

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

INVESTMENT ALERT – 17 November 2017

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GoviEx Uranium Inc. (C\$ 0.27)

TSX.V : GXU
OTCQB : GVXXF
Frankfurt : 7GU

H+L prices (12 months) : C\$ 0.44 – 0.085

Issued shares : 326.9 million
Fully diluted : 466.3 million

Market capitalization : C\$ 89.9 million
(US\$ 70.5 million)

12 month price target: C\$ 0.40

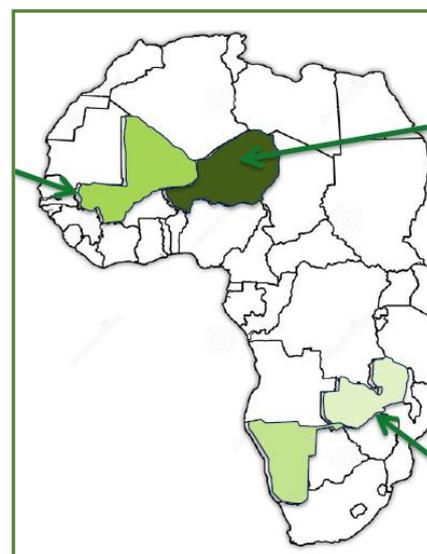
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GoviEx has been granted the **Agaliouk** exploration permit in Niger and adds 11.67 million pounds U3O8 and increases total Measured and Indicated resources by 12% to 110.76 million pounds U3O8

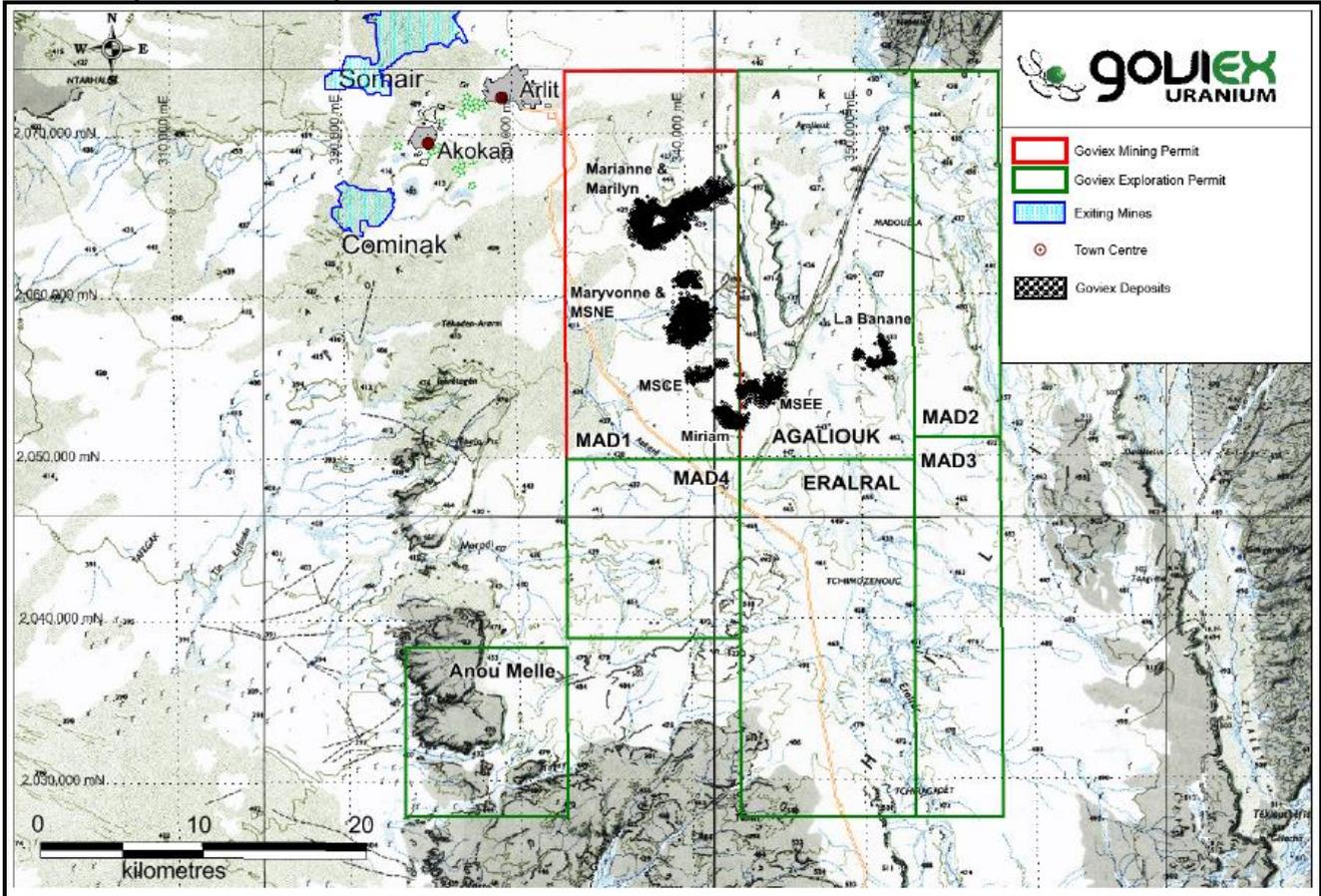
Further to **GoviEx** ' news release of February 1, 2016, where the Company announced that the renewal application for **Agaliouk** exploration licence adjacent to the current boundaries of the **Madaouela Project** had not been approved at that time, the Company now has been granted the Agaliouk Exploration Permit.

The Agaliouk Exploration Permit adds 11.67 million pounds U3O8 in the Measured and Indicated categories (of which 5.96 million pounds U3O8 related to the open-pit amenable Miriam Deposit) and 9.35 million pounds U3O8 in the Inferred category to the Madaouela Project's mineral resource statement relating to the Miriam, MSEE, and La Banane deposits.

The mineral resource statement of the **Madaouela Project** now reflects aggregate mineral resources of 110.76 million pounds U3O8 Measured and Indicated and 27.6 million pounds U3O8 Inferred resources.



Madaouela permits and deposits



The Niger Government's issuance of the Agaliouk Exploration Permit, as approved by Nigerian Parliament. This allows **GoviEx** to add mineral resources amenable to lower-cost, open-pit mining to the **Madaouela Project**, which could result in prolonging the Project's mine-life beyond that projected in the Company's 2015 Integrated Development Plan, which has the potential to further optimize the Madaouela Project's economics and supporting GoviEx's continued efforts to advance the Project towards commercial production.

Based on the Integrated Development Plan, which excludes the Agaliouk Exploration Permit, the fully permitted Madaouela Project represents a proposed basic-case that envisions a **2.69 million pounds per year U3O8 yellowcake production rate over an 18-year mine life and a total production of 45,6 million pounds U3O8, with forecasted cash operating costs of US\$ 24.49 U3O8, excluding royalties.**

GoviEx remains focused on implementing its integrated four-step strategy to advance the Madaouela Project towards a production decision. The strategy includes:

- Debt financing restructuring, including engagement of various export credit agencies
- Off-take structuring
- Project equity financing

On October 30, 2017, **GoviEx** announced the completion of its previously announced transaction on March 6, 2017 to acquire the uranium mineral interests of African Energy Resources in Zambia.

The combination of African Energy's Chirundu and Kiraba Valley tenements with **GoviEx's** Mutanga Project finally unites these neighbouring properties, and significantly expands and improves the potential economics of scale.

► **GoviEx** will now focus on completing a Preliminary Economic Assessment based on the consolidated land holding.

The Chirundu and Kiraba Valley properties as part of the transaction include a mining licence, a prospecting licence and a pending exploration licence. The Chirundu mining licence covers two uranium deposits – Gwabe and Njame – containing JORC mineral resources of 6.4 million pounds U3O8 in the Measured and Indicated categories, plus 3.8 million pounds U3O8 in the Inferred category.

Combined with the **Mutanga Project**, the acquisition of Chirundu and Kariba Valley properties represent a regional consolidation and will result in contiguous tenements of approximately 140 kilometres in strike length, including 3 mining licences containing combined Mineral Resources of 15.2 million pounds U3O8 in the Measured and Indicated categories and 45.2 million pounds U3O8 in the Inferred category.

Upon closing of the transaction **GoviEx** has one of the largest combined Mineral Resource bases amongst its peer group, with combined Measured and Indicated Resources of 131.7 million pounds U3O8 and Inferred Resources of 76.9 million pounds U3O8 estimated in accordance with NI 43-101.

In exchange for the acquired uranium mineral interests, **GoviEx** issued 3 million of its common shares and warrants to purchase 1.6 million of its common shares.

Each consideration warrant is exercisable until October 30, 2020, subject to certain acceleration provisions, for one common share of **GoviEx** at a price-per-share of US\$ 0.23.

Investment comments:

Since having completed the transaction with Denison Mines on 10 June 2016 to combine their respective African uranium interests and having been granted the Agaliouk exploration permit in Niger, as well as acquired African Energy's Zambian uranium assets, **GoviEx now controls one of the largest uranium resource bases among publicly listed companies with NI 43-101 compliant Measured and Indicated resources of 124.29 million pounds U3O8, plus Inferred resources of 73.11 million pounds U3O8.**

Based on the GoviEx 2015 Integrated Development Plan (IDP) for the fully-permitted Madaouela Project, which excludes the Agaliouk Exploration Permit, **over an 18-year base-case mine life, this envisions an average 2.69 million pounds U3O8 production rate and a total production of 456 million pounds U3O8, with forecasted cash operating cost of S\$ 24.49/lb U3O8.**

Having received expressions of interest from project lenders to arrange US\$ 220 million debt financing, this underpins Mutanga's outstanding position as one of the largest combined uranium mineral resource bases amongst its peer group and supported by a strong shareholder base.

Being exposed as **Special Situation** in September at a share price of C\$ 0.17 and the Company having been included in my core list of uranium investment recommendations, **GoviEx** has benefitted from a stream of positive news. Despite a continuous bad investment climate for uranium, the Company's share price went up by 60% to C\$ 0.27 and saw its market valuation increase from US\$ 44 million to approximately US\$ 70 million.

This ranks **GoviEx** as the second largest exploration and development company by market valuation in emerging countries globally. Considering the upgraded present total resources of 197.4 million pounds U3O8, which has attracted expressions of interest from international project lenders to arrange US\$ 200 million of senior debt financing, **GoviEx** in my view, is to be considered as one of today's top uranium investment opportunities.

I have increased my 2018 price target from C\$ 0.40 to C\$ 0.60.