



# PRESS RELEASE

## **GLOBAL ATOMIC ANNOUNCES SECOND QUARTER 2018 RESULTS NET INCOME FOR Q2 INCREASED 175% TO \$1.1 MILLION ATTRIBUTABLE EBITDA FOR Q2 INCREASED 152% TO \$4.2 MILLION**

**Toronto, ON, August 28, 2018:** Global Atomic Corporation (“Global Atomic” or the “Company”), (TSX-V: GLO, FRANKFURT: G12) is pleased to announce its operating results for the second quarter (“Q2”) and first half (“H1”) ended June 30, 2018.

### **HIGHLIGHTS**

- Consolidated net income for the Company was \$1.1 million for Q2 2018 and \$4.8 million for H1 2018, an increase of 175% from Q2 2017 and 71% from H1 2017.
- The Befesa Silvermet Turkey, S.L. (“BST”) joint venture shipped 8.2 million pounds of zinc in concentrate for Q2 2018 and 19.1 million pounds in H1 2018, an increase of 49% from Q2 2017 and 22% from H1 2017. Global Atomic holds a 49% interest in the BST joint venture.
- Global Atomic’s 49% share of EBITDA in the BST joint venture was \$4.2 million for Q2 2018 and \$9.1 million for H1 2018, an increase of 152% from Q2 2017 and 76% from H1 2017.
- Expansion and modernization of the Turkish processing plant was started in Q2, expected to increase annual production to 66 million pounds (100%), with start up in September 2019.
- Completed an updated National Instrument (“NI”) 43-101 Mineral Resource Estimate on the Niger DASA uranium project:
  - Tripled Indicated Resources to 64.8 million pounds and improved grade 18% to 3,068 ppm eU<sub>3</sub>O<sub>8</sub>.
  - Inferred Resources of 48.4 million pounds grading 2,600 ppm eU<sub>3</sub>O<sub>8</sub>.
- Near surface drilling confirmed the Company’s understanding of structure and high grade continuity at the Flank Zone at DASA.
- Step-out drilling has returned several high grade extensions on strike and down dip at the Tegama Hill zones.

### **OUTLOOK**

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

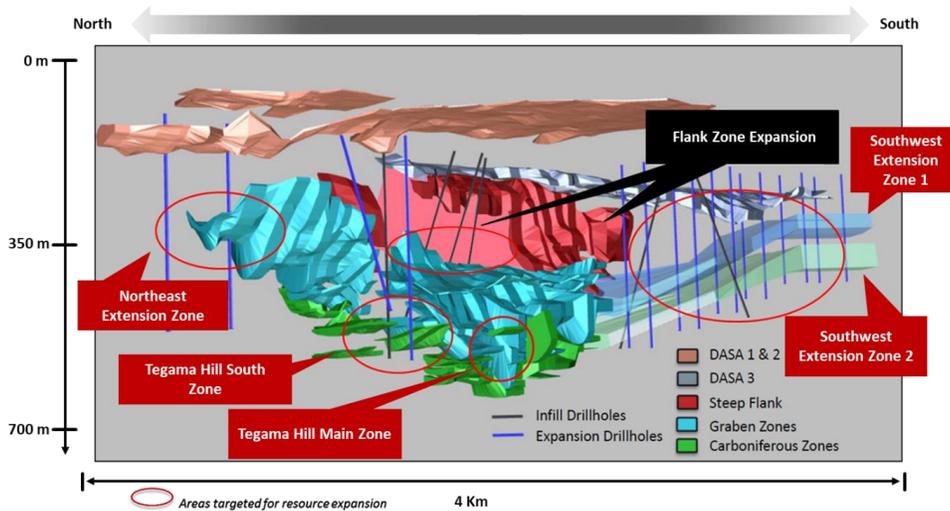


- Global Atomic continues to work cooperatively with Orano Mining Ltd. (formerly AREVA Mining) to evaluate plans to ship DASA uranium bearing material to its nearby mill for processing.

## URANIUM DIVISION RESULTS

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

### DASA Targeted Drill Areas (Looking East)



Near surface drilling at the Flank Zone completed in the first half of 2018 was used as the basis for an updated National Instrument (“NI”) 43-101 Mineral Resource Estimate, prepared by CSA Global Pty Ltd. (“CSA Global”). The NI 43-101 Mineral Resource Estimate incorporated an additional 36 drill holes totaling approximately 15,000 metres drilled from January to June 2018. In a report dated June 30, 2018, CSA Global concluded on the following Mineral Resource Statement for DASA:

Category	Tonnes Mt	eU <sub>3</sub> O <sub>8</sub> ppm	Contained metal Mlb
Indicated – Pit Constrained	7.08	3,251	50.8
Indicated – Underground	2.5	2,553	14.1
<b>Total Indicated</b>	<b>9.59</b>	<b>3,068</b>	<b>64.8</b>
Inferred – Pit Constrained	0.26	1,135	0.7
Inferred – Underground	8.18	2,647	47.7
<b>Total Inferred</b>	<b>8.44</b>	<b>2,600</b>	<b>48.4</b>

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

- Mineral Resources are based on CIM definitions and is reported as at 1<sup>st</sup> June 2018.
- Mineral Resources for pit constrained resources are estimated within the limits of an ultimate pit shell
- Mineral Resources for underground resources are estimated outside the limits of ultimate pit shell.
- A cut-off grade of 320 ppm eU<sub>3</sub>O<sub>8</sub> has been applied for open pit resources.
- A cut-off grade of 1200 ppm eU<sub>3</sub>O<sub>8</sub> has been applied for underground resources.
- A bulk density of 2.36t/m<sup>3</sup> has been applied for all model cells.
- Rows and columns may not add up exactly due to rounding.



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

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

## BASE METALS DIVISION RESULTS

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

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

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

The following table summarizes comparative results for the Q1 and H1, ended June 30, 2018 and 2017 of the BST joint venture at 100%.



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

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

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

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

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

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



## LIQUIDITY AND FINANCIAL POSITION

### *Working Capital*

The Company reported a working capital surplus of \$0.9 million at June 30, 2018. Throughout the year, the Company receives its share of management fees and sales commissions from the Turkish operations, which amounts fund the various corporate costs.

### *Capital resources*

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

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

### **QP Statement**

George A. Flach, Vice President of Exploration, P.Ge. is the Qualified Person (QP) as defined in NI 43-101 and has prepared, supervised the preparation of, and approved the scientific technical disclosure in this news release.

### **About Global Atomic**

Global Atomic is a TSX Venture listed company providing a unique combination of high grade uranium development and cash flowing zinc concentrate production.

The Company's Uranium Division includes six 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 Emoies III concession, discovered in 2010 by Global Atomic geologists through grassroots field exploration.

Global Atomic's Base Metals Division holds a 49% interest in Befesa Silvermet Turkey, S.L. ("BST") joint venture, which operates a processing facility located in Iskenderun, Turkey that converts Electric Arc Furnace Dust into a high-grade zinc oxide concentrate and sold to zinc smelters around the world. The Company's joint venture partner, Befesa Zinc S.A.U. ("Befesa", listed on the Frankfurt exchange under 'BFSA'), holds a 51% interest in and is the operator of the BST joint venture. Befesa is a market leader in EAFD recycling, capturing approximately 50% of the European EAFD market with facilities located throughout Europe and Korea.

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