# GLOBAL ATOMIC CORPORATION

**(formerly Silvermet Inc.)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2018

**Dated August 28, 2018**

The following discussion of the results of operations and financial condition of Global Atomic Corporation ("Global Atomic" or the "Company", formerly Silvermet Inc.) prepared as of August 28, 2018 summarizes management's review of the factors that affected the Company's financial and operating performance for the three ("Q2") and six ("H1") months ended June 30, 2018, and the factors reasonably expected to impact on future operations and results ("Management's Discussion and Analysis of Financial Condition and Results of Operations" or "MD&A").

This MD&A is intended to supplement and complement the Company's unaudited interim consolidated financial statements as at and for the three and six months ended June 30, 2018 ("Financial Statements") and the notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

Certain information and discussion included in this MD&A constitutes forward-looking information, which should be considered in view of the cautionary notes contained in the section "Forward-Looking Statements" at the end of this MD&A.

Further information about the Company and its operations can be obtained from the offices of the Company, at www.globalatomiccorp.com or from www.sedar.com.

**HIGHLIGHTS**

- Consolidated net income for the Company was $1.1 million for Q2 2018 and $4.8 million for H1 2018, an increase of 175% from Q2 2017 and 71% from H1 2017.
- The Befesa Silvermet Turkey, S.L. ("BST") joint venture shipped 8.2 million pounds of zinc in concentrate for Q2 2018 and 19.1 million pounds for H1 2018, an increase of 49% from Q2 2017 and 22% from H1 2017. Global Atomic holds a 49% interest in the BST joint venture.
- Global Atomic's 49% share of EBITDA in the BST joint venture was $4.2 million for Q2 2018 and $9.1 million for H1 2018, an increase of 152% from Q2 2017 and 76% from H1 2017.
- Started expansion and modernization of the Turkish processing plant, expected to increase annual production to 66 million pounds (100%), with start up in September 2019.
- Completed an updated National Instrument ("NI") 43-101 Mineral Resource Estimate on the Niger DASA uranium project:
    - Tripled Indicated Resources to 64.8 million pounds and improved grade 18% to 3,068 ppm $eU_3O_8$.
    - Inferred Resources of 48.4 million pounds grading 2,600 ppm $eU_3O_8$.
- Near surface drilling confirmed the Company's understanding of structure and high grade continuity at the Flank Zone at DASA.
- Step-out drilling has returned several high grade extensions on strike and down dip at the Tegama Hill zones.

**OUTLOOK**

- A Preliminary Economic Assessment ("PEA") is underway for DASA, targeted for completion in September and a final technical report is expected in H1 2019.
- Permitting will commence on completion of a final technical report.
- Site preparation for mining activities is expected to begin in early 2020.
- Expansion and modernization of the Turkish process plant is scheduled for completion in Q3 2019. Existing cash flow and available lines of credit is expected to be sufficient to fund this work.

- Global Atomic continues to work cooperatively with Orano Mining Ltd. (formerly AREVA Mining) to evaluate plans to ship DASA uranium bearing material to its nearby mill for processing.

**BACKGROUND**

Global Atomic is a reporting issuer under applicable securities legislation in the provinces of Alberta, British Columbia and Ontario and trades under the symbol "GLO" on the TSX Venture Exchange (the "TSX-V").

Global Atomic is headquartered in Toronto, Canada and is incorporated under the laws of the Province of Ontario. Global Atomic. The Company has two principle lines of business:

1. **Uranium Division**

   The acquisition, exploration and development of mineral uranium resource properties, with the DASA Project currently under development in the Republic of Niger.

   Global Atomic has been exploring and developing uranium deposits in Niger since 2007. Subsequent to signing six permit agreements covering an initial area of approximately 3,500 $km^2$ and including a number of high potential areas for exploration, the DASA deposit was discovered by Global Atomic in late 2010.

2. **Base Metals Division**

   The processing of Electric Arc Furnace Dust ("EAFD") obtained from steel companies through a Waelz kiln to recover zinc and produce a high-grade zinc concentrate which is sold to smelters.

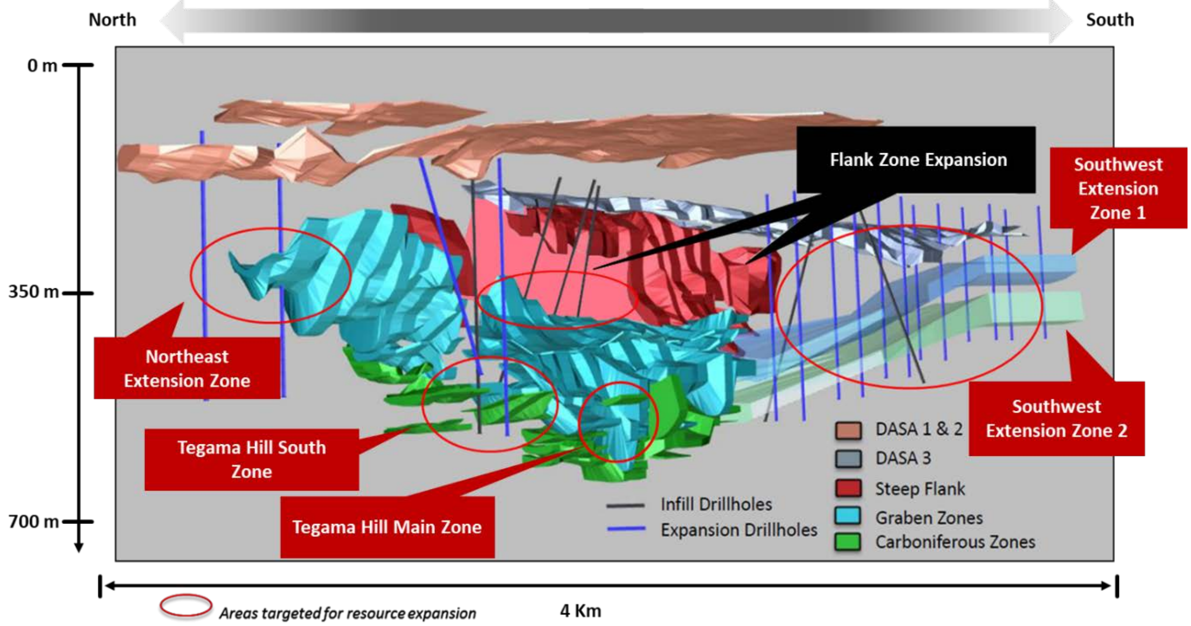
   The Company's Base Metals Division operates through a joint venture with Befesa Zinc S.A.U. ("Befesa"), an industry leading Spanish company that operates a number of Waelz kilns throughout Europe. On October 27, 2010, Global Atomic and Befesa, established the joint venture, known as Befesa Silvermet Turkey, S.L. ("BST") to operate an existing plant and develop the EAFD recycling business in Turkey, (the "Turkish Operations"). BST is held 51% by Befesa and 49% by Global Atomic. A Shareholders Agreement governs the relationship between the parties. Under the terms of the Shareholders Agreement, management fees and sales commissions are distributed pro rata to Befesa and Global Atomic. Net income earned in Turkey, less funds needed to fund operations, must be distributed as dividends.

On December 22, 2017 the Company completed the acquisition of Global Atomic Fuels Corporation ("GAFC"). Under the terms of the transaction, GAFC amalgamated with a wholly-owned subsidiary of the Corporation, and all of the issued and outstanding common shares of GAFC were acquired by the Company in exchange for the issuance of 2.147 common shares of the Company for each GAFC share. On completion of the transaction, the Company consolidated its share capital on the basis of one new share for every 2.75 shares outstanding. Concurrent with the transaction, GAFC also raised $1,459,000 equity at a price of $0.25 per common share units ($0.32 per consolidated share post transaction).

**URANIUM DIVISION RESULTS**

Global Atomic has drilled approximately 27,000 metres at the DASA deposit during its 2018 drill program which began in January. The primary objectives of the drill program were to prove the potential for near surface production at the Flank Zone and to assess the potential for further discoveries and resource expansion along strike and down dip. The Company was highly successful achieving both of these objectives; drilling at the Flank Zone significantly expanded Resources and drilling along strike and down dip identified several new zones at the Tegama Hill, Tegama Hill South, the Northeast extensions and the Southwest Extensions (see the following map):

**DASA Targeted Drill Areas (Looking East)**




Near surface drilling at the Flank Zone completed in the first half of 2018 was used as the basis for an updated National Instrument ("NI") 43-101 Mineral Resource Estimate, prepared by CSA Global Pty Ltd. ("CSA Global"). The NI 43-101 incorporated an additional 36 drill holes totaling approximately 15,000 metres drilled from January to June 2018.

In their report dated June 30, 2018, CSA Global concluded on the following Mineral Resource Statement for the DASA deposit:

| Category | Tonnes | $eU_3O_8$ | Contained metal |
|---|---|---|---|
| | Mt | Ppm | Mlb |
| Indicated – Pit Constrained | 7.08 | 3,251 | 50.8 |
| Indicated – Underground | 2.5 | 2,553 | 14.1 |
| **Total Indicated** | **9.59** | **3,068** | **64.8** |
| Inferred – Pit Constrained | 0.26 | 1,135 | 0.7 |
| Inferred – Underground | 8.18 | 2,647 | 47.7 |
| **Total Inferred** | **8.44** | **2,600** | **48.4** |

** These results are based on gamma probing. Final results will be released once chemical assaying is completed at ALS Global in Vancouver, Canada.*

1. *Mineral Resources are based on CIM definitions and is reported as at 1st June 2018.*
2. *Mineral Resources for pit constrained resources are estimated within the limits of an ultimate pit shell*
3. *Mineral Resources for underground resources are estimated outside the limits of ultimate pit shell.*
4. *A cut-off grade of 320 ppm $eU_3O_8$ has been applied for open pit resources.*
5. *A cut-off grade of 1200 ppm $eU_3O_8$ has been applied for underground resources.*
6. *A bulk density of 2.36t/m$^3$ has been applied for all model cells.*
7. *Rows and columns may not add up exactly due to rounding.*

(All amounts in Canadian Dollars, unless otherwise stated)

CSA also produced an updated grade-tonnage table, with a range of $eU_3O_8$ cut-off grades to demonstrate the sensitivity of the block model to various cut-off grades as follows:

| Cut-Off $eU_3O_8$ ppm | Category | Tonnes Mt | $eU_3O_8$ Ppm | Contained $eU_3O_8$ Mlb |
|---|---|---|---|---|
| 200 | Indicated | 26.7 | 1,364 | 80.2 |
| | Inferred | 60.4 | 738 | 98.3 |
| 1,000 | Indicated | 6.9 | 4,077 | 62.3 |
| | Inferred | 10.4 | 2,331 | 53.4 |
| 1,200 | Indicated | 6.0 | 4,552 | 60.0 |
| | Inferred | 8.2 | 2,651 | 48.1 |
| 5,000 | Indicated | 1.3 | 12,332 | 35.4 |
| | Inferred | 0.8 | 7,121 | 12.2 |
| 10,000 | Indicated | 0.3 | 27,982 | 20.4 |
| | Inferred | 0.1 | 11,615 | 1.8 |

Subsequent to completion of the latest Mineral Resource Estimate, the Company intersected additional high grade mineralization at the Flank Zone, summarized in the following table. The following intersections were not included in the latest Mineral Resource Estimate, but will be reflected in future economic studies (see press release dated August 8, 2018).

**Latest drilling from the Flank Zone at DASA:**

| Hole | From (metres) – To (metres) | Length (metres) | Grade (ppm $eU_3O_8$) |
|---|---|---|---|
| **ASDH 546** | **292.5 – 307.5** | **15.0** | **1,248** |
| including | 295.5 – 301.0 | 5.5 | 2,333 |
| **ASDH 551** | **314.5 – 327.5** | **13.0** | **1,264** |
| Including | 317.5 – 321.0 | 3.5 | 2,541 |
| ASDH 554B | 114.5 – 122.2 | 7.7 | 2,472 |
| Including | 118.9 – 119.7 | 0.8 | 16,723 *(1.7%)* |
| **ASDH 565** | **94.1 – 148.0** | **53.9** | **893** |
| including | 123.5 – 124.5 | 1.0 | 1,419 |
| including | 131.0 – 135.0 | 4.0 | 1,165 |
| including | 146.6 – 147.7 | 1.1 | 17,518 *(1.8%)* |
| **ASDH 566** | **162.1 – 237.0** | **74.9** | **5,400** |
| including | 162.9 – 169.2 | 6.3 | 51,934 *(5.2%)* |
| ASDH 567A | 87.5 – 96.5 | 9.0 | 891 |
| including | 92.5 – 96.0 | 3.5 | 1,367 |
| **ASDH 567B** | **109.0 – 151.0** | **42.0** | **1,689** |
| including | 120.5 – 134.5 | 14.0 | 2,356 |
| **ASDH 569D** | **442.1 – 547.9** | **105.8** | **1,404** |
| including | 511.8 – 517.2 | 5.4 | 11,902 *(1.2%)* |
| **ASDH 569E** | **570.5 – 607.0** | **36.5** | **802** |
| including | 579.9 – 588.0 | 8.1 | 1,456 |

** These are preliminary results based on gamma probing. Final results will be released once chemical assaying is completed at ALS Global in Vancouver, Canada.*

Drilling at DASA along strike and down dip was also successful in confirming the Company's interpretation of the deposit and identified several high grade areas of new mineralization. The next phase of drilling will focus on these extensions and a new Mineral Resource Estimate will be completed (see press release dated August 15, 2018).

(All amounts in Canadian Dollars, unless otherwise stated)

**The following table summarizes latest drilling of the Tegama Hill extensions at DASA:**

| Zone | Hole | From (meters) – To (meters) | Length (meters) | Grade (ppm/% $eU_3O_8$) |
|---|---|---|---|---|
| Southwest Extension Zones 1 and 2 | ASDH 556G | 704.4 – 752.2 | 47.8 | 1,806 |
| | including | 704.8 – 706.2 | 1.4 | 13,511 (1.4%) |
| | ASDH 558 | 404.6 – 414.1 | 9.5 | 19,933 (2.0%) |
| | including | 406.1 – 409.4 | 3.3 | 54,101 (5.4%) |
| | ASDH 574E | 490.1 – 576.0 | 85.9 | 1,737 |
| | including | 497.7 – 501.3 | 3.6 | 5,597 |
| | including | 511.5 – 517.2 | 5.7 | 4,484 |
| | ASDH 578F | 717.0 – 768.7 | 51.7 | 2,425 |
| | including | 718.8 -721.5 | 2.7 | 7,756 |
| | including | 731.7 – 734.5 | 2.8 | 5,536 |
| | including | 765.2 – 768.4 | 3.2 | 11,867 (1.4%) |
| | including | 765.7 – 768.3 | 2.6 | 15,308 (1.5%) |
| | ASDH 578G | 787.6 – 799.4 | 11.8 | 1,478 |
| Tegama Hill South Zone | ASDH 559B | 451.1 – 459.3 | 8.2 | 4,820 |
| | including | 453.2 – 455.1 | 1.9 | 20,538 (2.1%) |
| | ASDH 559I | 661.0 -677.2 | 16.2 | 2,098 |
| | including | 664.9 – 667.0 | 2.1 | 13,286 (1.3%) |
| Tegama Hill Main Zone | ASDH 577E | 521.2 – 591.0 | 69.8 | 3,353 |
| | including | 552.9 -557.5 | 4.6 | 38,653 (3.8%) |
| | DADH 388C | 494.2 – 561.0 | 66.8 | 1,228 |
| | including | 511.7 – 513.4 | 1.6 | 9,380 |
| | DADH 389D | 492.1 – 589.1 | 97.0 | 2,348 |
| | including | 498.7 – 500.3 | 1.6 | 12,752 (1.3%) |
| | including | 543.2 – 544.3 | 1.1 | 21,285 (2.1%) |
| | including | 546.3 – 550.0 | 3.7 | 13,875 (1.4%) |
| | including | 585.2 – 587.6 | 2.4 | 8,465 |
| | DADH 390A | 420.6 – 437.5 | 16.9 | 1,175 |
| | including | 431.1 – 433.9 | 2.8 | 5,348 |
| | DADH 390B | 505.6 – 525.3 | 19.7 | 1,017 |
| | including | 513.6 – 516.2 | 2.6 | 2,576 |
| | DADH 390C | 529.6 – 547.7 | 18.1 | 848 |
| | including | 539.4 – 541.4 | 2.0 | 2,393 |
| | including | 543.3 – 544.8 | 1.5 | 2,018 |
| Northeast Extension Zone | DADH 379C | 430.5 – 435.5 | 5.0 | 1,454 |
| | DADH 381C | 359.0 – 378.0 | 19.0 | 1,010 |
| | including | 360.5 – 363.5 | 3.0 | 1,863 |
| | including | 368.0 – 369.0 | 1.0 | 2,455 |

** These are preliminary results based on gamma probing. Final results will be released once chemical assaying is completed at ALS Global in Vancouver, Canada. Terratec AG probed the holes using the Electomind DIL 1125 gamma probe and a Geiger Mueller probe UEP 1805 was used for high grades.*

## BASE METALS DIVISION RESULTS

The BST joint venture owns and operates an EAFD processing plant in Iskenderun, Turkey, which processes EAFD obtained from electric arc steel producers. The EAFD, containing 25% to 30% zinc, is processed through a kiln to produce a zinc concentrate, grading 68% to 70% zinc which is then sold to zinc smelters.

The following table summarizes comparative operational metrics of the processing plant in Iskenderun.

(All amounts in Canadian Dollars, unless otherwise stated)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | 100% | 100% | 100% | 100% |
| Exchange rate (TL/C$, average) | 3.38 | 2.66 | 3.20 | 2.73 |
| Exchange rate (C$/US$, average) | 1.29 | 1.34 | 1.28 | 1.33 |
| Exchange rate (TL/C$, period-end) | 3.48 | 2.71 | 3.48 | 2.71 |
| Exchange rate (C$/US$, period-end) | 1.32 | 1.30 | 1.32 | 1.30 |
| EAFD processed (DMT) | 18,334 | 10,683 | 32,383 | 28,354 |
| Average zinc price (US$/LB.) | 1.41 | 1.18 | 1.48 | 1.22 |
| Production (DMT) | 5,679 | 3,511 | 10,036 | 10,016 |
| Shipments (DMT) | 5,424 | 3,476 | 12,523 | 9,894 |
| Shipments (zinc content, 000 lb.) | 8,250 | 5,501 | 19,093 | 15,569 |

Global Atomic holds a 49% interest in the BST joint venture and as such, the investment is accounted for using the equity basis of accounting. Under this basis of accounting, the Company's share of BST's earnings is shown as a single line in its income statement. The following table summarizes comparative results for the three and six months ended June 30, 2018 and 2017 of the BST joint venture at 100%.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | 100% | 100% | 100% | 100% |
| Gross sales revenues | $ 12,664,378 | $ 6,311,774 | $ 30,404,289 | $ 19,712,383 |
| Treatment & transportation | 1,138,541 | (62,206) | 2,418,354 | 2,026,972 |
| Cost of sales | 5,302,095 | 2,518,022 | 12,610,835 | 7,092,117 |
| Foreign exchange loss (gain) | (2,247,097) | 493,244 | (3,284,208) | 9,639 |
| EBITDA(1) | $ 8,470,839 | $ 3,362,714 | $ 18,659,308 | $ 10,583,655 |
| Management fees & sales commissions | 492,651 | 275,975 | 1,006,457 | 770,683 |
| Depreciation | 102,950 | 146,358 | 232,184 | 285,304 |
| Interest income | 45,325 | (21,556) | 54,589 | (35,122) |
| Other | 27,598 | 6,308 | 40,231 | 13,771 |
| Tax expense | 2,375,457 | 485,035 | 3,789,637 | 2,363,285 |
| Net income | $ 5,426,859 | $ 2,470,594 | $ 13,536,210 | $ 7,185,734 |
| Global Atomic's equity share | $ 2,659,162 | $ 1,210,591 | $ 6,632,743 | $ 3,521,010 |

*(1) EBITDA is a non-IFRS measure, does not have a standardized meaning prescribed by IFRS and may not be comparable to similar terms and measures presented by other issuers. EBITDA comprises earnings before income taxes, interest expense (income) and financing expense (income), amortization expense, and other expenses including management fees, sales commissions; gain on sale of property, plant and equipment and impairment charges.*

(All amounts in Canadian Dollars, unless otherwise stated)

The improvement in zinc prices and shipment volumes resulted in an increase in EBITDA from $10.6 million in the first half of 2017 to $18.7 million in the first half of 2018. Management fees and sales commissions, which are paid out to the joint venture partners on a pro rata basis throughout the year, increased in line with increased revenues.

Distributions of income are made to the joint venture partners after the year has been completed and operating results are known. In Q2, 2018, the Company received $6.9 million in distributions from BST (2017 - $4.5 million).

In the first half of 2018, Turkish steel production increased by 3.7%, after an increase of 12.9% in 2017. Steel mill capacity has continued to improve and additional electric arc furnace capacity is under construction. Coincident with improved steel market conditions, there has been a significant improvement in zinc prices. During the first half of 2018, the average zinc price was US$1.48/lb (2017 - US$1.22/lb). Although market analysts continue to predict zinc supply shortages and resultant price strength, zinc prices have moved significantly lower since June 30, 2018, with the current price at US$1.15/lb.

In the second quarter of 2018, the board of BST has made a decision to proceed with the expansion and modernization project of the Iskenderun plant. As a result of this project, plant throughput will double and operating costs will decline. Total cost of the expansion and modernization project has been budgeted at US$26 million, with most of the cost being done on a fixed cost EPC contract. Final engineering and long-lead equipment purchases were initiated, with approximately US$3.2 million spent in the quarter. Site construction is scheduled to begin in February 2019, with the new plant available for production in September 2019. It is expected that funding will be achieved out of cash generated from operations and by drawdowns of the Company's lines of credit.

## COMPARATIVE QUARTERLY RESULTS

The following table summarizes comparative results of operations of the Company:

| (all amounts in C$) | Three months ended June 30, 2018 | Three months ended June 30, 2017 | Six months ended June 30, 2018 | Six months ended June 30, 2017 |
|---|---|---|---|---|
| Revenues | $ 244,050 | $ 135,228 | $ 495,815 | $ 377,635 |
| General and administration | 1,950,315 | 847,699 | 2,367,739 | 1,022,381 |
| Share of net earnings from joint venture | (2,659,161) | (1,210,592) | (6,632,743) | (3,521,010) |
| Finance income | 38,168 | (28,250) | 96,518 | (37,244) |
| Foreign exchange loss | (156,308) | 88,508 | (154,536) | 114,108 |
| Net income | $ 1,071,036 | $ 437,863 | $ 4,818,837 | $ 2,799,400 |
| Other comprehensive income (loss) | $ (1,480,384) | $ 49,895 | $ (416,421) | $ (310,087) |
| Comprehensive income (loss) | $ (409,348) | $ 487,758 | $ 4,402,416 | $ 2,489,313 |
| Basic net income per share | $0.010 | $0.008 | $0.045 | $0.054 |
| Diluted net income per share | $0.010 | $0.008 | $0.045 | $0.054 |
| Basic weighted-average number of shares outstanding | 106,997,850 | 51,674,442 | 106,997,850 | 51,674,442 |
| Diluted weighted-average number of shares outstanding | 106,997,850 | 51,674,442 | 106,997,850 | 51,674,442 |
| Cash dividends declared | $0.000 | $0.000 | $0.000 | $0.000 |

| | As at June 30, 2018 | As at December 31, 2017 |
|---|---|---|
| Total assets | $ 41,061,155 | $ 38,502,712 |
| Total current financial liabilities | $ 1,544,327 | $ 3,490,629 |
| Total non-current financial liabilities | $ - | $ - |

The consolidated financial statements for the three and six months ended June 30, 2018 and 2017 reflect the equity method of accounting for Global Atomic's interest in BST. The Company's share of net earnings and net assets are disclosed in the notes to the financial statements.

***Revenues*** comprise management fees and sales commissions received from the joint venture. Revenues in H1 2018 increased to $495,815 from $377,635 in H1 2017 (Q2 2018 increased to $244,050 compared to $135,228 in Q2 2017). The increase is attributable to increased zinc prices and shipment volumes.

***General and administration*** costs at the corporate level include general office and management expenses, costs related to maintaining a public listing, professional fees, audit, legal, accounting, tax and consultants' costs, insurance, travel and other miscellaneous office expenses. General and administration costs in H2 2018 increased significantly to $1,950,315 compared to $847,699 in 2017 ($2,367,739 in Q2 2018 compared with $1,022,381 in Q2 2017). Major variances resulted from:

- Stock option expense of $1,054,740 in 2018 compared to $650,000 in 2017, as a result of increased stock option grants.
- An unusual expense of $513,681 in Q2 2018 for legal and proxy solicitation expense related to the proxy challenge that took place prior to the annual general meeting.

***Share of net earnings from joint venture*** represents Global Atomic's equity share of net earnings from the BST joint venture, being $6,632,743 in H2 2018 compared to $3,521,010 in 2017 ($2,659,161 in Q2 2018 compared with $1,210,592 in 2017). The increase in 2018 was the result of higher zinc prices and shipment volumes.

***Finance expense (income)*** is accrued interest on notes payable and debenture net of interest earned on cash invested in short term investment accounts.

***Foreign exchange loss (gain)*** includes foreign exchange losses or gains incurred due to fluctuations of exchange rates between the functional currency of Canadian dollar and the euro and US dollar. Expenses in Niger are incurred in the CFA currency, which is fixed to the euro. Cash balances are typically held in US dollars, since this is the currency of commissions, management fees and dividends received from the joint venture.

***Other comprehensive income (loss)*** includes share of currency translation adjustments related to the investments in the Turkish joint venture and the Niger exploration and evaluation activities.

## SELECTED QUARTERLY FINANCIAL INFORMATION

| | Revenues | Net income (loss) | Net income (loss) per share |
|---|---|---|---|
| **2018** | | | |
| Q2 | $244,050 | $1,071,036 | $0.010 |
| Q1 | 251,765 | 3,747,801 | $0.035 |
| **2017** | | | |
| Q4 | 203,337 | -687,812 | -$0.016 |
| Q3 | 308,888 | 3,033,457 | $0.059 |
| Q2 | 135,228 | 437,863 | $0.008 |
| Q1 | 242,407 | 2,361,537 | $0.046 |
| **2016** | | | |
| Q4 | 152,245 | 1,840,748 | $0.036 |
| Q3 | 180,697 | 1,321,427 | $0.026 |

All quarterly values reflect Global Atomic's 49% interest in the joint venture with Befesa using the equity method, with the Company's share of net earnings of the joint venture. The presentation currency is Canadian dollars.

- The Company's revenues are based on management fees and sales commissions received from the Turkish joint venture, which in turn, vary from quarter to quarter based on zinc prices and sales volumes

- Net income is primarily impacted by changes in the equity income recorded for the Turkish joint venture. Such net income has increased during the past eight quarters as a result of increased throughput and sales volumes, as well as the much-increased zinc prices.

- Quarterly results also vary as a result of non-recurring items:

    - Stock-based compensation is granted to management, contractors and directors from time to time. Over the two years, stock-based compensation was granted in Q2, 2017.
    - An expense was recorded in Q4, 2017 in respect of the revaluation of the Company's investment in GAFC shares.
    - Costs relating to a proxy contest were incurred in Q2 2018.

## LIQUIDITY AND FINANCIAL POSITION

*Working Capital*

The Company reported a working capital surplus of $0.9 million at June 30, 2018 compared to $1.0 million deficit at December 31, 2017.

Throughout the year, the Company receives its share of management fees and sales commissions from the Turkish operations, which amounts fund the various corporate costs.

*Capital resources*

Exploration activities in 2018 will be financed with the free cash received from BST and potential equity capital raises. Exploration expenditures are largely discretionary and the amount of exploration activity can therefore be adjusted based on availability of equity capital.

The Company is undertaking the expansion and modernization of the Turkish plant, which will occur in 2019. It is expected that funding will be available from operating earnings and drawdowns of lines of credit, so no additional capital resources will be required.

## CAPITAL MANAGEMENT

In managing its capital, the Company's objective is to ensure the Company is able to continue its operations and that it has sufficient ability to satisfy its capital obligations and ongoing operational expenses. The Company considers the components of shareholders' equity, as well as its cash and equivalents, notes receivable, credit facilities and long-term loan obligations as capital. Management adjusts the capital structure as necessary in order to support its business strategy. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain current operations and future development of the business. The Company is not subject to externally imposed capital requirements.

## FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity and equity price risk) which are listed in Note 22 of its audited consolidated financial statements for the year ended December 31, 2017.

## RELATED PARTY TRANSACTIONS

The Company lists its related party transactions in Note 10 of its unaudited interim consolidated financial statements for the three and six months ended June 30, 2018.

## OFF BALANCE SHEET TRANSACTIONS

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including and without limitation, such considerations as liquidity and capital resources.

## SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

The Company prepares its consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS"). The preparation of the Company's consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Significant accounting policies and critical accounting estimates and judgments are described in Notes 3 and 5 of the Company's audited consolidated financial statements for the year ended December 31, 2017.

## CHANGES IN ACCOUNTING POLICIES

The Company describes the effect of changes in accounting policies in Note 4 of its audited consolidated financial statements for the year ended December 31, 2017. Future changes in accounting policies are also covered in Note 4.

## RISKS AND UNCERTAINTIES

### Exploration, Development and Operating Risks

Global Atomic's mining and exploration activities involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines.

***Substantial Capital Requirements and Liquidity:*** Substantial additional funds for the establishment of the Company's current and planned mineral exploration and development will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors, which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations.

***Fluctuating Mineral Prices and Marketability of Minerals:*** The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the DASA Project or other properties in which the Company has an interest.

***General Economic Conditions:*** The events in global financial markets recently have had a profound impact on the global economy. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of a possible financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and metal markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth.

***Competition:*** The mineral exploration and development industry is highly competitive. The Company will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

***Litigation:*** The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

**Risks Associated with Mineral Property Interests in Niger**

***Exploration Properties:*** The properties in which the Company holds an interest or the right to acquire an interest, are in the exploration stage, but in the case of DASA, contain an identified resource. Exploration for and the development of minerals involve a high degree of risk and few properties, which are explored, are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in the development of commercial bodies of ore. The long-term success of the Company's operations will be in large part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

***Exploration, Development and Operating Risks:*** The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation as the economic viability of the project would depend on obtaining favourable exploration results and commodity prices. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices that are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. No assurance can be given that the minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a favourable basis.

If any of the Company's properties is found to have commercial quantities of ore, the Company would be subject to additional risks respecting any development and production activities. Mining operations generally involve a high degree of risk. The Company's future operations would be subject to all the hazards and risks normally encountered in the exploration, development and production of base metals, including unusual and unexpected geologic formations, seismic activity, ground failure, rock bursts, cave-ins, flooding and other conditions involved in the drilling, blasting and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore. The Company's ability to execute its planned exploration programs on a timely basis is dependent on a number of factors beyond the Company's control including availability of drilling services, third party contractors and equipment, ground conditions, weather conditions and permitting.

***Uncertainty in the Estimation of Mineral Resources:*** CSA has prepared an independent technical report on the DASA resource. CSA reviewed and confirmed the reliability of Global Atomic's QA/QC procedures that are the basis of the mineral resource database. CSA has estimated the quantity and grade of the DASA mineral resource using this database and its experience in estimating mineral resources. The mineral resource estimates have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining and Metallurgy ("CIM") Classification System. However, such figures are estimates, and no assurance can be given that the indicated level of mineral will be produced. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Fluctuations in the price of uranium may render mineral resources containing lower grades of mineralization uneconomic. Market price fluctuations of uranium may render the present mineral resources unprofitable for periods of time. Fluctuation in uranium prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources, or of the Company's ability to extract these mineral resources, could have a material adverse effect on the Company's operations and financial condition.

***Maintaining Interests in Mineral Properties:*** The Company's continuing right to maintain title to its mineral property interests in Niger is dependent upon compliance with applicable laws and with agreements to which it is a party. The Company's Niger properties are subject to six mining agreements, under which there is an exploration permit, which converts to a mining permit on completion of a feasibility study. The exploration permits have a termination date of January 28, 2019, unless otherwise extended. There is no assurance that the Company will be able to obtain the requisite mining permits or extend the exploration permits in order to maintain its title interests in the Niger properties beyond January 28, 2019. Additional expenditures will be required by the Company to complete further drilling and other work in support of a feasibility study on DASA. If the Company has begun its feasibility study on DASA prior to January 28, 2019, a one-year extension may be granted to enable completion of the feasibility study and conversion of the exploration permit to a mining permit. In the case of the other Niger properties, the Minister of Mines has discretion to extend the exploration period if the low price of uranium does not justify a current mine feasibility. There can be no assurance that the Company will have the funds, will be able to raise the funds, will obtain approvals for extensions or will be able to comply with the provisions of the agreements relating to its properties, which would entitle it to maintain its interest therein and if it fails to do so its interest in certain of these properties may be reduced or be lost.

***Niger Government Interest:*** On obtaining a mining permit for the DASA resource, a new Niger incorporated company must be established to hold the mining permit and assets related to the DASA resource. On establishment of this corporation, the Government of the Republic of Niger is granted a 10% carried interest in the equity of this new company. The Government of the Republic of Niger also has a concurrent right, on establishment of the new Niger corporation, to acquire up to 30% more of the equity in the corporation, provided it commits to funding its proportionate share of such additional equity and related debt for development and operation of the mine. Accordingly, the ultimate ownership that the Company will hold in the DASA mining operations could vary from 60% to 90%.

***Results of Prior Exploration Work:*** In preparing any technical reports on the Company's properties, the authors of such reports relied on data previously generated by exploration work carried out by other parties. There is no guarantee that data generated by prior exploration work is 100% reliable and discrepancies in such data not discovered by the Company may exist. Such errors and/or discrepancies, if they exist, could impact on the accuracy of the technical reports.

***Environmental Risks and Hazards:*** All phases of the Company's Niger operations are subject to environmental regulations, including but not limited to the maintenance of air and water quality, land reclamation, environmental pollution and the generation of transportable storage and disposal of hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation in Niger will not have material adverse effects on the Company's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown at present and which have been caused by previous or existing owners of the properties. To the extent the Company is subject to environmental liabilities, the payment of any liabilities or the costs that may be incurred to remedy environmental impacts will reduce funds otherwise available for operations.

Government approvals and permits are currently required, or may be required in the future, in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration, development or operation of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations and parties that were engaged in operations in the past, may be required to compensate those suffering loss or damage by reason of such mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or the more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

***Government Regulation of the Mining Industry:*** The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by laws and regulations governing mineral rights in the Republic of Niger. Companies engaged in exploration activities and in the development and operation of mines and related facilities may experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there can be no assurance that the Company will be successful in obtaining all required permits. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations. Further, there can be no assurance that all permits which the Company may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. The Company is not currently covered by any form of environmental liability insurance. See "Insurance and Uninsured Risks", below. Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in exploration.

Changes, if any, in mining or investment policies or shifts in political attitude in the Republic of Niger may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with varied or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and results of operations.

***Insurance and Uninsured Risks:*** The Company's business is subject to a number of risks and hazards including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although the Company maintains liability insurance in amounts which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company may elect not to insure against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial position.

The Company is not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration) has not been generally available to companies within the industry. The Company will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. The Company may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedial work.

**Risks Associated with the Equity Interests in Turkey**

***Equipment failures:*** Global Atomic's Turkish Waelz kiln equipment is complex and has many components. Equipment failures can occur due to the failure of individual components such as electric motors, causing a temporary halt in operations while repairs are made. Equipment downtime may also be experienced due to over-heating of the kiln, requiring a period of cooling before re-start. Potential catastrophic failures include failure of the kiln shell, failure of the kiln's brick lining or failure of the primary drive gears. Catastrophic failures may result in an extended period of shut down while repairs are made, including the lead time required to order and receive replacement equipment.

***Energy costs:*** The major cost components of the Company's Turkish operations relate to energy: coke, anthracite, natural gas, diesel fuel and electricity. The costs of natural gas and electricity are regulated in Turkey. In the case of coke and anthracite, costs are driven by global events that impact these commodities and transportation costs. Significant adverse changes to such costs may impact the ability of the Company to operate profitably. Any interruption in the supply of these energy inputs may result in cessation of operations until such supplies resumed.

***Uncertainty due to foreign legal and political factors:*** Risks may include political unrest, corruption, civil disturbances and terrorist actions, arbitrary changes in law or policies, changes to government regulation, foreign taxation, price and currency controls, delays in obtaining or the inability to obtain necessary governmental permits, limitations on foreign ownership, limitations on the repatriation of earnings and increased financing costs.

***Environmental regulations:*** The Company's Turkish business is subject to a variety of environmental regulations. Failure to properly process and handle EAFD in accordance with such regulations may expose the Company to liabilities and/or result in the withdrawal of operating permits. The Company has procedures in place to ensure compliance with environmental regulations. However, new laws and regulations that may be passed in the future may materially affect the Company's operations.

***Raw material supply:*** The Company's Turkish operations require a steady supply of EAFD in order to continue operating at an optimum level and to maintain profitable output levels. The Company relies on continued operations of local steel mills at reasonable levels in order to meet its EAFD supply requirements. The closing of or lower capacity utilization of one or more local steel mills may have an adverse impact on the available supply.

***Additional funding:*** The Company anticipates the need for additional funding to support capital expenditures to improve the current Waelz kiln facility and to support planned expansions at other sites in Turkey. Failure to obtain such additional funding may lead to the delay or indefinite postponement of such projects. There is no assurance that such funding will be available or that it will be available on favourable terms.

***Dependence on Key Personnel*:** The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management personnel. The Company faces competition for personnel from other employers in Turkey.

***Dependence on Befesa:*** In accordance with the Shareholders Agreement between Befesa and the Company, Befesa is the operator of the Turkish facility. The Company is dependent on Befesa for the day-to-day operations in Turkey. The Company does not have control over these factors, nor the impact on Befesa and its personnel that a potential change of control of Befesa could have on operations.

***Price volatility:*** Prices of commodities can fluctuate widely and are affected by numerous factors including demand, inflation, strength of various currencies, interest rates, forward sales by producers, global or regional political or financial events, and production and cost levels in major producing regions. In addition, commodity prices are sometimes subject to rapid short-term changes because of speculative activities. The success of the Company's Waelz kiln operations is dependent on market prices for zinc and the related smelter treatment charges, as well as raw material input commodities.

***Currency risk:*** The Company's activities occur in Turkey and Niger. In case of Turkey, all revenues and some cost items are denominated in U.S. dollars, or otherwise tied to the U.S. dollar. Most operating expenses are incurred in Turkish Lira. In case of Niger, all cost items are tied to Euro. Head office costs are incurred in Canadian dollars. Such activities are subject to risks associated with fluctuations in the rate of exchange of these foreign currencies.

***Critical Accounting Estimates*:** Critical accounting estimates used in the preparation of the financial statements include the joint arrangements, acquisitions, impairment of exploration and evaluation assets, impairment of technology licence asset, functional currency and stock-based compensation. These estimates involve considerable judgment and are or could be, affected by significant factors outside Company's control. Critical accounting estimates and judgments are described in Note 5 of the Company's audited consolidated financial statements for the year ended December 31, 2017.

### OUTSTANDING SHARE DATA

As at August 28, 2018 the outstanding common shares, stock options and share purchase warrants are:

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|---|---|
| Common shares outstanding | 106,997,850 |
| Stock options | 10,699,646 |
| Warrants | 5,349,957 |
| Fully diluted shares outstanding | 123,047,453 |

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management and have been approved by the board of directors. The consolidated financial statements were prepared by the Company's management in accordance with IFRS. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner in order to ensure the financial statements are presented fairly in all material respects.

### DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide sufficient knowledge to support representations that it has exercised reasonable diligence that (i) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented in the audited annual consolidated financial statements, and (ii) the audited consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

The Company utilizes the Venture Issuer Basic Certificate, which certificate does not include representations related to the establishment and maintenance of disclosure controls and procedures (DC&P) or internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers do not make any representations related to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's assets; the future prices of uranium or zinc; capital expenditure requirements; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; timing and availability of external financing on acceptable terms and in light of the current status of global liquidity and credit availability; future prices of uranium or zinc; currency exchange rates; government regulation; failure of equipment or processes to operate as anticipated; risks inherent in manufacturing and processing operations, including strike by unionized personnel, environmental hazards or industrial accidents; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

August 28, 2018

"Stephen G. Roman"
Stephen G. Roman
Chairman, President and CEO

"Rein A. Lehari"
Rein A. Lehari CPA, CA
Chief Financial Officer