

# Silvermet Inc. & Global Atomic Fuels Corp. Sign Definitive Merger Agreement

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TORONTO, Aug. 18, 2017 - [Silvermet Inc.](#) ("Silvermet") (TSX-V:SYI) is pleased to announce that it has entered into a definitive agreement (the "Definitive Agreement") with Global Atomic Fuels Corporation ("Global Atomic") pursuant to which Silvermet will acquire all of the outstanding common shares of Global Atomic by way of a "three-cornered amalgamation" and subsequently complete a share consolidation and corporate name change (the "Transaction") to create a high quality uranium development company, Global Atomic Corporation.

## Transaction Structure

In accordance with the terms of the Definitive Agreement, upon completion of the Transaction, shareholders of Global Atomic (other than Silvermet) will receive 2.147 shares of Silvermet for each share of Global Atomic (the "Exchange Ratio"). The shares of Global Atomic currently held by Silvermet will be cancelled as a result of the Transaction. Immediately following completion of the Transaction, Silvermet will complete a 2.75:1 share consolidation, resulting in a combined company with approximately 103 million shares on issue.

Upon completion of the Transaction, the former Global Atomic shareholders (other than Silvermet) will own 50% of the combined company. The board of the combined company will be reduced to 5 directors, comprising 3 nominees of Silvermet and 2 nominees of Global Atomic.

## Highlights of the Transaction

- The creation of a new uranium development story with best in-class fundamentals, including near term production
- Positive cash flows from zinc operations will support continued project development
- Provides exposure to both uranium and zinc markets
- Creates a unique opportunity for new investors
- Unlocks value for both Global Atomic and Silvermet shareholders as a combined entity
- Proven development team combined under a single portfolio of assets

## Benefits to Silvermet Shareholders

- Acquisition of a significant uranium asset at currently attractive valuations, with positive market expectations for uranium
- One of the highest-grade uranium projects positioned to enter production in the near term
- Global Atomic assets are well understood by Silvermet management
- Near-term growth story with a pipeline of development opportunities within the Global Atomic portfolio
- Flexibility to fund development and expansion pipeline for both Global Atomic and Silvermet's Iskenderun operations with existing cash flows
- Access to a wider investor base following the merger, including the current, significant institutional shareholders of Global Atomic
- Provides added liquidity for the Silvermet shareholders

## **Benefits to Global Atomic Shareholders**

- Improved balance sheet with the addition of cash flow
- Opportunity to reset baseline value for Global Atomic's assets as a public company
- Public market listing provides mark-to-market reference valuation and liquidity for Global Atomic shareholders
- Cash flow provides working capital for development of Global Atomic's high-grade DASA uranium project in the Republic of Niger and reduces the dependency on raising external public capital
- Production timing coincides with expected rise in uranium prices

Stephen G. Roman, Chairman, President and CEO of Silvermet, stated: "The proposed merger will be transformative for both companies, creating a uniquely positioned base metals and uranium producer with a diversified asset base. We see tremendous value potential in the assets of both Silvermet and Global Atomic, and the combination should allow us to realize this potential in an accelerated timeframe."

## **Board of Directors' Recommendations**

The board of directors of Silvermet (with the exclusion of certain directors that also serve as directors or officers of Global Atomic), and with the abstention of one director, have determined that the Transaction is in the best interests of Silvermet based on, among other factors, a fairness opinion delivered by Evans & Evans Inc., financial adviser to Silvermet, and the benefits set forth above, and have consequently approved the Transaction. Certain directors and senior officers of Global Atomic have entered into voting support agreements pursuant to which they have agreed to vote their Global Atomic shares in favour of the Transaction. Such directors and senior officers hold Global Atomic shares representing approximately 12.2% of Global Atomic's issued and outstanding shares as at August 17, 2017.

The board of directors of Global Atomic (with the exclusion of certain directors that also serve as directors or officers of Silvermet not participating) have determined that the Transaction is in the best interests of Global Atomic based on, among other factors, the benefits set forth above, and have approved the Transaction. Certain directors and senior officers of Silvermet have entered into voting support agreements pursuant to which they have agreed to vote their Silvermet shares in favour of the Transaction. Such directors and senior officers hold Silvermet shares representing approximately 12.0% of Silvermet's issued and outstanding shares as at August 17, 2017.

## **Further Transaction Details**

The Transaction will be carried out by way of a "three-cornered amalgamation" under the provisions of the Business Corporations Act (Ontario). Pursuant to the amalgamation, shareholders of Global Atomic will receive shares in Silvermet based on the Exchange Ratio. Upon completion of the Transaction, the outstanding options, warrants and convertible notes to purchase common shares of Global Atomic will entitle the holders thereof to common shares of Silvermet with the number of common shares and/or exercise price adjusted, as appropriate, to reflect the consideration to be received by shareholders of Global Atomic pursuant to the Transaction.

A special meeting of the shareholders of Global Atomic will be held to consider the Transaction. The Transaction requires the approval of not less than two-thirds of the votes cast by Global Atomic shareholders. The Transaction is also subject to the receipt of customary regulatory approvals, including acceptance by the TSX Venture Exchange of the Transaction and the listing of the Silvermet shares to be issued to Global Atomic shareholders pursuant to the Transaction.

Silvermet will also hold a special meeting of its shareholders to consider the Transaction. The Transaction requires the approval of a simple majority of the votes cast by disinterested Silvermet shareholders. A total of 16.8 million Silvermet shares held by those directors and officers of Silvermet who also hold board positions or offices with Global Atomic will not be counted for the purposes of determining shareholder approval.

Each of Silvermet and Global Atomic has agreed not to solicit alternative proposals. The parties each have the right to consider unsolicited superior proposals subject to other customary rights, including a right to match competing offers.

Full details of the proposed Transaction, a copy of the fairness opinion prepared by Evan & Evans Inc. for

the board of directors of Silvermet and other information relevant to the Transaction will be included in an information circular to be prepared in connection with the Silvermet shareholders meeting, which Silvermet expects to mail to shareholders in September 2017.

It is expected that the meetings of shareholders of both Silvermet and Global Atomic to approve the Transaction will be held near the end of September 2017, and, if approved at those meetings, the Transaction would close shortly thereafter.

## Financing

In connection with the Transaction, Cantor Fitzgerald Canada Corporation ("Cantor Fitzgerald") has been retained by Global Atomic to lead a "best efforts" marketed private placement equity financing. Securities issued under the financing will be included in the Transaction and exchanged for securities of the combined company. Stikeman Elliott LLP is acting as legal counsel to Cantor Fitzgerald in connection with such financing.

## Advisory & Counsel

Evans & Evans Inc. has provided a fairness opinion to the board of directors of Silvermet and is acting as financial advisor to the Silvermet board. Peterson McVicar LLP is acting as legal counsel to Silvermet.

Cantor Fitzgerald has also been engaged by Global Atomic to provide certain financial advisory services. WeirFoulds LLP is acting as legal counsel to Global Atomic.

## About Silvermet

Silvermet's major investment is a 49% interest in the Befesa Silvermet Turkey, S.L. ("BST") joint venture, 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.

On a 100% basis, BST processed 28,400 tonnes EAFD in the first half ("H1") 2017 and 52,900 tonnes in the latest 12 months ("LTM"). Revenues were C\$19.7 million for H1 2017 and C\$36.7 million for LTM. EBITDA was C\$10.6 million for H1 2017 and C\$18.6 million for LTM.

Silvermet's joint venture partner, Befesa Zinc S.A.U. ("Befesa"), is the operator of BST. Befesa has facilities throughout Europe and processes between 45% and 50% of European EAFD. It also has facilities in Korea as well as the Turkish operation.

## About Global Atomic

Global Atomic is a private Ontario corporation with six exploration permits in the Republic of Niger covering an area of approximately 750 sq km. Uranium mineralization has been identified on each of the permits, with the most significant discovery being the DASA deposit. In a technical report dated July 31, 2017, CSA Global Pty Ltd ("CSA") estimated the mineral resources for the DASA deposit as of January 1, 2017, using a 1,200 ppm cutoff as follows:

	Tonnes (millions)	eU3O8 (ppm)	eU3O8 (million lbs)
Indicated	3.7	2,608	21.4
Inferred	7.7	2,954	49.8

CSA estimated the mineral resource based on a cutoff grade of 1,200 ppm

On July 17, 2017, Global Atomic and AREVA Mines S.A. ("AREVA") signed a Memorandum of Understanding to advance the development of the DASA deposit, including the use of AREVA's mill facilities in Arlit.

AREVA has been mining uranium in Niger at its mines located in Arlit, 80 km north of the DASA deposit, continuously since 1971. AREVA is one of the world's largest uranium mining companies, with 11,186 tonnes

of uranium produced in 2016, from operations in Canada, Kazakhstan and Niger.

A photo accompanying this announcement is available at  
<http://www.globenewswire.com/NewsRoom/AttachmentNg/6dce4037-5725-46ba-8262-d3a705ac99fc>

Since its inception in 2005, Global Atomic has raised \$53 million in equity capital and has over 300 registered shareholders, including major international institutions. There are presently 67,425,441 common shares of Global Atomic outstanding. Further information about Global Atomic can be found on its website at [www.globalatomicfuels.com](http://www.globalatomicfuels.com).

There are currently 142,104,716 common shares of Silvermet outstanding. Excluding the impact off any fractional shares, Silvermet will issue 142,078,672 common shares to the Global Atomic shareholders in accordance with the Exchange Ratio. After consolidation of the Silvermet shares, the combined company will have 103,339,414 common shares outstanding.

Stephen G. Roman, Doug Scharf and Derek Rance are directors of both Silvermet and Global Atomic. Rein Lehari is a director of Silvermet and an officer of Global Atomic. Tim Campbell is an officer of both Silvermet and Global Atomic. As a group, these Non-Arms' Length Parties hold 8.5% of the common shares of Global Atomic and 11.6% of the common shares of Silvermet.

**For further information, please contact:**

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**QP Statement**

Mr. George A. Flach, BSc., P.Geo., Vice President of Exploration of Global Atomic, has reviewed this press release as the Qualified Person (QP) as defined in National Instrument 43-101.

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