carries out its **Niger uranium exploration and development activities** through its wholly owned subsidiary **Global Atomic Fuels Corporation (GAFC)** to pursue uranium mining projects. **GAFC** entered into 6 Mining Agreements with the **Government of the Republic of Niger**.

Each Mining Agreement covers a period of 20 years. Under the terms of the Mining Agreement, **GAFC** is granted an initial 3-year Exploration Permit, which is renewable for 2 successive 3-year periods. Upon completion of the **Feasibility Study** and **Environmental Impact Statement**, **GAFC** will apply for a **Mining Permit** which has an initial term of 10 years and is renewable until the resource is depleted.



In January 2007, **GAFC** entered into 4 Mining Agreements known as **Tin Nogoran 1, 2, 3 and 4**. In September 2007, **GAFC** entered into 2 additional Mining Agreements known as **Adrar Emoles 3 and 4**.

On July 17, 2017, **GAFC** and **Orano** signed a memorandum of Understanding (“MOU”) in respect of the **DASA Deposit**. Under the terms of the MOU the partners agree to advance discussions and negotiate a joint operation agreement to cover various areas of cooperation in the development of the **DASA deposit**, including the use of Orano’s mill facility in **Arlit**.

In December 2018, **CSA Global** was commissioned by **Global Atomic** to provide an updated NI 43-101 Compliant Mineral Resource Estimate (“MRE”) and PEA for the **DASA Project**. The current MRE incorporates data from 23 additional holes that were not included in the December 2018 resource, plus chemical assay data from the diamond drilling program carried out 2007 to 2018. In addition, lithology and structural data derived from drill core was used to build a definitive geological model for the deposit.

This additional data has enhanced the understanding and definition of the structural and strategic boundaries of the resource, and accordingly a new Geological Model and a new Block Model have been generated.

On July 18, 2019, **Global Atomic** announced the results of the new **Mineral Resource Estimate (“MRE”)** calculated by **CSG Global** incorporating drill, probe and chemical assay data compiled from work programs on the **DASA Project** during 2017, 2018 and 2019. In addition, all geotechnical data derived from drill core was incorporated, which has clearly defined the structure and stratigraphic boundaries of the Block Model.

Highlights of the Mineral Resource Estimate are:

- **Indicated Resource increases by 56 to 101.6 million pounds eU₃O₈ at 1,752 ppm**
- **Inferred Resource increases by 81% to 87.6 million pounds eU₃O₈ at 1,781 ppm**
- Using a 1,200 ppm cut-off, the grade/tonnage report estimates 78.0 million pounds eU₃O₈ at 4,483 ppm in the Indicated category, an increase of 30% over the previous report
- Using a 1,200 ppm cut-off, the grade/tonnage report estimated 69.9 million pounds eU₃O₈ at 3,783 ppm in the Inferred category, an increase of 45% over the previous report
- The **DASA Deposit** remains open along strike and down dip and further expansion drilling is recommended by CSA Global

As part of this MRE, CSA Global completed a conceptual pit optimization study based on the updated block model. The mineral resource above a 320 ppm cut-off was reported within this constraining conceptual optimized pit. The material outside of the pit-constrained resource was considered for extraction by underground mining methods and was reported as a higher cut-off of 1,200 ppm.

The overall unconstrained resources have increased at the **DASA deposit** reflecting geological understanding and confidence in the continuity of mineralization. Equally important is that the MRE uses a 320 ppm cut-off pit and 1,200 ppm for underground. Higher cut-offs can be utilized to mine higher grade ores during periods of low uranium prices.

Table 2. Sensitivity Analysis – Grade Tonnage Report at Varying Cut-Off Grades

Cut-Off eU ₃ O ₈ , ppm	Category	Tonnes Mt	eU ₃ O ₈ ppm	Contained metal Mlb
100	Indicated	81.6	718	129.1
	Inferred	96.1	606	128.4
320	Indicated	32.0	1,530	108.0
	Inferred	35.0	1,333	102.7
1,000	Indicated	9.6	3,885	82.1
	Inferred	10.2	3,308	74.2
1,200	Indicated	7.9	4,483	78.0
	Inferred	8.4	3,783	69.9
1,500	Indicated	6.2	5,328	73.1
	Inferred	6.3	4,563	63.7
2,500	Indicated	3.6	7,849	61.9
	Inferred	3.4	6,838	51.4
5,000	Indicated	1.6	13,186	46.8
	Inferred	1.6	10,805	37.2
10,000	Indicated	0.6	24,401	31.1
	Inferred	0.8	14,598	25.3
15,000	Indicated	0.3	34,236	24.3
	Inferred	0.1	21,493	4.0

Global Atomic is planning more detailed work with **CSA Global** in the Indicated Resources suitable for open pit mining and on the Inferred Resources at depth which are more suited to underground mining.

The Company's current focus is on the rapid advancement of the **DASA Project** towards production. **CSA Global** is commissioned to carry out a study for the open pit of DASA and the Company continuing to discuss development options with **Orano Mining**.

➤ **Befesa Silvermet high-grade zinc oxide concentrate processing facility - Turkey**

On August 14, 2019, **Global Atomic** announced **Befesa Zinc** has resumed operations at the EAFD processing plant. The expansion from 65,000 tonnes to 110,000 tonnes of electric ore furnace dust (“EAFD”) processing capacity has been completed on time and within budget.

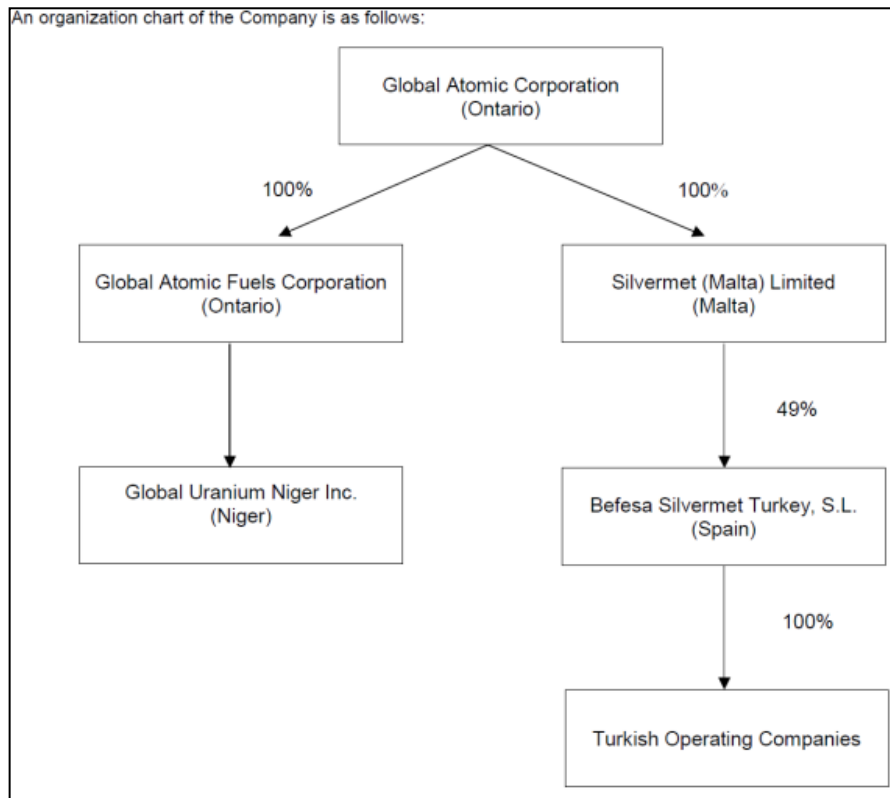
The expansion project started in January 2019. Approximately 20,000 tonnes of EAFD is presently stockpiled at warehouse and plant facilities. With stockpiles to supplement new EAFD, the plant will immediately operate at capacity for the remainder of 2019.

Economics of the expanded plant are expected to significantly improve as a result of the following:

- Zinc recovery rates to improve from 80% to 90%
- **Zinc contained in concentrate will double to 60 million pounds annually at full utilization**
- Unit operating costs to reduce on utilizing the best availability technically in a clean, environmentally sensitive manner

Global Atomic’s 49% share of EBITDA of the Turkish joint venture was \$ 13.5 million in 2018, up from \$ 10.7 million in 2017. The net income was \$ 10.5 million in 2018, up from \$ 6.9 million in 2017.

Expanded 110,000 Tonne EAFD Processing Capacity



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.

Rein A. Lehari, CPA, Chief Financial Officer, has 30+ years of experience as Chartered Professional Accountant and former partner, PricewaterhouseCoopers. His primary focus over career is on mining and real estate.

Fergus P. Kerr, P.Eng., 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.

George A. 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.

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

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.

Merlin Marr-Johnson, MSc, DIC, Executive Vice President, has 25 years of experience in capital markets (CEO, analyst and portfolio manager), and mineral exploration and development (discoveries in Africa, Central Asia and South America).

Finance

Consolidated financial statements		
<i>in C\$ million</i>	June 30 2019	June 30 2018
Assets:		
Current assets	6.38	8.01
Non-current assets , of which:	46.94	42.68
<i>exploration and evaluation assets</i>	32.20	32.17
<i>investment in joint ventures</i>	14.11	10.27
Total assets	53.32	50.69
Liabilities:		
Current liabilities	0.67	0.73
Total liabilities	0.67	0.73
Shareholders' equity	52.65	49.96
Cash flows:		
Used in net <u>operating activities</u>	(1.91)	(1.44)
Provided (used) in <u>financing activities</u>	1.88	(1.35)
Provided (used) in <u>investing activities</u>	(1.72)	2.78
Net change in cash and cash equivalents	(1.75)	(0.01)
Cash and cash equivalents, end of period	5.83	2.00

Investment recommendation:

Global Atomic is providing a unique combination of high-grade uranium development in **Niger** and cash flowing zone concentrate production in Turkey.

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With zinc contained in concentrate to double to 60 million pounds annually at full utilization this will give a boost to **Global Atomic's** 49% share in net income, which was \$ 10.6 million in 2018, and, in my view, emphasizes the strong investment leverage potential of the Company.

Global Atomic is rated as the world's highest ranked listed uranium exploration/development company by market valuation focusing on emerging countries and in particular on **Africa**, as the world's leading continent for prospective investment opportunities.

My 2020 price target is C\$ 1.00.



Uranium in Niger

(source: WNA)

Niger's first commercial uranium mines began operating in 1971. There is strong government support for expanding uranium mining. The country has two significant uranium mines, **SOMAIR** (63.6% owned by Orano -formerly Areva – through Sopamin, the Niger mining assets company))and **COMINAK** (34% owned by Orano, 25% owned by OARD of Japan, 10% by Enuso, Spain and 31% by ONAREM) representing Niger as the world's 4th-ranking uranium producer, providing about 5% of world mining output from Africa's highest-grade uranium ores.

Uranium was discovered at **Azelik** in Niger in 1957 by the **French Bureau de Recherches Géologiques et Minières (BRGM)** looking for copper mineralization. The French **Atomic Energy Commission (CEA)** initiated further detailed studies in the **Tim Merso Basin** at **Azelik** (also now referred to as **Teguida**), **Abokurum** (1959), **Madaouela** (1963), **Arlette, Ariege, Artois & Tassa** (1965), **Imouraren** (1960) and **Akouta** (1967). In the midst of this **Niger** became independent of France in 1960.

In 1964, the coal deposit of Thorizerine was also discovered. It is currently operated by SONICHAR and produces electricity for the northern Agadez region, including the uranium mines. Historically, uranium mining in Gabon has been closely linked with **Niger** due to the role of the **CEA** and Cogema (now **Orano**).

Uranium is mined close to the two mining towns of **Arlit** and **Akokan**, 900 kilometres north-east of the capital Niamey (more than 1,200 kilometres by road) on the southern border of the Sahara desert and on the western range of the Air mountains. The concentrates are trucked 1,600 km to Parakou in **Benin**, then railed 400 km to Cotonou port and exported for conversion, mostly to Comuranex in France. Production is first sold to the partners in proportion to their equity and an extraction determined by the government, nationally based on operation costs, but somewhat higher.

In May 2014, the government of **Niger** and **Areva** signed a new 5-year agreement for the two mines based on the 2000 mining law and expressing what both sides said was a balanced partnership. The royalty rate will potentially increase to 12% of market value, but depending on profitability. The deal stipulates for the first time that the firm's boards will include Nigerian managing directors – appointed for **SOMAIR** in 2014, and in 2016 for **COMINAK**.

Also, **Orano** will provide € 90 million (\$ 122 million) to support construction of a road from Tahoua to Arlit near the uranium developments, as well as a further € 17 million (\$ 23 million) for development in the surrounding Irhazer Valley. Orano will also build a new headquarters for the two operations in the capital Niamey at a cost of € 10 million (\$ 13.6 million).

The Niger government expects more than \$ 39 million in additional tax revenues annually from the new agreement, which was formally approved in October 2014.

► **Niger** mine production (tonnes U)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SOMAIR	1808		2726	3065	2730	2331	2509	2164	2116	Plan 1700
COMINAK	1435		1075	1506	1508	1501	1607	1313	1332	
SOMINA	-		64 est	96 est	290 est	225 est	0	0		
Total			3865	4667	4528	4057	4116	3477	3449	

► Uranium Reserves and Resources

Mill capacity of **SOMAIR** is 3,000 tU annually and product is sodium urinate. Average head grade in 2015 was 0.28% rU.

Proven and **Probable reserves** at the end of 2016 are 3,205 tU @ 0.115% U₃O₈, with in addition 30,042 tU U₃O₈ @ 0.143% Indicated resources and 22,653 tU U₃O₈ @ 0.154% Inferred resources.

The 100%-owned **Arlit concession** has an **Inferred resource** of 20,403 tU U₃O₈ @ 0.159%.

Mill capacity of **COMINAK** is 2,000 tU annually of magnesium uranate (75% tU or 1,800 tU annually). Head grade in 2015 was 0.4% U. **Proven** and **Probable reserves** at the end of 2016 are 8,702 tU @ 0.327%, with in addition 2,879 tU @ 0.066% **Inferred resources**.

SOMINA: Azelik was established in 2007 to mine **Azelik/Teguidda** 160 km southwest of Arlit and 150 km northwest of Agadez in the Agadez region. **Azelik** is being developed with major **Chinese (CNNC) equity** and came into production at the end of 2010, with the aim to ramp-up to 700 tU/yr.

It is an open-pit and underground operation using alkaline leach and with **resources of 15,600 tU at 0.2%**.

CNNC said in August 2014 that **Azelik** has experienced prolonged project delays, overruns in its construction budget and low production which lead to heavy losses and causing "default repayment of bank loans".

In **February 2015**, **CNNC International** announced that the mine would be closed and is put on care and maintenance due to "tight cash flow".

CNNC has earlier hoped to raise production to 2,500 tU by 2015 and double that by 2020.

Goviex' Madaouela Project was discovered by the **CEA** in the early 1960s, with the **GoviEx Niger JV** formed in 2007 to explore the Madaouela and Anou Melle mineralization.

The Project contains **Measured and Indicated Resources of 31.4 million pounds** and **79.4 million pounds U₃O₈**, respectively, and **27.7 million pounds U₃O₈** in the **Inferred category**.

Global Atomic's DASA Project hosts a recently upgraded **Indicated Resource of 101.6 million pounds eU₃O₈ at 1,762 ppm** and **Inferred Resources of 87.6 million pounds U₃O₈ at 1,781 ppm**. Under the terms of an MOU with **Orano** a joint venture agreement will be negotiated in the further development of the **DASA deposit**.

Top 10 countries of the world's uranium producers

	Production in tonnes U 2017	2017 in % world total	Production in tonnes U					2010 in % world total
			2016	2015	2014	2013	2010	
Kazakhstan	23,391	39	24,575	23,800	23,127	22,451	17,803	33
Canada	13,116	22	14,039	13,325	9,134	9,331	9,783	18
Australia	5,882	10	6,315	5,672	5,001	6,350	5,900	11
Niger	3,449	6	3,477	4,116	4,057	4,518	4,198	8
Namibia	3,098	5	3,654	2,993	3,255	4,323	4,496	8
Russia	2,917	5	3,004	3,055	2,990	3,135	3,562	7
Uzbekistan (est)	2,404	4	2,404	2,385	2,400	2,400	2,400	4
China (est)	1,885	3	1,616	1,616	1,500	1,500	827	2
USA	940	2	1,125	1,256	1,919	1,792	1,660	3
Ukraine (est)	550	1	1,005	1,200	926	922	850	2
Top-10 total	57,632	97	61,214	59,418	54,309	56,722	51,479	96
Others	1,899	3	1,137	1,100	1,908	2,648	2,192	4
Total world production tU	59,531	100	62,012	60,518	56,217	59,370	53,671	100

source: WNA