



# **GLOBAL ATOMIC CORPORATION**

## **ANNUAL INFORMATION FORM**

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

**May 1, 2019**

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## **INTRODUCTORY NOTE**

### **Interpretation**

Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this annual information form the terms “we”, “us”, “our” and “ours” refer to the Company.

### **Currency**

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

### **Date of Information**

Unless otherwise noted, the information set forth in this AIF is current as of December 31, 2018.

### **Cautionary Note Regarding Forward-looking Statements**

This Annual Information Form contains “forward-looking information” under Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; acts of terrorism, delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors discussed in the sections entitled “General Development of the Business”, “Narrative Description of the Business” and “Risk Factors” in this Annual Information Form. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Annual Information Form and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking 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 statements.

### **Cautionary Note to United States Residents Concerning Estimates of Measured, Indicated and Inferred Resources**

This Annual Information Form uses the terms “measured”, “indicated” and “inferred” resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission (“SEC”) does not recognize them. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies, except in limited circumstances. United States investors are cautioned not to assume that all or any part of measured or

indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.

**Cautionary Note to United States Investors regarding Adjacent or Similar Properties**

This Annual Information Form may also contain information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises United States investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the Company's properties.

**CORPORATE STRUCTURE**

**Incorporation**

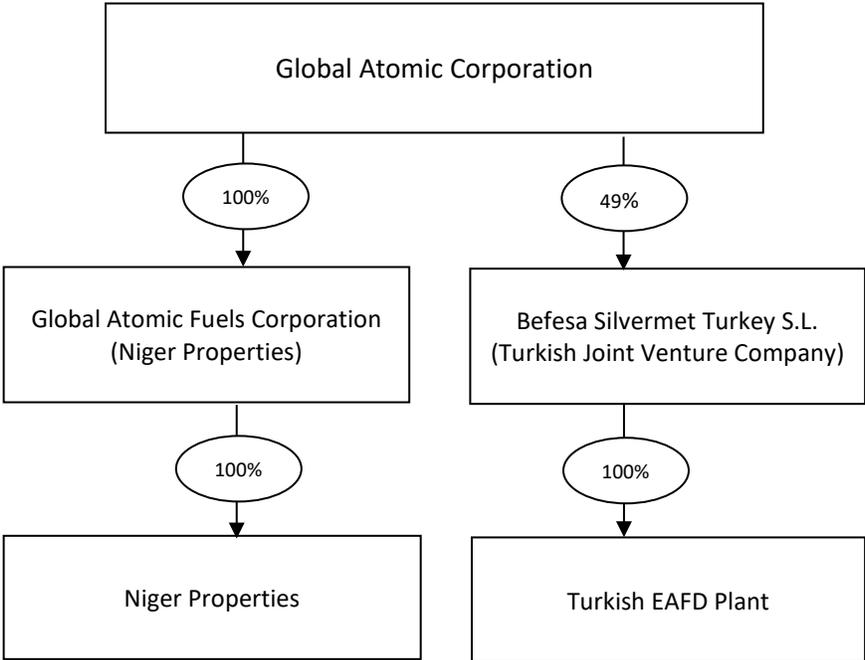
Global Atomic Corporation (the “Company”, “Global” or “GAC”) was incorporated under the *Business Corporations Act* (Ontario) on May 27, 1994 under the name Atikokan Resources Inc. By Articles of Amendment dated June 29, 2006, the Company changed its name to Silvermet Inc. and by Articles of Amendment dated December 22, 2017, the Company changed its name to Global Atomic Corporation. The Company’s registered office and principal business office is located at 8 King Street East, Suite 1700 Toronto, Ontario M5C 1B5.

The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its outstanding common shares are listed on the Toronto Venture Exchange under the symbol “GLO”, the OTC under the symbol “SYIFF” and the Frankfurt Stock Exchange under the symbol “G12”. The Company has applied to list its common shares for trading on the Toronto Stock Exchange and received conditional listing approval April 18, 2019.

**Intercorporate Relationships**

The diagram below sets out the organizational structure of the Company. Reference to the “Company” or “Global” in this Annual Information Form means Global Atomic Corporation and its subsidiaries, except as may otherwise be indicated.

**Global Atomic Organization Structure**



## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **OVERVIEW**

Global is a Toronto-based company that provides a unique combination of cash flowing zinc concentrate production and high-grade uranium development. The company has two principal lines of business and maintains two divisions, the base metals division (the “Metals Recycling Division”) and the uranium division (the “Mining Division”), focused on two different business segments.

Global’s Metals Recycling Division holds a 49% joint venture interest in Befesa Silvermet Turkey, S.L. (“BST”), which operates a Waelz kiln facility located in Iskenderun, Turkey through its wholly-owned subsidiary, Befesa Silvermet Iskenderun Celik Tozu Geri Donusumu A.S. (“BSI”). BSI acquires electric arc furnace dust (“EAFD”) from steel mills and recycles the EAFD through its Waelz kiln to produce a high-grade zinc oxide concentrate which is sold to zinc smelters throughout the world. The Company’s joint venture partner, Befesa Zinc S.A.U., a wholly-owned subsidiary of Befesa S.A. (“Befesa”, listed on the Frankfurt exchange under ‘BFSA’), holds a 51% interest in and is the operator of BST. Befesa is a market leader in EAFD recycling, capturing approximately 50% of the European EAFD market with facilities located throughout Europe and Korea.

The Company’s Mining Division holds six Mining Agreements and related Exploration Permits in the Republic of 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 3 permit, discovered in 2010 by Global geologists through grassroots field exploration.

### **THREE YEAR HISTORY**

#### **2016**

On February 19, 2016, the Company announced the acquisition of 1.25 million units in the capital stock of Global Atomic Fuels Corporation (“GAFC”) at a price of C\$1.00 per unit to hold a 1.86% interest in GAFC. Each unit consisted of one common share and one-half common share purchase warrant with each full warrant exercisable at C\$1.50 per common share for a period of 24 months from the date GAFC shares are listed for trading on a stock exchange.

On March 14, 2016, the Company announced that it received approval from the TSX Venture Exchange to renew its normal course issuer bid (“NCIB”) for a further twelve (12) month term. Under the then current NCIB (March 15, 2015 – March 14, 2016), the Company purchased and cancelled a total of 1,600,000 common shares through the close of trading on March 9, 2016 at an average price of \$0.022 per common share.

On December 17, 2015 BSI entered into a US \$20 million loan agreement with the European Bank for Reconstruction and Development (“EBRD”), which amount represented 80% of the US \$25 million cost for the expansion and modernization of the Iskenderun Waelz kiln facility. Subsequently, and in the context of weak steel market conditions and no positive development in the issuance of import permits, the Board of BSI decided not to proceed with the expansion project of the Iskenderun facility. On October 24, 2016, the Company announced it had cancelled its loan facility with EBRD and began discussions with GAFC regarding a potential combination.

#### **2017**

On April 24, 2017, the Company provided an update on its potential combination with GAFC, as the Board of Directors of the Company issued a mandate to management to proceed with due diligence related to the proposed merger of Silvermet Inc. and GAFC and to take any steps regarding such activities necessary under stock exchange and/or securities rules and regulations. The Company also announced the grant of 8,750,000 stock options exercisable at \$0.10 per share for a period of five years, to certain officers, directors, employees and consultants of the Company.

On August 18, 2017, the Company announced the signing of a definitive agreement with GAFC pursuant to which it would acquire all of the outstanding common shares of GAFC by way of a three-cornered amalgamation and subsequently complete a share consolidation and corporate name change to Global Atomic Corporation.

At the Annual and Special Meeting of Shareholders held on September 29, 2017 eligible shareholders approved the proposed business combination of the Company and GAFC, the consolidation of the common shares of the Company on the basis of 1 new share for every 2.75 common shares held and, the change in name of the Company from Silvermet Inc. to Global Atomic Corporation.

On November 24, 2017, the Company announced that in connection with the proposed business combination of the Company and GAFC, GAFC would raise up to \$3 million through the issuance of up to 12 million units under a brokered private placement.

On December 22, 2017, the Company announced the completion of the proposed business combination between the Company and GAFC and the subsequent consolidation of common shares and name change of the Company. Immediately prior to the business combination, GAFC completed a concurrent financing of \$1.459 million through the issuance and sale of a total of 5,836,000 GAFC units under a brokered private placement offering. Units were priced at \$0.25 and consisted of one common share of GAFC and one-half of one common share purchase warrant of GAFC, each whole warrant exercisable at \$0.50 for a period of 18 months following closing of the transaction.

In accordance with the business combination, GAFC shareholders (other than the Company, whose GAFC shares were cancelled pursuant to the business combination) received 2.147 pre-consolidation common shares of the Company for each GAFC common share held. Of the total 154,608,564 common shares of the Company issued to GAFC shareholders in accordance with the terms of the business combination, 142,078,672 common shares were issued to former GAFC shareholders and 12,529,892 common shares were issued to new GAFC shareholders who purchased GAFC common shares in the brokered private placement. The previously outstanding 3,709,337 GAFC warrants were converted into 7,963,947 pre-consolidation warrants of the Company exercisable at \$0.737 per common share of the Company, based on the same 2.147 to one ratio.

Upon completion of the business combination, including the completion of the GAFC brokered private placement, there were 296,713,280 common shares of the Company outstanding on a pre-consolidation basis. Immediately following the completion of the business combination, the Company effected a name change to "Global Atomic Corporation" and commenced trading on the TSX Venture Exchange under the stock symbol "GLO". Immediately following the business combination, the Company also completed the consolidation of its common shares on a 2.75:1 basis resulting in 107,895,738 common shares of the Company being issued and outstanding. Upon completion of the business combination, two new directors, George Flach and Paul Cronin, previously members of the Board of Directors of GAFC, were added to the Company's Board of Directors. The common shares of the Company began trading on a consolidated basis and under the Company's new name and ticker symbol on the TSX Venture Exchange at the opening on December 27, 2017.

## **2018**

### *Metals Recycling Division*

On January 22, 2018, the Company announced that its Turkish zinc operations processed 62,000 dry metric tonnes of EAFD, producing approximately 33 million pounds of payable zinc in concentrate. The Company also announced that the Turkish steel industry was improving and that the Company expected its zinc operations to maintain a high production rate throughout 2018.

On May 7, 2018, the Company announced that steel market conditions in Turkey continued to improve and zinc prices remained strong and based on these improved market conditions, BSI was re-visiting the expansion and modernization of the Turkish plant, which would double production and reduce costs. The expansion is expected to be completed in 2019, with costs paid from operating earnings and available lines of credit.

On May 28, 2018, the Company announced the approval of the expansion and modernization of its EAFD plant in Iskenderun, Turkey. The project would expand EAFD throughput to 110,000 tonnes per annum, from the current 60,000 tonnes per annum, producing concentrates containing 55 to 65 million pounds of zinc per annum. The new plant has been engineered using the best available technology employed by joint venture partner Befesa, a world leader in the processing of EAFD, and based on improved plant efficiencies, recovery rates are expected to improve and operating costs reduced. The cost of the project is approximately US\$26 million, most of which is subject to a fixed price contract. Site construction began in February 2019 and is scheduled to be completed by September 2019.

Existing cash balances and forecasted cash flow through January 2019, together with available credit facilities are expected to be sufficient to cover capital and other costs through commissioning of the new plant. In the event that additional funds are required, Global's joint venture partner: Befesa Zinc S.A.U. has agreed to provide any such funds at market rates.

On June 22, 2018, the Company announced that it has signed an Engineering, Procurement and Construction ("EPC") contract with Grupo Sarralle, headquartered in Spain, to complete the expansion of its EAFD plant in Iskenderun, Turkey. Expansion costs are estimated to be US\$26 million, of which US\$24 million is a fixed price EPC contract. As of December 31, 2018, approximately US\$4.4 million of such costs had been paid.

#### *Mining Division*

On January 22, 2018, the Company announced the commencement of a 62-hole, 26,400 meter drill program focused on step out and infill drilling at the Company's 100% owned DASA deposit in the Republic of Niger to expand the current deposit and prepare the first area for open pit mining. The Company also announced commencement of exploration drilling of 11,200 meters in 20 drill holes on other high potential targets. On February 22, 2018, the Company reported initial gamma probe results from its drill program at the DASA deposit. The Company announced that it had now begun a 30,000 meter drill program focused on defining an area suitable for potential open pit mining called the "Flank Zone". The first two holes of the drill program were completed and probed with a gamma probe, which measured significant mineralized intervals with wide "off-scale" (plus 1%) sections in each hole. The Company announced it would complete significant drilling in this area over the following six months in order to develop a mine plan and complete a technical report to support a mining operation to ship mineralized rock to Orano Mining (formerly known as AREVA Mines), 80 kilometers north of the DASA Project.

On April 5, 2018, the Company reported continued strong drill results, including "off-scale" intercepts in the Flank Zone area of the DASA deposit. The Company engaged CSA Global Pty. Ltd. to update the mineral resource estimate for the project and assess the potential of open pit mining in the Flank Zone. The Company also announced that on completion of additional drilling, an NI 43-101 compliant technical report would be completed in order to assist in the finalization a plan to begin shipments of mineralized material to Orano Mining's milling facility. On May 7, 2018 the Company announced continued positive results from its drill program at the DASA deposit and that it was working towards the completion of an NI 43-101 compliant technical report prior to year-end 2018.

On June 5, 2018, the Company announced an updated NI 43-101 compliant Mineral Resource Estimate for the DASA deposit located in the Republic of Niger, which tripled Indicated Resources to 64.8 million pounds and indicated grade improvement 18% to 3,068 ppm eU3O8 from the Mineral Resource Estimate that had been prepared in 2017. The Company commissioned CSA Global Pty. Ltd. to update the 2017 Mineral Resource Estimate based on year-to-date drilling of an additional 36 holes totalling approximately 15,000 meters. The highly successful drilling led to improved understanding of the deposit in this area, resulting in the substantial resource upgrade.

On August 8, 2018, the Company announced completion of the drill program at the Flank Zone at the DASA deposit in the Republic of Niger. The Company announced that the completion of the Phase I drill program returned excellent results and that a Preliminary Economic Assessment was underway by CSA Global Pty. Ltd.

On August 15, 2018, the Company announced the drilling at the DASA deposit along strike and down dip has been successful in confirming the Company's geologic interpretation of the deposit and has identified five distinct areas of new mineralization. High grade mineralization was intersected at the Tegama Hill Main Zone, hole ASDH 577 returned 3,353 ppm eU3O8 over 69.8 metres, including 38,653 ppm (3.9%) eU3O8 over 4.6 metres. Further, Southwest Extension Zone 1 proved to have excellent mineralization in the Teloua formation, with hole ASDH 558 returning 19,933 ppm (2.0%) eU3O8 over 9.5 metres, which included 54,101 ppm (5.4%) eU3O8 over 3.3 metres. ASDH 574 returned 1,737 ppm U3O8 over 85.9 metres, including 5,597 ppm eU3O8 over 3.6 metres.

On October 23, 2018, the Company announced positive results of the Preliminary Economic Assessment (PEA) conducted by CSA Global Pty. Ltd. on the DASA deposit in the Republic of Niger.

On December 4, 2018, the Company published an NI 43-101 compliant technical report for the DASA deposit in the Republic of Niger prepared by CSA Global Pty. Ltd., titled "NI 43-101 Technical Report: Preliminary Economic

Assessment – DASA Uranium Project, Central Niger”. Full report is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company’s website at [www.globalatomiccorp.com](http://www.globalatomiccorp.com).

On December 20, 2018, the Company announced that the Government of the Republic of Niger has granted a two-year extension to January 29, 2021 on all of the Company’s exploration permits in the Tim Mersoï Basin. The Company also announced that discussions with Orano Mining were held in November 2018 to continue advancing the ore shipment MOU to supply mineralized material to Orano Mining.

#### *Corporate*

On April 5, 2018, the Company announced the grant of 5,535,908 stock option to acquire common shares of the Company to directors, management, consultants and employees, exercisable at \$0.25 per common share for a period of five years from issuance.

On November 16, 2018, the Company announced the initial closing under a private placement of up to \$10,000,000 in common shares priced at \$0.30 per share. On December 20, 2018, the Company announced that it had completed the sale of 29,539,666 common shares under the private placement for gross proceeds of \$8,861,900.

On December 20, 2018, the Company announced that Merlin Marr-Johnson, M.Sc., had joined the Company as Manager of Technical Services to coordinate and oversee the Feasibility Study process at the DASA Project and provide corporate development services in the UK and European markets. Mr. Marr-Johnson is based in London, UK.

Subsequent to year end, on January 18, 2019, the Company announced the completion of a private placement of a further 3,925,000 common shares at \$0.32 per share for gross proceeds of \$1,256,000 and the appointment of Merlin Marr-Johnson as Executive Vice President.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

### **General**

Global is a Toronto-based company that provides a unique combination of cash flowing zinc concentrate production and high-grade uranium development. The Company and its subsidiaries have two principal lines of business:

1. the Metals Recycling Division is focused on the acquisition and processing of electric arc furnace dust (“EAFD”) through a Waelz kiln to produce a high grade zinc concentrates for sale to smelters; and
2. the Mining Division is focused on the acquisition, exploration and development of uranium mineral resource properties in particular the Dasa Project located in the Republic of Niger.

### **Metals Recycling Division**

The Company’s Metals Recycling Division operates through a joint venture with Befesa Zinc S.A.U. (“Befesa Zinc”), an industry leading Spanish company that operates several Waelz kilns throughout Europe. On October 27, 2010, Global and Befesa Zinc established a joint venture company 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 Zinc and 49% by Global. 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 Zinc and Global. Net income earned from the sale of concentrates, less funds needed to fund operations, is distributed as dividends.

The BST joint venture currently owns and operates one EAFD processing plant in Iskenderun, Turkey, which processes EAFD obtained from electric arc steel producers. The Iskenderun facility includes a Waelz kiln that is 55 metres in length and 3.6 metres in diameter. The zinc content of EAFD available in the Iskenderun region ranges from 25% to 30% and is processed through the kiln to produce a concentrate grading 68% to 70% zinc which is sold to zinc smelters.

In the second quarter of 2018 the board of BST decided to proceed with an 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, US\$24 million of which is subject to a fixed cost EPC contract. Final engineering and long-lead equipment purchases were initiated with approximately US\$4.4 million spent to the end of 2018. Site construction began in February 2019, with the new plant scheduled to be commissioned by September 2019 with operations to resume Q4 2019.

### **Mining Division**

The Corporation's mineral resource properties are located in the central part of the Republic of Niger. Through its wholly-owned subsidiary; GAFC, the Corporation holds six Mining Agreements and related Exploration Permits in Niger, on which it has conducted exploration activities for uranium. The Corporation acquired GAFC on December 22, 2017. Based on historic exploration results and uranium market conditions, the Corporation determined that the purchase price allocated to exploration and evaluation assets was primarily attributable to the Adrar Emoles 3 Exploration Permit of which the most significant resource is the DASA deposit (the "DASA Project"). The DASA Project is 100% owned by GAFC and forms part of a larger package of projects in Niger in which GAFC has an interest. The Corporation has not yet determined whether the DASA Project contains reserves that are economically recoverable.

The economic recoverability of resource properties, including capitalized exploration and evaluation expenditures, is dependent upon the existence of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

### **Consultants / Employees**

As at the date hereof, the Company has five (5) consultants and employees located at its head office in Toronto, Ontario, all of whom are involved in all of the operations of the Company. The Company's Mining Division has 35 consultants and employees located in the Republic of Niger and one officer located in London, UK. Dependent on the nature of site activities, GAFC hires additional personnel on a temporary basis. Executive officers of the Company are retained under consulting contracts to provide services to Global.

Global is dependent on the services of key executives, including the Chairman, President and Chief Executive Officer of the Company and a small number of highly skilled and experienced executives and personnel. See "*Risk Factors – Dependence on Key Personnel*".

### **Environmental Protection**

Global's operations are subject to environmental regulations in the jurisdictions in which it operates. These regulations mandate among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. These regulations set forth a wide range of sanctions and penalties, both criminal and civil, for violations of the regulations.

To date, applicable environmental legislation has had no material financial or operational effects on the operations of the Company. See also "*Risk Factors – Environmental Risks and Hazards*".

### **Competitive Conditions**

#### *Metals Recycling Division*

Turkey is the 8<sup>th</sup> largest steel producing country in the world and with 66% of its production by means of electric arc furnace, there is a large supply of EAFD. In addition to the Company's plant, there are four other EAFD processing plants in Turkey. During periods of low steel production, these plants compete with one another for supply of EAFD. The market price of zinc is determined in international markets, is volatile and is beyond the Company's control. See "*Risk Factors – Competition*".

#### *Mining Division*

The uranium industry is intensely competitive across all its phases. The Company competes with many other uranium exploration and development companies, many of which have greater financial resources and experience. The market price of uranium is determined in international markets, is volatile and is beyond the Company's control. See "*Risk Factors – Competition*".

## **Specialized Skill and Knowledge**

### *Metals Recycling Division*

Befesa Zinc is the operator of the BST Turkish joint venture. Befesa Zinc has long history in the industry and operates several EAFD re-cycling plants. Befesa is one of the few processors of EAFD globally able to operate such facilities efficiently and effectively.

### *Mining Division*

All aspects of the business of the GAFC require specialized skill and knowledge. Such skill and knowledge includes the areas of geology, drilling, logistical planning, engineering, construction, mine operations, metallurgical processing, environmental compliance and accounting. GAFC employs or retains a number of technical personnel with relevant experience, education and professional designations, and constantly evaluates the need for additional employees and or consultants with particular expertise.

## **Cycles**

The Company's two operating divisions are subject to mineral price cycles, the marketability of minerals and mineral concentrates and global economic cycles.

## **Foreign Operations**

Metals Recycling Division properties are located in Turkey, Mining Division properties are located in the Republic of Niger. The Company conducts substantially all revenue generating activities in Turkey and all exploration activities in the Republic of Niger. As a result, the Company's operations are subject to social, political and other risks. For further discussion of risks relating to foreign operations, see "*Risk Factors*" for more information on risks associated with operating in a foreign country.

## **Reorganizations**

Other than the business combination between the Company and Global Atomic Fuels Corporation, there have been no other material reorganizations of the Company within the three most recently completed financial year or proposed for the current financial year. See "*General Development of the Business – Three Year History*".

## **MATERIAL MINERAL PROJECTS**

Pursuant to National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"), the Company has identified the DASA Project in the Republic of Niger as its sole material mineral project.

### **DASA Project**

The following disclosure with respect to the DASA Project represents a summary of the technical report on the DASA Project titled "NI 43-101 Technical Report: Preliminary Economic Assessment – DASA Uranium Project, Central Niger" dated November 16, 2018 (the "Technical Report") and prepared by Dmitry Pertel, MSc, MAIG, Maxim Seredkin Phd, Maig, Bruce Brady BSc Eng PEng, Mikey Seymour BSc, Russell Bradford, HND Ext Met, Fergus Kerr BSc (Eng.), and Gordon Watts, B.A.SC, PEng, each of them from CSA Global Pty Ltd. (collectively, the "Technical Report Authors"). Each of the Technical Report Authors is a "qualified person" and "independent" of the Corporation with the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The full Technical Report is incorporated by reference into this AIF and is available under Global's corporate profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### Property Description, Location, and Access

GAC's exploration operations are located in the north central part of the Republic of Niger, West Africa. GAFC has been investigating its six Exploration Permit areas since 2007 and has undertaken multiple phases of exploration and evaluation programs. These programs have included: exploration and resource evaluation drill programs, mapping, geophysical investigations, geotechnical analysis of drill core, metallurgical sampling and analysis, hydrological studies and baseline environmental work. The DASA Project was discovered in 2010 and since then, most work has focused on the exploration of the DASA Project. GAFC's work culminated in an updated Mineral Resource Estimate

("MRE") for the DASA Project announced in June 2018. The MRE is the basis for the Preliminary Economic Assessment ("PEA") presented in this report.

The DASA Project is located in the southwest portion of the Adrar Emoles 3 Permit which has a total area of 121.3 km<sup>2</sup>. The centre of DASA is positioned at longitude 7.8° east and latitude 17.8° north. GAFC has another five permits in the Republic of Niger.

The Exploration Permit for Adrar Emoles 3 was granted to GAFC on 8 February 2008 for the first three-year period on the perimeter defined to include approximately 488.7 km<sup>2</sup>. On 16 August 2010, the Exploration Permits for all six Mining Agreements were extended by the Minister of Mines. The first three-year renewal of the Adrar Emoles 3 Exploration Permit was received on 17 January 2013, concurrent with the required 50% reduction in area to approximately 243.7 km<sup>2</sup>. The second three-year renewal was granted on 29 January 2016, reducing the area to approximately 121.4 km<sup>2</sup>. In December 2018, the Exploration Permit was extended by a further two years to January 29, 2021.

The project area is accessible by an all-weather road connecting Agadez, Niger's second largest city, located 120 km south of the project with the mining town of Arlit, some 80 km north of the area of interest. The capital of the Republic of Niger, Niamey, is some 1,000 km to the southwest.

### History

Systematic uranium exploration in the Adrar Emoles area started in 1959 after the first uranium mineralization was noted during geological reconnaissance missions on surface in the Air Mountains in 1956 by Commissariat a l'Energie Atomique (CEA). In the late 1960s, Cogema completed wide-spaced drilling of several kilometres to test the stratigraphy of the Adrar Emoles area and to investigate how closely the geology resembled that of the Arlit area further north where uranium mineralization was already known since the mid-1960s.

The Japanese company, Power Reactor and Nuclear Fuel Development Corporation (PNC), took over the landholdings in 1981 and worked on them until 1990, completing multiple drilling programs during this period along with mapping and geophysics. This work resulted in several discoveries, none of which were deemed economic.

In September 2007, the Adrar Emoles 3 and 4 blocks were granted to GAFC totaling about 1,000 km<sup>2</sup> and located some 50 km southeast of Orano's proposed large Imouraren open pit. The Adrar Emoles 3 block included the Dajy prospect, where uranium mineralization was known. As a result of general prospecting near the Dajy prospect in 2010, GAFC discovered the DASA Project. The DASA Project lies within a 10 km-long by 2 km-wide zone, and is situated along a northwest-southeast trending major lineament, the Azouza fault, along which the Azelik deposit (37 Mlb) is situated, owned by CNNC, a Chinese government agency.

GAFC began a drilling program on the DASA Project in 2010. An initial resource estimate was prepared by SRK Consulting (Canada) in September 2013 and a subsequent resource estimate was prepared by CSA Global Pty Ltd. in February 2017.

In 2018, GAFC commenced a new drilling program targeting various parts of the deposit. Thirty-six holes from this program (completed up to 1 June 2018) have been included in the MRE update by CSA Global Pty Ltd. that supports this PEA. The drilling targeted the southern Flank Zone to improve confidence in the geological interpretation in this area. The drilling successfully intersected high grade mineralization and the additional drilling has allowed more confident interpretation in this area of the deposit and upgrading of its classification. Additional drilling was ongoing at the time of reporting and will be included in future updates on the project.

### Geological Setting, Mineralization and Deposit Types

#### *Geology*

The GAFC properties are located in north-eastern Niger inside the Tim Mersoï sedimentary basin. The basin covers an area of some 114,000 km<sup>2</sup> and is part of the much larger Iullemeden Basin (Palaeozoic-Tertiary) that stretches into Mali, Algeria, Benin and Nigeria. Uranium mineralization in Niger is located exclusively in sediments of the Tim Mersoï Basin and occurs in almost every important sandstone formation, however not always in economic

concentrations and tonnage. The rocks present within the DASA Project range in age from Cambrian to lower Cretaceous age. They are mostly clastic sediments (sandstone, siltstone and shale) with some minor carbonates. They originated from the Air Massif which has been continuously eroded since at least the Mesozoic. The sediments were laid down in a continental setting and are generally the result of fluvial and deltaic deposition. In this environment, large shallow rivers meander across flat topography and create complex flow patterns where the coarse-grained sands and gravel are concentrated in the channels with the highest flow energies while low energy flow regimes on the floodplains and tidal areas create silt and mudstone type sediments.

Structural control is important in the formation of most uranium deposits and the DASA area is no exception. The arid climate has prepared and well-preserved structural features, many of which can be observed at surface. The DASA site corresponds to a major structural intersection of the Adrar-Emoles flexure and the Asouza fault which resulted in the doming and creation of the Asouza Graben (Siebenthal, 2013). These are features that characterize other major uranium deposits in the Tim Mersoï Basin as well.

#### *Mineralization*

Carboniferous sedimentary formations are the major host rocks for uranium mineralization, particularly in the northern part of the basin. The uranium in many of the deposits of the Tim Mersoï Basin is generally oxidized. Among the primary tetravalent minerals, coffinite is dominant and accompanied by pitchblende and silico titanates of uranium. Uranium hexavalent minerals such as uranophane and meta-tyuyamunite are present in the Imouraren and TGT-Geleli deposits.

Thin section work and petrographic studies by Activation Lab (2007) on DASA samples has revealed that the uranium host rocks are sandstone and wacke which are variably oxidized. The main component is angular quartz, some plagioclase and lesser orthoclase. They are cemented by goethite, amorphous Fe-hydroxides and various secondary U-rich minerals.

#### *Deposit Type*

The best uranium grade and tonnage on the DASA Project found so far is hosted in sandstones of the Tchirezrine 2 Formation, the same formation that also contains the large 300,000 tonnes U Imouraren deposit of Orano, located just 40 km to the northwest (Cazoula, 1985). It has already been demonstrated by GAFC's exploration work that many of the characteristics of Imouraren exist within the DASA Project.

#### Exploration

In September 2007, the government of the Republic of Niger entered into Mining Agreements with GAFC on the Adrar Emoles 3 and 4 permits, followed by the granting of Exploration Permits in February 2008. Ongoing exploration work and metallurgical studies have confirmed that most of the significant uranium mineralization is located around the DASA area within the Adrar Emoles 3 permit. Other uranium occurrences exist within the Adrar Emoles 3 and 4 permits.

GAFC has undertaken exploration activities on the DASA Project since 2010. The DASA Project area covers an area measuring approximately 10 km along the strike of the Azouza graben by about 2 km. However, drilling has only focused on a small portion of this area.

#### Drilling

GAFC started drilling on the Adrar Emoles 3 property in 2010. To date, 1,006 holes (Table 1), including 870 rotary holes and 136 diamond drillholes, were drilled for total of about 134,600 m on the project delineating the DASA deposit. Drilling of these holes were executed by local drilling companies including TIDIT, ENYSA, ESAFOR, LEGENI (owned and managed by Nigerians), ULC (a small French geo-consulting company) and finally the West African branch of the French drilling company, FORACO. The drilling with detailed statistics is summarized in Table 1.

**Table 1: GAC DASA Project drilling statistics**

Year	Rotary drillholes		Diamond drillholes		Total	
	Holes	m	Holes	m	Holes	m
2010	46	1,142	3	437	49	1,579
2011	607	38,381	18	986	625	39,366
2012	197	36,504	41	6,251	238	42,755
2013	17	10,734	28	16,621	45	27,355
2014	0	0	12	8,064	12	8,064
2015	0	0	1	501	1	501
2018	3	2,134	33	12,816	36	14,951
Total	870	88,895	136	45,675	1,006	134,571

The earlier drilling was concentrated on the DASA surface anomalies with drill depths less than 300 m and mostly drilled by rotary (653 rotary drillholes and 21 diamond drillholes between 2010 and 2011). These led to the discovery of the surface mineralization of DASA 1, DASA 2 and DASA 3 hosted in Tchirezrine 2 sandstone.

In 2012 during a deeper drilling campaign (up to 754 m), GAFC discovered the main graben deposit at DASA. Drilling in this area below 350 m of Irhazer mudstone targeted the Triassic-Jurassic sandstones (Tchirezrine 2 [hosting Orano's huge Imouraren deposit] and the Teloua formations) and even deeper, the Carboniferous formations hosting the Orano Cominak and Somair deposits at Arlit. The 2018 drilling targeted the high-grade Flank Zone of the graben, and the average drilling depth was 415 m.

#### Sampling, Analysis, and Data Verification

Core sampling was undertaken by GAFC staff. Samples were collected from quarter (before 2013)/half core and appropriately bagged and labelled. Samples were sent by truck to the Sahel Laboratory in Niamey for preparation. Until April 2013, pulps prepared by the Sahel Laboratory were sent to the independent ALS Geochemistry laboratories in Johannesburg, South Africa for analyses. From April 2013 onwards, pulps have been sent to ALS Geochemistry in North Vancouver, Canada for analyses.

At Sahel Laboratory samples were prepared using a standard rock preparation procedure. Quarter or half core was ground using a jaw crusher until 95% of the material passed a 2 mm mesh. One-eighth of this was taken and pulverized until 90% of the material passed through a 75-micron mesh. One hundred grams of the resulting pulp is sent to the ALS laboratory for assay. The remaining rejects were returned to GAFC and transported back to the field camp for storage. Up until April 2013, prepared pulp samples sent to ALS Geochemistry in Johannesburg and were assayed for a suite of elements (including uranium) using ICP-atomic emission spectroscopy (ICP-AES) (ME-ICP61) and XRF spectroscopy (ME-XRF05). In April 2013, prepared pulp samples were sent to ALS Geochemistry in North Vancouver, where samples were assayed for uranium using XRF spectroscopy (ME-XRF05; ME-XRF10).

#### *Quality Control and Data Verification*

GAFC has set in a place a number of quality assurance and quality control measures to ensure the reliability and trustworthiness of exploration data. Five different reference materials are employed and sent blind to the assay laboratory for analysis. Field duplicate and blank samples are also inserted into the assay stream. The quality control programs also include a small check assaying program at the SGS laboratory in Lakefield, Canada, which is ISO/IEC 17025 accredited. The check assaying program is not undertaken on an ongoing basis.

Dmitry Pertel (Qualified Person) visited the project site from March 20, 2017 through to April 6, 2017. During the visit, Dmitry Pertel reviewed geological reports, drilling procedures and surveys, logging facilities and overall deposit geology. Geological exploration drilling procedure, core recovery methods and documentation and geophysical logging have been analyzed from the provided reports. CSA Global has reviewed the drill logs, cross sections, and plan maps for the DASA geological database. All work relating to geological exploration and leach testing was found to be of a high quality. The data is considered suitable for Mineral Resource estimation.

#### Mineral Processing and Metallurgical Testing

G AFC has conducted an extensive rotary circulation and diamond drilling programs in the DASA 1, DASA 2 and DASA 3 areas from 2011 to 2018 as well as trenching and surface sampling and shipped in core boxes or in rice bags secured with security seals to SGS Mineral Services, Lakefield, Ontario, Canada and Mintek, Randburg, South Africa.

The samples were used to help develop the process flowsheet, which included: mineralogical characterization work, ore sorting, comminution work, roll bottle and variability leach testing and heap leach work and geo-mechanical characterization.

#### Mineral Resource Estimate

Geological interpretation and wire-framing were updated and completed by CSA Global based on all available data up until June 2018. It included interpretation of the main mineralized bodies based on a nominal cut-off grade of 100 ppm  $U_3O_8$ , and of the main faults that control mineralized bodies. Closed wire-frame models were generated for each modelled mineralized body. The work was used to complete a Mineral Resource Estimate (“MRE”) for the project.

The MRE has been classified and reported in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM 2014”) guidelines. Mineral Resource classification is based on confidence in the adopted sampling methods, geological interpretation, drillhole spacing and geostatistical measures.

The Ordinary Kriging method was chosen to interpolate uranium grades into a block model. A dry bulk density value of 2.36 t/m<sup>3</sup> was calculated following exploration programs and directly assigned to the model.

The MRE is reported in two parts; those that have potential for extraction by open cut mining methods, and the deeper higher-grade material outside of the open pit that may be amenable to underground mining. The open pit Mineral Resources are the parts of the deposit above a cut-off grade of 320 ppm  $eU_3O_8$  that fall within a conceptual optimized pit shell. Higher-grade material above a cut-off grade of 1,200 ppm  $eU_3O_8$  outside of the optimized pit shell was considered for underground mining. The Mineral Resource statement is shown in Table 2.

**Table 2: DASA Mineral Resources as at 1 June 2018**

Category	Tonnes (Mt)	$eU_3O_8$ (ppm)	Contained metal (Mlb)
Indicated Open Pit	7.08	3,251	50.8
Indicated Underground	2.50	2,553	14.1
<b>Total Indicated Resources</b>	<b>9.59</b>	<b>3,068</b>	<b>64.8</b>
Inferred Open Pit	0.26	1,135	0.7
Inferred Underground	8.18	2,647	47.7
<b>Total Inferred Resources</b>	<b>8.44</b>	<b>2,600</b>	<b>48.4</b>

*Notes:*

- Mineral Resources are based on CIM definitions.
- Mineral Resources for open pit mining are estimated within the limits of an ultimate pit shell.
- Mineral Resources for underground mining are estimated outside the limits of ultimate pit shell.
- Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- A cut-off grade of 320 ppm  $eU_3O_8$  has been applied for open pit resources.
- A cut-off grade of 1,200 ppm  $eU_3O_8$  has been applied for underground resources.
- A bulk density of 2.36 t/m<sup>3</sup> has been applied for all model cells.
- Numbers may not add up exactly due to rounding.

The updated MRE was used as the basis for the PEA. The PEA has involved several iterations of mining study design, which has included the investigation of open pit and underground mining methods to exploit the resources. Based on this investigation the most attractive returns are generated from a stand-alone, underground, high-grade mining scenario which will operate for period of 15 years and will produce between 4 million pounds (Mlb) and 7 Mlb of  $U_3O_8$  annually.

The objective of the PEA was to assess the potential economic and technical viability of uranium production at DASA as an integrated operating facility to mine and recover a uranium concentrate on the property.

As a “value opportunity”, CSA Global developed the Alternative Mining Strategy (“AMS”), whereby GAC could achieve positive cash flow with minimal upfront capital by selling mineralized rock directly to Orano as per a Memorandum of Understanding that GAFC has with Orano. For avoidance of doubt, the Alternative Mining Strategy is an option outside of the PEA study and has not been investigated with the same level of detail.

The PEA was completed in accordance with NI 43-101 and CIM standards of disclosure. The PEA is preliminary in nature and includes Inferred Mineral Resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that PEA results will be realized. Mineral Resources are not Mineral Reserves and do not demonstrate economic viability.

### Mining Operations

The PEA proposes the development of an underground mine using a sublevel blast-hole retreat and backfill mining method. The mining method proposed includes the trackless short-hole development of the main decline ramps, strike and crosscut drives as primary and secondary accesses to the orebody on a 24 m sublevel spacing and a 20 m collection drive spacing.

Standard trackless underground mining equipment is proposed and will comprise electro-hydraulic face drilling rigs and support drilling rigs. Proposed material handling equipment will comprise a diesel-powered 7-tonne loader and 33-tonne trucks. Ancillary equipment will consist of diesel powered modified charge-up vehicles, utility vehicles and other light vehicles. The longhole stoping operation proposed will utilise an electro-hydraulic longhole production jumbo capable of drilling accurate holes up to 35 m in a ring fired pattern and will be developed on a retreat basis. Blasted mineralized material will be mucked using a teleremote capable 7-tonne loader and loaded into either 33-tonne haul trucks or a mucking bay.

It is proposed that the depleted stopes will be backfilled using a combination of waste rock from development, classified tailings and binding agents. Broken material will be transported via the ramp and main decline system to surface in 33-tonne haul trucks for dumping at either run of mine (ROM) pad crusher feed bin, surface stockpile or waste dump storage facility.

The PEA considered the spatial distribution of the mining areas based on grade distribution and determined a two-stage phased approach is optimal for mining the DASA resource:

- Stage 1 (years 1 to 6): Optimize to grade by accessing high grade areas of the deposit as early as possible, maintaining high grade, 4,000 ppm U<sub>3</sub>O<sub>8</sub> feed, at 900 kt/a mining rate. Blending of mineralized material will be managed from stockpiles during this period to control feed grade to the processing plant.
- Stage 2 (years 7+): Based on the current modelled resource, grades will be blended to provide a target feed grade of 1,800 ppm U<sub>3</sub>O<sub>8</sub> at a mining rate of 1,200 kt/a to the process plant. As additional drilling is completed, high-grades areas may continue on strike and down dip.

**Table 3: PEA summary – standalone underground operation**

<b>Input</b>	<b>Unit</b>	<b>Value</b>
Mineralized Material Processed	million tonnes (Mt)	15.9
Extraction Ratio		85%
Dilution		34%
Mill Head Grade	ppm	2,380
Mill Recovery		84.3%
Total Recovered Uranium	million lb (Mlb)	69.1
Mine Life	years	15
Annual Tonnage (Phase 1 – first six years)	kKt/a	900
<b>Average Annual Production (Phase 1)</b>	<b>Mlb U<sub>3</sub>O<sub>8</sub></b>	<b>7.0</b>
<b>Average Annual Production (Phase 2)</b>	<b>Mlb U<sub>3</sub>O<sub>8</sub></b>	<b>4.0</b>
<b>CAPITAL COSTS</b>		
Mine Development	US\$M	\$49.5
Mill	US\$M	\$141.2
Surface Infrastructure	US\$M	\$45.4
Owner's Cost	US\$M	\$8.7
Indirects/EPCM	US\$M	\$11.1
Contingency (25%)	US\$M	\$64.0
<b>Total Construction Costs (including Contingency)</b>	<b>US\$M</b>	<b>\$319.9</b>
Sustaining Capital Costs	US\$M	\$137.2
Reclamation	US\$M	\$10.0
<b>Total Capital Costs</b>	<b>US\$M</b>	<b>\$467.1</b>
<b>OPERATING COST</b>		
Mining	US\$/lb	\$12.26
Processing	US\$/lb	\$10.80
Transport and Marketing	US\$/lb	\$1.50
General and Administration (G&A)	US\$/lb	\$1.91
<b>Total Operating Cost</b>	<b>US\$/lb</b>	<b>\$26.52</b>
Sustaining Capital	US\$/lb	\$1.99
<b>All-in Sustaining Cost</b>	<b>US\$/lb</b>	<b>\$28.51</b>

At the request of GAFC, CSA Global developed an Alternative Mining Strategy. In this scenario, mining throughput is significantly reduced, and the highest-grade and shallowest stopes are mined first. Average mining output is approximately 360 kt/a and mineable grade is similar to Stage 1 of mining in the DASA Standalone Scenario. The initial ramp infrastructure to access the first stopes is the same as the PEA mine plan. The material movement is summarized and compared with the PEA project in Table 4.

**Table 4: Comparison of mining throughput between the PEA and the Alternate Mining Strategy**

	Unit	Alternative Mining Strategy	DASA Standalone Stage 1	DASA Standalone Stage 2
Annual mining tonnage	tonnes	360,000	900,000	1,200,000
Grade mined	ppm	3,698	3,790	1,784
ROM annual contained uranium	Mlb U <sub>3</sub> O <sub>8</sub>	2.8	7.5	4.7

#### Processing and Recovery Operations

The metallurgical workstream to support the PEA included comminution work, leach characteristics, settling tests and mineralogy. Based on the work completed on the samples selected from the orebody and the review of the performance during various tests and conditions, an acid leach/resin-in-pulp flowsheet has been suggested for the processing of the DASA deposit. The process plant has been sized to process 1.2 Mt annually (3,500 tonnes per day) and to recover up to 8 Mlb U<sub>3</sub>O<sub>8</sub> on an annual basis. The plant will be run from grid power and will require 7 MW of installed capacity. Mineralized material processed in Stage 1 production (years 1 to 6) will be limited to 900,000 tonnes per annum (t/a) to support ~7 Mlb U<sub>3</sub>O<sub>8</sub> product annually. Mineralized material processed in Stage 2 production (year 7 onward) will be limited to 1,200,000 t/a to support 4–5 Mlb U<sub>3</sub>O<sub>8</sub> product annually.

Mineralized material from the mine would be crushed to 200 mm and then milled to a particle size of 106 um using a semi-autogenous grinding (SAG) mill. The slurry is pumped to a series of leach tanks where sulphuric acid is mixed with the slurry to leach the uranium. The slurry is then pumped to the resin tanks where the uranium in solution is adsorbed onto the resin beads. Once the uranium has been adsorbed onto the resin, the barren slurry is then neutralized with lime and pumped to a tailings dam for storage.

The slurry resin mixture is then screened so the loaded resin can be collected into an elution column where the uranium is removed, or eluted, from the resin using sulphuric acid. The acidic uranium rich solution is now pumped to the refining stage where hydrogen peroxide is used to precipitate the uranium as final uranyl peroxide (UO<sub>4</sub>) or “yellowcake” product. The mixture is filtered, dried and packaged in drums for export.

Acid will be generated on site; an acid consumption rate of 120 kg/t of material treated is assumed. Water will be supplied by local boreholes.

Overall process recovery is modelled at 84.3% and is expected to improve with additional testwork during the Feasibility Study.

#### Infrastructure, Permitting, and Compliance Activities

The DASA Project is located some 120 km northwest from the town of Agadez and 80 km to the southeast of the town Arlit. There is no discernible human activity or habitation within the immediate area of the project, however, nomadic herders have been reported. The project is currently a greenfields exploration site and currently has minimal infrastructure including a 100-man exploration camp, logging facilities and garage.

The site is currently accessed from the main sealed road (N25) via an unsealed exploration track in reasonable repair. There are no waterways or rail networks within close proximity to the project area and all construction material, equipment and consumables will need to be transported via heavy truck and trailer from ports located in the Gulf of Guinea.

A town to the south “Agadez” is electrified from stepped down supply from the 132 KV main distribution line located some 37 km to the northwest. The 132 KV overhead distribution line runs past the mine site alongside the main sealed N25 road to Arlit. The construction of a 5.2 km overhead line will be required to connect to the 132 KV line.

Preliminary surface and groundwater estimates have indicated that the project will have a negative water balance and the mining and processing water requirements will require augmentation by a planned well field. Preliminary hydrology work indicates that the area is endowed with two aquifer groundwater sources that may provide the water requirements for the planned mining activities at DASA Project site.

A Mining Permit is required for mineral extraction, granting the holder exclusive rights of prospecting, exploration, mining and disposal of mining substances for which it was issued and without limitation as to depth. Niger has a long history of uranium development and foreign investment is viewed as a key to economic growth. The Government of Niger is supportive of DASA development. To meet permitting requirements, GAFC is targeting to deliver a Feasibility Study and Environmental Impact Study in H1 2019. GAFC expects the overall permitting process to take four to six months, consistent with the timeline of other uranium projects recently permitted in Niger.

#### Capital and Operating Costs

Capital and operating cost for the PEA were estimated based on detailed mine designs and the associated mining schedule. Mine development includes a 3,778 m-long x 6.5 m-wide x 4.5 m-high ramp as the main decline. The ramp has been sized to potentially support a future conveying system alongside vehicle access. If no conveying system is needed, ramp dimensions will be reduced; a value opportunity that will be explored in subsequent study.

Power will be provided through existing electricity infrastructure. A cost of US\$4.5 million is assumed for connection to the grid which currently passes directly adjacent to the project and supplies power to Orano’s operations in Arlit.

Other surface infrastructure includes basic infrastructure (US\$15.9 million), acid plant (US\$10.0 million), water purification (US\$5 million) and tailings management facility (US\$8.5 million).

A 25% contingency (US\$64 million) was added to Total Construction Costs.

Total construction costs in the DASA Standalone Scenario are US\$319.9 million, including contingencies.

Sustaining capital of US\$137 million is added for provisioning of mine development cost, major equipment replacement and refurbishment. These items will include mechanized mining equipment and major processing plant equipment components.

Should the Alternative Mining Strategy be considered in the development plan the capital costs reduce significantly to US\$34.8 million, supporting a mine camp and critical surface infrastructure required to begin mineralized rock shipments off-site. Mine development is assumed to be completed by contract mining and allocated as an operating expense. A comparison between the capital required for the Alternative Mining Strategy and the PEA is provided in

Table 5.

**Table 5: Capital costs – Alternate Mining Strategy vs DASA PEA Standalone Scenario**

	<b>Alternate Mining Strategy (US\$M)</b>	<b>DASA Standalone Scenario (US\$M)</b>
Mine Development <sup>(1)</sup>	\$16.0	\$49.5
Mill	\$0.0	\$141.2
Surface Infrastructure	\$14.9	\$45.4
Owner’s Cost	\$0.3	\$8.7
Indirects/EPCM	\$0.4	\$11.1
Contingency	\$3.1	\$64.0
<b>Total Construction Costs</b>	<b>\$34.8</b>	<b>\$319.9</b>
Sustaining Capital Costs	\$2.5	\$137.2
Reclamation Costs	-	\$10.0
<b>TOTAL CAPITAL COSTS</b>	<b>\$37.3</b>	<b>\$467.1</b>

*Note<sup>1</sup>: Under the Alternative Mining Strategy, all mine development costs are expensed as incurred after the initial year. Approximately US\$16 million of such development costs are incurred prior to mining of first mineralized material.*

The mining costs for the PEA project are estimated to be US\$12.26/lb U<sub>3</sub>O<sub>8</sub> (US\$53.25/t) based on an owner operator model. Ramp and access development are capitalized prior to mineralized material production and expensed as a component of operating costs thereafter.

Process costs are calculated to be US\$10.80/lb based on US\$46.92/t of mineralized material treated with the largest consumable being reagents. The processing facility will be operated and maintained by a staff of 150 people and work on 2 x 12-hour shifts, 365 days a year. A cost breakdown for operating costs is provide in Figure 1.

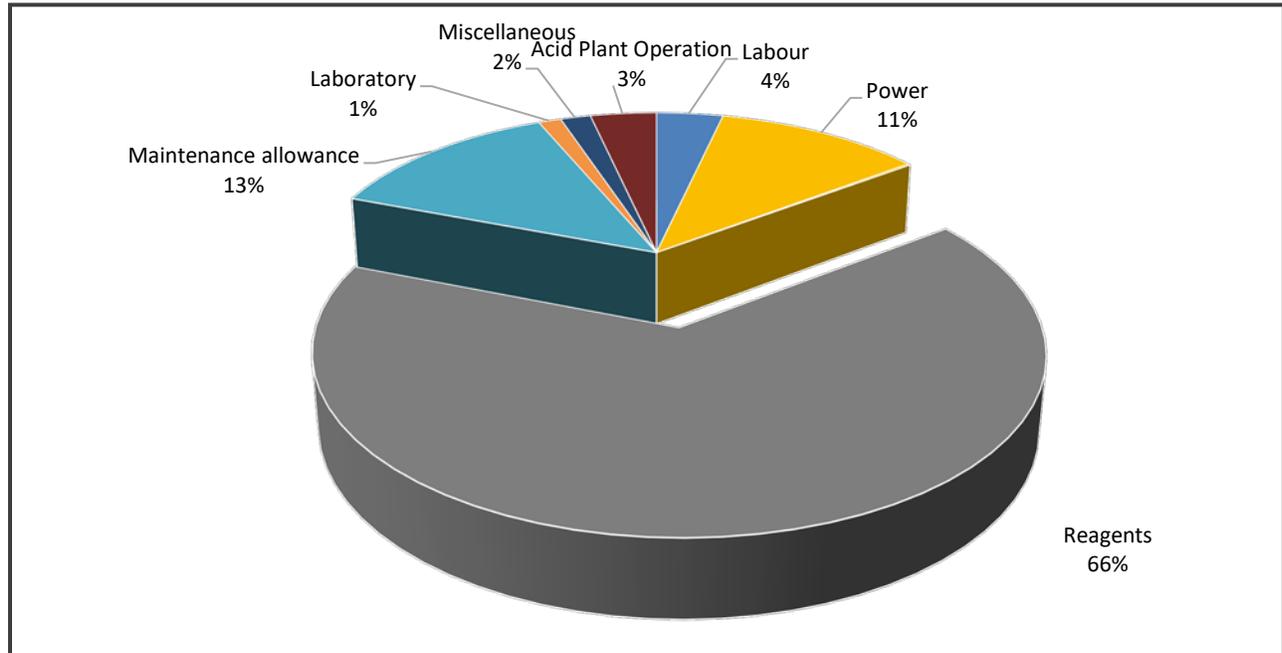


Figure 1: Processing cost breakdown

Table 6: Operating costs – DASA PEA Standalone Scenario

	US\$/t processed	US\$/lb U <sub>3</sub> O <sub>8</sub>
Mining	\$53.25	\$12.26
Processing	\$46.92	\$10.80
Transport and Marketing	\$6.52	\$1.50
G&A	\$8.28	\$1.91
<b>Cash Operating Cost</b>	<b>\$114.96</b>	<b>\$26.52</b>
Sustaining Capital	\$8.63	\$1.99
<b>All-in Sustaining Cost</b>	<b>\$123.59</b>	<b>\$28.51</b>

Costs for G&A include a 450-person camp and facilities, camp staffing and head office costs. Cash operating cost totals US\$26.52/lb U<sub>3</sub>O<sub>8</sub> (US\$114.96/t). Including sustaining capital, all-in sustaining cost totals US\$28.51/lb U<sub>3</sub>O<sub>8</sub> (US\$123.59/t).

The Alternative Mining Strategy factors in a contractor mining scenario. To account for this, a contractor mining operating charge of 12.5% are factored mining operating costs. However, increased contractor costs are offset by higher U<sub>3</sub>O<sub>8</sub> production due to higher grade stopes. The net effect is lower costs on a per pound of uranium as shown in Table 7 below.

**Table 7: Mining cost comparison between the PEA and Alternative Mining Strategy**

	Unit	Alternate Mining Strategy	DASA Standalone Scenario
Mining cost – per tonne	US\$/t	\$67.91	\$53.25
Mining cost – per pound	US\$/lb U <sub>3</sub> O <sub>8</sub>	\$9.88	\$12.26

Economic Analysis

The economic analysis for the PEA was done via a discounted cash flow (DCF) model based on the mining inventory from the PEA mine plan. It included an assessment of the current tax regime and royalty requirements in Niger. Net present value (NPV) figures are calculated using an 8% discount rate and cash flows are discounted to the start of first construction.

Under Niger mining code, a Niger Mining Company must be established to operate the mine, of which the Republic of Niger is granted a 10% carried interest in the share capital. Cash flows calculated on an after-tax basis are considered attributable to the project and have not been adjusted for Niger Mining Company share interests.

**Table 8: NPV and internal rate of return (IRR) summary for the PEA at different uranium prices**

	Unit	Uranium price (US\$/lb U <sub>3</sub> O <sub>8</sub> )		
		\$45.00	\$50.00	\$55.00
<b>Pre-tax</b>				
NPV @ 8%	US\$ M	\$342	\$539	\$735
IRR		27%	37%	46%
<b>Post-tax</b>				
NPV @ 8%	US\$ M	\$172	\$299	\$437
IRR		18%	25%	32%

An after-tax cash flow and NPV were calculated, based on the following tax calculations:

- The income tax rate in Niger is 30%, companies are provided a three-year tax exemption and benefit from accelerated depreciation on capital expenditures. All value-added tax (VAT) is recoverable.
- A sliding scale royalty is paid on revenues, based on operating margin percentages:
  - Operating margin <20%: Royalty = 5.5%
  - Operating margin of 20% to 50%: Royalty = 9.0%
  - Operating margin >50%: Royalty = 12.0%

For completeness, CSA Global completed a cash flow estimate for the Alternative Mining Strategy. Total costs including mining, G&A and sustaining capital are US\$10.94/lb of contained uranium. Considering this, the Alternative Mining Strategy generates cash flow at near-term uranium prices as forecast by industry analysts. Given the minimal initial capital of US\$37 million (including contingency) to achieve first production this scenario is potentially an economic alternative to commence mining in an environment of lower uranium prices.

CSA Global concludes the following:

- The data and work completed to date is of a high standard, allowing the estimation of a reliable Mineral Resource for the project.

- The mineral resource model classified as Indicated is sufficiently reliable to support engineering and design studies to evaluate the economic viability of a mining project.
- Continued exploration and evaluation programs are warranted at the project, and completion of a more detailed feasibility study.
- Significant upside exists to extend and upgrade the Mineral Resources at the DASA Project. Mineralization is open to the north and south, and several sections of the deposit would benefit from infill drilling to improve the Mineral Resource classification.
- Infill drilling in critical areas would significantly reduce any potential risk in future Mineral Resource updates and further economic assessment of the project, particularly at the deeper parts of the deposit that may be amenable to underground mining.
- Results of the metallurgical testwork shows the mineralogy and metallurgy of the DASA mineralization is readily amenable to acid leaching with conventional uranium recovery – similar to the Orano operation at Arlit, Niger. Fine grinding is not required for acceptable uranium recovery; a grind to P80 of 170 µm is adequate.
- The project is potentially economically feasible should a long-term uranium price of \$50/lb be achieved. This could be achieved by various mining methods both underground and via open cut. The proposal outlined in this PEA is one of the possible mining scenarios.
- The project has robust resource base with opportunities to expand; further engineering studies are warranted to better define the value of the project.
- CSA Global conclude the project warrants additional study via preliminary feasibility study (PFS) to assist permitting and to improve confidence in the engineering and economic modelling for the project.

### ***Recommendations***

CSA Global recommends the following (with approximate costs in Brackets) be completed to support the exploration and evaluation effort:

- Current quality assurance/quality control (QAQC) procedures should be maintained to ensure high-quality data is available for subsequent MRE's.
- Further exploration is required to upgrade the confidence of the extent and quality of mineralization at the deeper parts of the DASA deposit (mainly inside the graben). This would include drilling, downhole logging and stratigraphy studies (CAD \$5M)
- The project should be the subject of a PFS to improve confidence in the engineering and economic modelling (CAD\$1M).
- Additional metallurgical tests are recommended to establish if any variability exists in the various domains of the deposit; that is, the low-grade blanket, the Flank Zone and deep mineralization. The testwork should take account of variations in grade and host rock through the mining sequence so as to optimize recovery from all potential ore types (CAD\$500k).
- More detailed engineering studies are recommended and should focus on:
  - Assessing if open cut mining should be considered to commence mining in advance of underground mining (Included in PFS above)
  - Investigate the possibility of a low-grade heap leach operation (Included in PFS above);
  - A trade-off study on the sizing of the main decline and other development (Included in PFS above);

- More detailed design of stopes and mining methods (Included in PFS above);
- A geotechnical study to establish physical characteristics and rock mechanics of all rock types likely to fall within the mine (CAD\$200k); and
- Complete more detailed work on Hydrology and hydrogeology to support mine planning (CAD\$500k)

## **RISK FACTORS**

An investment in the securities of the Company is speculative and involves significant risks which should be carefully considered by prospective investors before purchasing such securities. In addition to the other information set forth elsewhere in this Annual Information Form, the following risk factors should be carefully reviewed by prospective investors:

### **General Risks**

#### ***Limited Operating History***

The Company has a limited history of operations, business and mining operations, and no mineral production history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. There is no assurance that the Company will be able to successfully complete its financing and development plans or operate profitably over the short or long term. The Company has incurred net losses and negative cash flow from mineral operations to date and there is no assurance that the Company will earn profits, or that profitability, if achieved, will be sustained. Shareholders will have to rely on the expertise and good faith of management to identify, acquire, develop and operate commercially viable mineral projects. No assurance can be given that the Company's investigations and efforts will result in the acquisition and development of commercially viable mineral sources. If the Company's efforts are unsuccessful over a prolonged period of time, the Company may have insufficient working capital to continue to meet its ongoing obligations and its ability to obtain additional financing necessary to continue operations may also be adversely affected. Even if the Company is successful in developing one or more mineral projects, there is no assurance that these projects will be profitable.

#### ***Reliance on the Directors and Officers***

The Company has a small management team and the unexpected loss of any of these individuals would have a serious impact on the business. Specifically, the Company is dependent upon the skills of its directors and officers for the successful operation of its business. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel could have a material adverse effect on the business of the Company. The Company also relies on a team of consultants to carry out its business objectives and the unexpected loss of any of these consultants could have a serious impact on the business.

#### ***Inability to Manage Growth***

If the Company is unable to effectively manage its planned growth and expansion, its growth strategy could be negatively affected. Any inability to manage growth effectively could have a material adverse effect on the business, results of operations and financial condition of the Company.

#### ***Exploration, Development and Operating Risks***

The Company'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, if any.

#### ***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 competes 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 the Mining Division**

##### ***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 involves 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***

The figures for Mineral Resource Estimates contained in the Technical Report are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral resources could be mined or processed profitably. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

CSA Global has prepared an independent technical report on the DASA resource. CSA Global reviewed and confirmed the reliability of the Company's quality assurance and quality control procedures that are the basis of the mineral resource database. CSA Global 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 will be 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 phase, which converts to a mining phase on completion of a feasibility study. The exploration phases have a termination date of January 29, 2021, 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 29, 2021. Additional expenditures will be required by the Company to complete further drilling and other work in support of a feasibility study on DASA. 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%.

### ***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 right 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 Metals Recycling Division**

#### ***Equipment failures***

The Company'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. The Company currently has commitments for sufficient funding to complete the expansion project. However, should there be cost over-runs or additional unanticipated start-up costs 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 Zinc***

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

### ***Investment Risk***

#### ***Investment may be lost***

Although shareholders will not be bound by or be personally liable for the Company's expenses, liabilities or obligations beyond their total original capital contributions, should the Company suffer a deficiency in funds with which to meet its obligations, shareholders as a whole may lose their entire investment.

### ***Dividends***

The Company has never paid any cash dividends and does not currently intend to pay any dividends for the foreseeable future. Because the Company does not intend to declare dividends, any gain on an investment in the Company shares will need to come through an increase in the share price. This may never happen and investors may lose all of their investment in the Company.

### ***Market Price of the Shares***

There can be no assurance that an active market for the shares of the Company will exist. Securities of small and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the attractiveness of certain industries. The price per share is also likely to be affected by change in the prices of uranium and zinc, the US dollar, the Turkish Lira, the Euro, the Canadian dollar, or in the Company's financial condition or results of operations as reflected in its quarterly and annual filings. Other factors unrelated to the performance of the Company that may have an effect on the price of the shares include the following: the extent of analytical coverage available to subscribers concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; and lessening in trading volume and general market interest in the Company's securities may affect a subscriber's ability to trade significant numbers of shares in the Combined Companies, the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities. If an active market for the shares in the Company does not exist, the liquidity of an investment in shares may be limited and the price of the shares may decline.

### **DIVIDENDS**

The Company has not declared or paid any dividends on its Common Shares since the date of its formation. The Company intends to retain its earnings, if any, to finance the growth and development of its business and has no present intention of paying dividends or making any other distributions in the foreseeable future.

## DESCRIPTION OF CAPITAL STRUCTURE

### General Description

The Company is authorized to issue an unlimited number of Common Shares of which, as of the date hereof 142,602,698 Common Shares are issued and outstanding as fully paid and non-assessable Common Shares.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to notice of and to one vote per share at meetings of the shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. All of the Common Shares outstanding are fully paid and non-assessable.

## MARKET FOR SECURITIES

### Trading Price and Volume

During the year ended December 31, 2018, the Common Shares of the Company traded on the TSX Venture Exchange ("TSXV"). The following table sets forth the monthly price ranges and trading volumes of the Common Shares on the TSXV for the 12-month period ended December 31, 2018 and year to date.

Period	High	Low	Volume
January 2018	\$0.40	\$0.24	2,025,630
February 2018	\$0.25	\$0.20	1,510,270
March 2018	\$0.23	\$0.20	3,303,090
April 2018	\$0.29	\$0.21	2,167,230
May 2018	\$0.40	\$0.235	2,157,490
June 2018	\$0.37	\$0.31	1,027,190
July 2018	\$0.34	\$0.275	823,190
August 2018	\$0.36	\$0.28	2,615,940
September 2018	\$0.45	\$0.32	3,765,220
October 2018	\$0.42	\$0.34	1,167,800
November 2018	\$0.40	\$0.28	1,759,780
December 2018	\$0.385	\$0.30	1,242,310
January 2019	\$0.36	\$0.30	1,261,884
February 2019	\$0.355	\$0.32	1,362,553
March 2019	\$0.40	\$0.35	2,311,245
April 2019	\$0.46	\$0.42	2,954,751

Trading Data in the table above is from the Toronto Venture Exchange.

### Prior Sales

The following table contains details of the prior sales of securities of the Company, other than common shares, during the financial year ended December 31, 2018.

Date of Issue	Type of Security	Number of Securities	Price per Security (\$)
April 4, 2018	Stock Options	5,554,190	\$0.275
December 19, 2018	Stock Options	3,069,900	\$0.35

## DIRECTORS AND OFFICERS

The names, provinces and country of residence, period during which each has served as a Director where applicable, positions held with the Company and principal occupation for the past five years of the Directors and Executive Officers are as set out below. The term of office of each current director will expire at the next annual meeting or when his or her successor is duly elected or appointed. The Directors who are members of the company's Audit Committee and Nominating, Compensation and Corporate Governance Committee are noted below.

<b>Name, Place of Residence and Position with Company</b>	<b>Director Since</b>	<b>Principal Occupation</b>
<b>Stephen G. Roman B.A.</b> <sup>(2)</sup> Chairman, President & CEO <i>Ontario, Canada</i>	2005	Founder, Chairman, President & CEO of the Company since January 2009; with over 35 years' experience in mine operations, exploration, mergers and acquisitions. Mr. Roman is also the Chairman, President & CEO of Global Atomic Corporation since 2005.
<b>Paul D. Cronin B. Comm, MBA</b> <sup>(1)</sup> Director <i>Great Barrington, U.K.</i>	2017	Currently CEO and Managing Director of Black Dragon Corp. a publicly listed gold exploration company, Director and Founder of Adriatic Metals plc., an ASX listed company with polymetallic projects in Bosnia and Herzegovina.
<b>Richard Faucher B.Sc.</b> <sup>(1)(2)</sup> Director <i>Quebec, Canada</i>	2010	Director of the Company since June 2011; formerly Vice President, Brunswick Mining & Smelting, President & GM, Falconbridge Dominicana. Director of Global Atomic Corporation and Robex Resources Inc. since 2010, Karmin Exploration Inc. since 2011.
<b>George A. Flach B.Sc., P. Geo</b> Vice President Exploration, Director <i>Takoradi, Ghana</i>	2017	Vice President, Exploration of the Company since 2017; prior thereto Vice President Exploration and Director of Global Atomic Fuels Corp. since 2007 and Harte Gold Corp since January 2009.
<b>Derek C. Rance B.Sc, MBA, P.Eng.</b> <sup>(1)(2)</sup> Director <i>Ontario, Canada</i>	2009	Director of the Company since July 2010; Formerly President and COO of the Iron Ore Company of Canada and currently principal of Behre Dolbear & Company, Inc. since 1997.
<b>Asier Zarrakonandia Ayo B.Econ</b> Director <i>Bilbao, Spain</i>	2010	Director of the Company and CEO of Befesa Zinc S.A.U. a world leader in electric arc furnace dust recyclingsince 2006.
<b>Rein A. Lehari CPA, C.A.</b> Chief Financial Officer <i>Ontario, Canada</i>	-	President of Reindalyne Enterprises Inc. since 2002; provides financial consulting services. Chief Financial Officer of the Company and Harte Gold Corp. since December 2017. Prior thereto Vice President and Director of the Company since 2010 and President from 2008 to 2010. Chief Financial Officer of Global Atomic Fuels Corporation since 2009.
<b>Merlin Marr-Johnson B.Sc, MSc, DIC</b> Executive Vice President Corporate Development <i>Buckinghamshire, UK</i>	-	Over 20 years' experience in the minerals sector, including work as an exploration geologist for Rio Tinto, an analyst for HSBC and a portfolio manager for Blakeney Management has worked on projects in South America, Africa, Central Asia and Europe
<b>Timothy N. Campbell B.A. Hons</b> Vice President & Corporate Secretary <i>Ontario, Canada</i>	-	President of PCSI since 1995; corporate finance, regulatory compliance, government relations, community and aboriginal consulting, permitting, other management services; Vice President & Corporate Secretary of the Company since June 2010. Executive Vice President & Corporate Secretary of Harte Gold Corp. since June 2010.

(1) Member of the Audit Committee.

(2) Member of the Nominating, Compensation and Corporate Governance Committee

The directors and executive officers of the Company, as a group, currently beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 14,190,369 Common Shares representing 10.30% of the issued and outstanding Common Shares.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company or shareholder holding a sufficient number of securities to affect materially the control of the Company (a) is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company, including the Company, that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or (c) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director. Mr. Stephen G. Roman was Executive Chairman of Exall Energy Corporation when it entered receivership on March 25, 2015.

### **(1) Penalties or Sanctions**

None of the directors or officers of the Company or shareholder holding a sufficient number of securities to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

### **(2) Individual Bankruptcies**

None of the directors or officers of the Company has, within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **Conflicts of Interest**

To the best of the Company's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Company, its promoters, directors, officers or other members of management of the Company except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a director, officer, promoter or management of the Company.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty to any of its directors and officers.

## **Audit Committee Disclosure**

In accordance with applicable Canadian securities legislation and, in particular, National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”), information with respect to the Company's Audit Committee is contained below. The full text of the Audit Committee Charter, as passed unanimously by the board of directors, is attached as Schedule “A” to the Annual Information Form.

### ***Composition of the Audit Committee***

For the financial year ended December 31, 2017 the Audit Committee was comprised of Messrs. Cronin, Faucher and Rance. All members of the Audit Committee are independent and “financially literate” as defined in National Instrument 52-110 (“**NI-52-110**”) (Audit Committees).

### ***Relevant Education and Experience***

#### Paul D. Cronin

Mr. Cronin is the Chairman of the Audit Committee and holds B. Comm and M.B.A. degree. Currently CEO and Managing Director of a publicly listed gold exploration company. Prior thereto managed, developed and sold a uranium exploration company, and as an Investment Banker with RMB Resources, London, UK originated, structured and managed debt and equity investments. As a result, he has gained an understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company.

#### Richard R. Faucher

Mr. Faucher is a retired Professional Engineer trained in metallurgical engineering and has extensive experience in the management of large mining and metallurgical projects and held senior management positions in large mining companies; Vice-President, Brunswick Mining & Smelting for Noranda Inc. and President, General Manager of Falconbridge Dominicana, a large nickel mine. As a result, he has gained an understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company.

#### Derek C. Rance

Mr. Rance is a principal of Behre Dolbear & Company Inc. a global mining industry consultancy, and previously President and COO of Iron Ore Company of Canada, Mine Manager at the Dickenson Mine, Red Lake, Ontario and has served on the Board of Directors of a number of public companies including Gold Eagle Mines Ltd. As a result, he has gained an understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company.

### ***Audit Committee Oversight***

At no time during the last financial year did the Company disregard a recommendation put forth by the Audit Committee with respect to the nomination or compensation of an external auditor.

### ***Reliance on Certain Exemptions***

The Company is relying on the exemption set out in Section 6.1 of NI 52-110 with respect to the composition of the Audit Committee and certain reporting obligations.

### ***Pre-Approval Policies and Procedures for Non-Audit Services***

The Audit Committee is responsible for pre-approving all non-audit services to be provided by the external auditor to the Company other than *de minimis* non-audit services referred to in Section 2.4 of NI 52-110. In particular, the Chair of the Audit Committee is authorized to approve any non-audit services. Furthermore, the Audit Committee is required to evaluate the independence and objectivity of the external auditors. The Audit Committee also has the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its d

### ***Pre-Approval Policies and Procedures for Non-Audit Services***

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required to evaluate the independence and objectivity of the external auditors. The Audit Committee also has the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its duties and responsibilities.

**External Auditor Service Fees**

The aggregate fees billed by the Company’s external auditors, PricewaterhouseCoopers LLP in respect of fiscal 2018 and 2017 are set out in the table below. “Audit Fees” refers to the aggregate fees billed by the external auditor. “Audit-Related Fees” includes fees related to the performance of the audit or review of the Company’s financial statements and not reported under Audit Fees including the review of interim filings. “Tax Fees” includes fees for professional services rendered by the external auditor for tax compliance, tax advice, and tax planning. “All Other Fees” includes all fees billed by the external auditors for services not covered in the other three categories.

Year	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2018	\$73,800	Nil	Nil	Nil
2017	\$57,750	\$15,750	Nil	\$61,750

**LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings or regulatory actions by or against the Company or affecting the Company’s business as of the date of this Annual Information Form.

**INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed below, no director, senior officer or principal shareholder of the Company, or any associate or affiliate of the foregoing has had any material interest, direct or indirect, in any transaction within the last three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or will materially affect the Company. Certain directors and officers of the Company were shareholders of Global Atomic Fuels Corporation at the time it was acquired by the Company and received shares of the Company in exchange for their shares of Global Atomic Fuels Corporation.

**TRANSFER AGENT AND REGISTRAR**

TSX Trust Company, 100 Adelaide Street West, Suite 300, Toronto, Ontario, M5H 4H1 is the registrar and transfer agent for the Company.

**MATERIAL CONTRACTS**

There are no material contracts entered into outside the ordinary course of business.

**INTERESTS OF EXPERTS**

Dmitry Pertel, MSc, MAIG, Maxim Seredkin Phd, Maig, Bruce Brady BSc Eng PEng, Mikey Seymour BSc, Russell Bradford, HND Ext Met, Fergus Kerr BSc (Eng.), and Gordon Watts, B.A.SC, PEng, each of them from CSA Global Pty Ltd., prepared the Technical Report. To the Company’s knowledge as at the date of this AIF, the persons or companies referred to above beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the Company.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, is the auditor of the Company and has advised the Company that they are independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

**ADDITIONAL INFORMATION**

Additional information may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company’s information circular for its most recent annual meeting of shareholders

that involved the election of directors, and additional financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial reporting periods.

## SCHEDULE "A"

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF GLOBAL ATOMIC CORPORATION

#### I. AUDIT COMMITTEE PURPOSE

The board of directors (the "**Board**") of Global Atomic Corporation (formerly Silvermet Inc.) (the "**Corporation**") has established an audit committee (the "**Committee**") consisting of members of the Board. The purpose of the Committee is to assist the Board in fulfilling its responsibilities of oversight and supervision of:

- the integrity of the Corporation's accounting and financial reporting practices and procedures;
- the adequacy of the Corporation's internal accounting controls and procedures, management information systems;
- the quality and integrity of the consolidated financial statements of the Corporation; and
- the independence of the Corporation's independent auditors.

This Amended and Restated Charter of the Audit Committee of the Board of the Corporation (the "**Charter**") repeals and supersedes any other Charter of the Audit Committee of the Corporation.

#### II. AUDIT COMMITTEE COMPOSITION

Committee members shall meet the requirements of all applicable stock exchanges and securities commissions and any other agencies having jurisdiction, including at the present time the TSX Venture Exchange and the various Canadian Securities Regulators. The Committee shall be comprised of three directors of the Corporation, a majority of whom are not employees, officers or control persons (as such term is defined by TSX Venture Exchange Policy 1.1 - *Interpretation*) of the Corporation or its Associates or Affiliates (as such terms are defined by TSX Venture Exchange Policy 1.1 - *Interpretation*). The Committee members shall be appointed by the Board. The Committee shall designate the Chair of the Committee annually from amongst its members.

#### III. RESOURCES

The Committee shall have the authority to retain independent legal, accounting and other consultants to advise it and shall have the authority to set and pay the compensation for any such advisors. The Committee may request that, any member of management or outside consultant attend a meeting of the Committee or meet with, any members of, or consultants to, the Committee.

The Committee shall also have the authority to communicate directly with the independent auditor.

#### IV. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharging of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject.

#### V. MEETINGS & OPERATING PROCEDURES

- The Committee shall meet at least four times annually, or more frequently as circumstances dictate.
- A quorum shall be a majority of the members. No business may be transacted by the Committee except at a meeting at which a quorum is present. Alternatively, business may be transacted by the Committee by a resolution in writing signed by all members of the Committee.

- In the absence of the Chair of the Committee, the members shall appoint an acting Chair.
- A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.
- The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.
- The Committee in consultation with management and the independent auditor, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial policies and disclosures.
- The Committee shall communicate its expectations to management and the independent auditor with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the independent auditor in advance of meeting dates!
- The Committee may ask management or others to attend meetings. The Committee should meet privately in executive session at least quarterly, with: (a) management; (b) the independent auditor; and (c) as a committee to discuss any matters that the Committee or each of these groups believe should be discussed.
- Any member of the Committee may be removed or replaced by the Board and shall cease, to be a member of the Committee as soon as such member ceases to be a director of the Corporation. Subject to the foregoing, each Committee member shall hold office until the next meeting of shareholders of the Corporation after his or her election.
- The Committee expects that, in discharging its responsibilities to the shareholders, the independent auditor shall be accountable to the Board through the Committee. The independent auditor shall report all material issues or potentially material issues to the Committee.

#### **VI. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES**

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed on behalf of and for the Board:

##### ***Review Procedures***

The Committee shall:

- Review the Corporation's annual audited financial statements, annual Management Discussion and Analysis, annual earnings press release and related documents prior to any public disclosure of such information and report its findings to the Board for approval. Review should include discussion with management and the independent auditor of significant issues regarding accounting principles, practices, and judgments.
- Review the Corporation's quarterly unaudited financial statements, interim Management Discussion and Analysis, interim earnings press release and related documents prior to any public disclosure of such information and report its findings to the Board for approval. Review should include discussion with management and the independent auditor of significant issues regarding accounting principles, practices and judgments.
- Review and approve, or, in the case of annual financial statements, recommend approval to the Board of, news releases and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements and any other relevant financial matters.
- Ensure that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure stated above, and periodically assess the adequacy of those procedures.
- Consider the independent auditor's judgements about the quality and appropriateness, not just the acceptability of accounting principles and financial disclosure practices of the Corporation, as approved in its financial reporting.
- In consultation with management and the independent auditor, consider the integrity of the Corporation's financial reporting processes and controls; Discuss with them significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditor together with management's responses.
- Review with management and the independent auditor the management certifications of the financial statements as required by Multilateral Instrument 52-109 - *Certification of Disclosure In Companies' Annual and Interim Filings*.

- Review the following with management with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled: (a) management's tolerance for financial risks; (b) management's assessment of significant financial risks facing the Corporation; and (c) the Corporation's policies, plans, process and any proposed changes to those policies for controlling significant financial risks.

### ***Independent Auditor***

The independent auditor is ultimately accountable to the Committee and the Board. The Committee shall:

- Review the independence and performance of the auditor and annually recommend to the Board the appointment of the independent auditor or approve the discharge of the auditor when circumstances warrant.
- Assume direct responsibility for overseeing the work of the independent auditor engaged to prepare or issue an audit report or perform other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the independent auditor regarding financial reporting.
- Evaluate and recommend to the Board the independent auditor to be nominated to prepare or issue an audit report or perform other audit, review or attest services for the Corporation, the terms of engagement and the compensation of the independent auditor.
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its independent auditor. Authority to pre-approve non-audit services may be delegated to the Chair of the Committee, provided that the pre-approval is presented to the full Committee at its first scheduled meeting following such pre-approval.
- On an annual basis, review and discuss with the independent auditor all significant relationships they have with the Corporation that could impair the auditor's independence.
- Review the independent auditor's audit plan; discuss scope, staffing, locations, reliance upon management and internal audit and general audit approach.
- Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditor. Discuss certain matters required to be communicated to audit committees. Review the results of independent audits and any change in accounting practices or policies and their impact on the financial statements.
- Where there are unsettled issues raised by the independent auditor that do not have a material effect on the annual audited financial statements, require that there be a written response identifying a course of action that would lead to their resolution.
- Review and approve the Corporation's hiring policies regarding partners, employees, former partners and former employees of the present and former independent auditor of the Corporation.

### ***Ethical and Legal Compliance***

The Committee shall:

- On at least an annual basis, review with the Corporation's counsel: (a) any legal matters that could have significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations; and (b) any inquiries received from regulators or governmental agencies.
- Perform any other activities consistent with this charter, the bylaws of the Corporation and governing law as the Committee or the Board deem necessary or appropriate.

### ***Other***

The Committee shall:

- Ensure that the Chief Financial Officer of the Corporation is financially literate. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- Establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

- If management solicits proxies from the Corporation's security holders for the purpose of electing directors to the Corporation's Board, ensure that the management information circular contains the prescribed disclosure regarding the Committee, and if the Corporation prepares an annual information form, that such annual information form contains the prescribed disclosure regarding the Committee.
- Review and recommend to the Board for approval all non-arm's length transactions involving the Corporation and any director, officer, employee, representative or significant security holder.
- Annually conduct self-assessment of the performance of the Committee, including a review and discussion of the Committee's roles and responsibilities, seeking input from management and the Board.
- Review and reassess the adequacy of this Charter at least annually, submit it to the Board for approval and ensure that it is in compliance with applicable regulations.