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Global Atomic Corporation

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Global Atomic Corporation will support uranium exploration and development work with significant cash flow from Turkish zinc assets

Global Atomic Corporation (TSE:GLO) is "two businesses in one company", according to Executive Vice President Merlin Marr-Johnson.

There's zinc recycling in Turkey, and uranium exploration and development in Niger.

If that doesn't seem like a natural coupling in terms of commodity or jurisdiction, then consider it from a financial perspective.

It's long been a truism that the most investable exploration companies are the ones that can generate their own cash flow, for the simple reason that they're not diluting shareholders all the time.

Strategic Minerals (LON:SML) is an example of this, with its Cobre magnetite project in New Mexico funding all kinds of exploration in places as far flung as England and Australia.

Global Atomic is another.

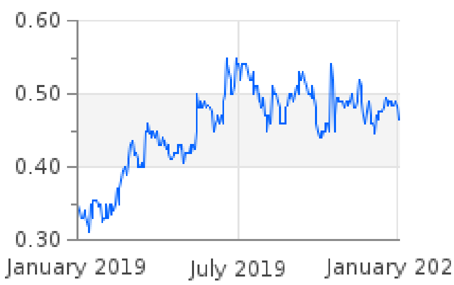
The company's zinc recycling operation Befesa Silvermet Turkey (BST), held in joint venture with Spanish giant BEFESA, generated earnings last year of C$13.5mln, of which C$7.4mln was dividended out to Global Atomic.

In this particular instance, Global Atomic chose to reinvest much of that into an expansion of the BST operation, but in 2018 the dividend from the recycling paid for the very successful drilling campaign on the company's DASA uranium project in Niger.

Price: 0.465

Market Cap: $67.61 m

1 Year Share Price Graph



Share Information

Code:		GLO
Listing:		TSX
52 week	**High**	**Low**
	0.56	**0.31**
Sector:		**Uranium**
Website:		**www.globalatomiccorp.com**

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

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Indeed, the two businesses were brought together 18 months ago precisely to allow this dynamic. Back then Global Atomic, a private vehicle containing the Niger uranium licences, was merged Venture-listed Silvermet, which held the Turkish assets.

Global Atomic chief executive Steven G. Roman was also chief executive of Silvermet at the time of the transaction, and boasts considerable uranium expertise through his time at, and connections with, Denison Mines (TSE:DML). As industry watchers will know, Denison Mines is one of the biggest names in North American uranium and it was catapulted to success and managed by Stephen's father for decades. So Stephen knew what he was looking at when the transaction came along.

The rationale for the Global Atomic-Silvermet union was clear. The first was that the upside on the uranium assets in Niger looked to be considerable. And the second was that the benefit to shareholders of having cash flow generation from zinc in Turkey , in a weak equity market, looked compelling.

That assessment has since played out, as the projects have moved along significantly since the companies were combined, and the DASA project now boasts an indicated resource of 64.8mln pounds of uranium at grades of over

3,000 parts per million eU3O8. There's also an inferred resource of 48mln pounds at slightly lower grades.

This resource was more than enough to support a preliminary economic assessment, which investigated two different mining and processing alternatives: a standalone underground operation, and an underground operation that would truck ore to an Orano facility and which therefore dispenses with the need for a new mill. As it happens though, subsequent ultra-high grade assays have made it clear that an open pit operation would be more optimal, so Global Atomic is now in the process of re-working its numbers.

Either way, the grades make it a compelling proposition and, as Marr-Johnson says, "probably the only hard rock uranium mine that works at US$30 per pound."

As it happens, the forward curve shows uranium prices five dollars higher than the current price, at US$30 per pound in two years' time, the earliest that Global Atomic is likely to make it into production.

What remains to be seen is the precise route to production and some hard numbers on margins.

A key stepping-stone to reaching those hard numbers will be the outcome of discussions with Orano, the new name for the old uranium and power giant Areva. Global Atomic has an MoU with Orano to cooperate in Niger, and has based its trucking option in the PEA on being able to use existing processing facilities near Arlit.

An interesting development is that the Minister of Mining just announced that one of the nearby Orano operations is closing down, meaning that an entire plant will be free some time soon.

The plant may be old, but Marr-Johnson believes this could open up an opportunity for Global Atomic and its stakeholders.

The best result would be for the government to be able to announce that a new mine is opening, for Orano and other owners of the mine to reduce decommissioning liabilities, and for Global Atomic to save time and money by using the old plant. But this is all new news and nothing's been signed yet.

Meanwhile, a new resource is due within a couple of months and a new production plan will follow that.

In parallel upgrading of the Turkish operation from a capacity of 60,000 tonnes per year throughput to 110,000 tonnes will be proceeding apace.

Marr-Johnson reckons that when it's complete later this year it will put the company on a forward earnings multiple of just three to four times, making it highly attractive compared to the peer group average of six or seven times.

That implies a re-rating down the line, always assuming the market hasn't cottoned onto the uranium potential by then.

Either way, Global Atomic has plenty to offer on both the zinc and uranium sides, is well supported by cash and looks set to deliver on some serious upside in the not too distant future. One to watch.

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