

# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

**INVESTMENT ALERT – March 29, 2018**

[www.goviex.com](http://www.goviex.com)



**GoviEx Uranium Inc. (C\$ 0.205)**

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

H+L prices (12 months) : C\$ 0.33 – 0.165

Issued shares : 351.15 million  
Fully diluted : 507.14 million

Market capitalization : C\$ 72.0 million  
(US\$ 55.8 million)

**2018 price target: C\$ 0.40**

## INVESTMENT ALERT

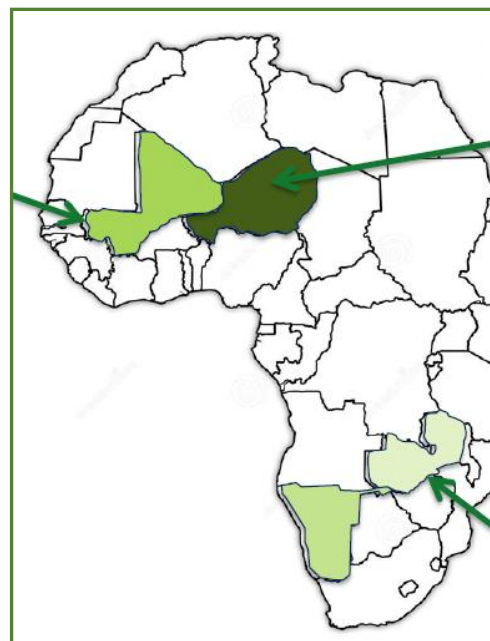
**GoviEx and Toshiba agree to settle Uranium Bond by the end of April 2018**

With **GoviEx Uranium** (“**GoviEx**”) having announced on March 2, 2018 that it had signed a Termination Agreement and Mutual Release (“The Agreement”) with **Toshiba**, allowing the completion of various administrative procedures required to effect all the conditions precedent to the Agreement, the Uranium Bond settlement has been extended to the end of April 2018.

The B Bond helped GoviEx to advance its flagship **Madaouela Project** through preliminary feasibility and the environmental and mine permitting process.

The Agreement sets out the terms under which **GoviEx** and **Toshiba** have agreed to settle the Tranche B Bond dated April 18, 2012, as amended (“The Bond”), terminate the Sale and Purchase of Uranium Concentrates Agreement dated April 18, 2012, as amended (the “Offtake Agreement”), and provide their mutual release to each other in accordance with the terms and conditions of the Agreement.

Upon closing of the settlement, **GoviEx** will be essentially debt free.



## ► B Bond

Pursuant to a Bond Purchase Agreement dated April 18, 2012 with **Toshiba**, **GoviEx** borrowed 200,000 pounds of U3O8 at an interest rate of 12% compounded annually, for which the Company granted the B Bond to Toshiba.

As of December 31, 2017, a total of 382,193 pounds of U3O8, including interest accrued, was due to **Toshiba** under the B Bond.

The UX Consulting broker average spot uranium price on February 28, 2018 was US\$ 21.44/lb U3O8, which resulted in a fair value for the B Bond of US\$ 8.2 million.

**GoviEx** has agreed to pay **Toshiba** US\$ 4.5 million by March 31, 2018 to settle the B Bond in full, and for Toshiba to provide a release of all associated security by a floating charge on all Nigerian assets of the Company.

## ► Offtake Agreement

In April 2012, **GoviEx** signed the Offtake Agreement with **Toshiba** and Advanced Uranium Assets Management ("**AUAM**"). Pursuant to the Offtake Agreement, AUAM would have the ability to purchase up to 800,000 lb U3O8 per annum for 14 years, based on spot and term pricing.

The Offtake Agreement will be terminated as part of the Agreement, concurrently with the settlement of the B Bond.

## ► Denison Mines warrant exercise

Subject to the satisfaction of certain conditions, **Denison Mines** has expressed its interest in exercising up to a total of 22.42 million warrants it holds in **GoviEx**, which could result in a cash inflow to the Company of up to US\$ 3.36 million.

The proceeds from the exercise of the warrants are expected to be used towards funding the settlement of the B Bond with Toshiba.

Denison Mines currently holds an 18.55% equity interest in **GoviEx**.

## ► Toshiba shareholding in GoviEx

Due to a wider strategic change in focus, and as part of a wider transaction in conjunction with **GoviEx**, **Toshiba** has entered into a purchase agreement ("**SPA**") with a mutually-agreed third party investor to sell its entire shareholding in **GoviEx** to such investor.

The SPA and the Agreement are expected to close concurrently.

## Investment comments:

Since having completed the transaction with Denison Mines in June 2016 to combine their respective African uranium interests, **GoviEx**'s combined asset portfolio now includes two permitted uranium development projects, the Madaouela Project in Niger and the Mutanga Project in Zambia, as well as the advanced-exploration stage projects in Mali and the exploration-stage Dome Project in Namibia.

In addition, the Company executed a definitive agreement with African Energy Resources, which includes the acquisition of a mining licence and two prospective licences in Zambia.

Under the Integrated Development Plan (IDP) for the flagship Madaouela Project an average 2.6 million pounds U3O8 production rate per year over a 21-year mine life is envisioned, based on Measured and Indicated Mineral resources of 110 million pounds U3O8 and 61 million pounds of Probable Mineral resources.

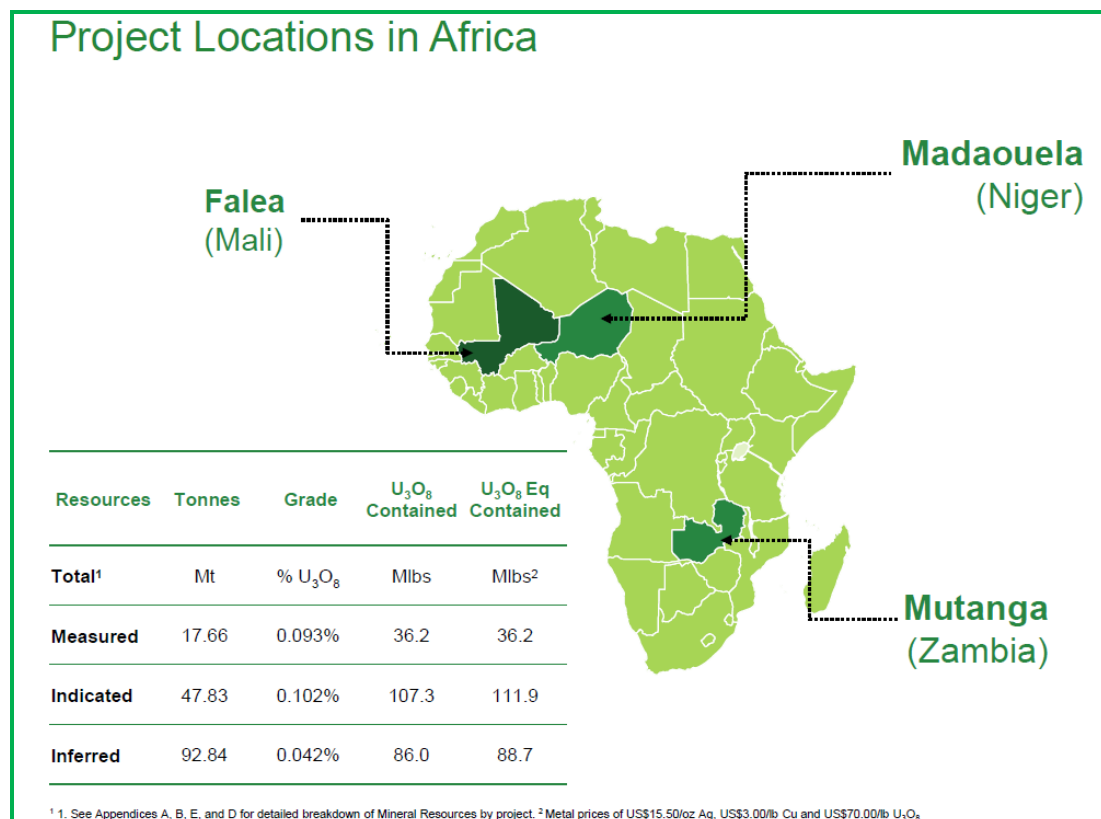
**GoviEx now controls one of the largest uranium resource bases among publicly listed companies with NI 43-101 compliant Measured and Indicated resources of 124.29 million pounds U3O8, plus Inferred resources of 73.11 million pounds U3O8.**

Having settled the **Uranium Bond** with **Toshiba**, with the US\$ 4.5 million to be paid to Toshiba and financed by Denison Mines exercising up to 22.42 million warrants it holds in **GoviEx**, for proceeds of up to US\$ 3.36 million, the Company will be essentially debt free.

I expect the settlement to feed expressions of interest from project lenders to arrange US\$ 220 million debt financing, which 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.

Based on its depressed market valuation of US\$ 56 million, I consider **GoviEx** to be one of the most attractive uranium investment opportunities offering a high leverage potential.

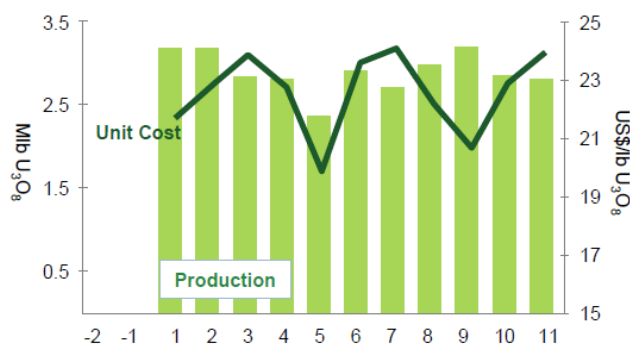
My 2018 price target remains C\$ 0.40.



## Madaouela Project, Niger

### Project Parameters

Initial Mine Life	21 years
Pre-production Capital	US\$359 million
Operating Cost <sup>2</sup>	US\$24.5/lb U <sub>3</sub> O <sub>8</sub>
Total LoM cost (Opex and Capex) <sup>2</sup>	US\$36.4/lb U <sub>3</sub> O <sub>8</sub>
Breakeven U <sub>3</sub> O <sub>8</sub> price on NPV <sub>8%</sub>	US\$48/lb U <sub>3</sub> O <sub>8</sub>
Steady-state Production	2.69 Mlbs U <sub>3</sub> O <sub>8</sub>
Uranium Recovery	93.7%



<sup>1</sup> See Appendix A. <sup>2</sup> Including by-product revenue.

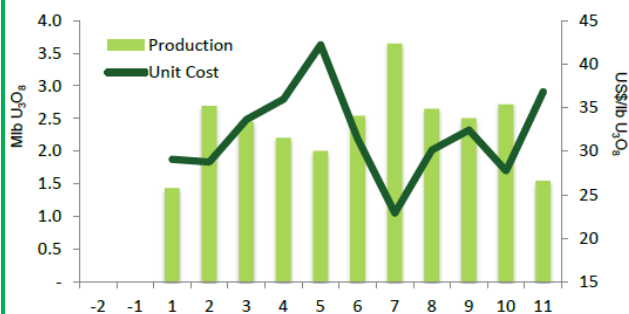
- ✓ Located ~10 km south of Areva's mining operations at Cominak and Somaïr, in north-central Niger.
- ✓ Infrastructure: road access, skilled mine labour, ground water and grid power.
- ✓ Sandstone hosted deposits in Tim Mersoï Basin.
- ✓ Probable mineral reserves<sup>1</sup> are 60.54 Mlbs U<sub>3</sub>O<sub>8</sub>.
- ✓ Environmental Permit approved July 2015.
- ✓ Madaouela I Mine Permit approved January 2016.
- ✓ Integrated Development Plan updated August 2015.

Madaouela <sup>1</sup>	Tonnes	Grade	U <sub>3</sub> O <sub>8</sub> Contained
	Mt	% U <sub>3</sub> O <sub>8</sub>	Mlbs
<b>Measured</b>	11.8	0.12%	31.4
<b>Indicated</b>	25	0.14%	79.4
<b>Inferred</b>	9.5	0.13%	27.7

## Mutanga Project, Zambia

### Project Parameters

Initial Mine Life	11 years
Pre-production Capital	US\$121 million
Operating Cost	US\$31.1/lb U <sub>3</sub> O <sub>8</sub>
Total LoM cost (Opex and Capex)	US\$37.9/lb U <sub>3</sub> O <sub>8</sub>
Breakeven U <sub>3</sub> O <sub>8</sub> price on NPV <sub>8%</sub>	US\$46/lb U <sub>3</sub> O <sub>8</sub>
Steady-state Production	2.60 Mlbs U <sub>3</sub> O <sub>8</sub>
Uranium Recovery	88%



The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves have not yet demonstrated economic viability. Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration or Mineral Reserves once economic considerations are applied; therefore, there is no certainty that the production profile concluded in the PEA will be realized.

<sup>1</sup> See Appendix E.

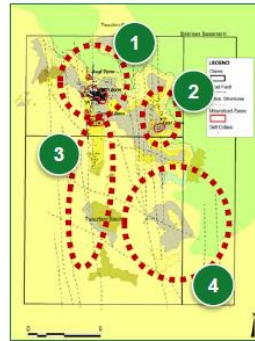
- ✓ Located ~200 km south of Lusaka, north of Lake Kariba.
- ✓ Uranium deposits hosted within sandstones of the Escarpment Grit Formation of the Karoo Super Group.
- ✓ Preliminary Economic Assessment (PEA) completed July 2017.
- ✓ Three contiguous Mining Permits, and two prospecting licenses, for a total strike length of approximately 140 km.
- ✓ Infrastructure includes: road access via 39 km gravel road, ground water and available grid power (~60 km away).

Mutanga <sup>1</sup>	Tonnes	Grade	U <sub>3</sub> O <sub>8</sub> Contained
	Mt	% U <sub>3</sub> O <sub>8</sub>	Mlbs
<b>Measured</b>	5.9	0.04%	4.8
<b>Indicated</b>	15.7	0.03%	10.4
<b>Inferred</b>	74.6	0.03%	44.9

# Falea

## Falea (100% interest – Mali)

- ✓ Located within the Falea – North Guinea-Senegal Neoproterozoic Basin, ~80 km from Areva's Saraya East uranium deposit.
- ✓ Three exploration licences: Bala, Madini, and Falea.
- ✓ Acquired through the acquisition of Rockgate (Rockgate completed a 5,900 metre drill program in 2013).
- ✓ In addition, Falea contains 63 Mlbs copper and 21 Moz silver (Indicated and Inferred Resources).
- ✓ Only 5% of the 225 km<sup>2</sup> land package has been explored.
- ✓ Most known zones remain open.
- ✓ Considerable technical and environmental work completed to date.
- ✓ Proposed underground mining operation.
- ✓ Proposed process route includes recovery of copper and silver.
- ✓ Road and air access, including a gravel airstrip on-site.



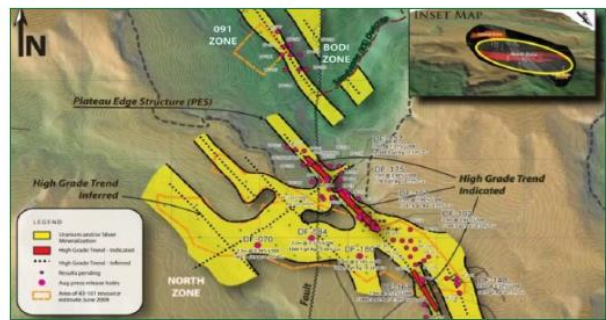
## Geology Potential

- 1 Extensions to existing resources
- 2 Further exploration of East Zone
- 3 Southern extension of Road Fault
- 4 Exploration in areas of shallower cover sediments

## NI 43-101 Resources<sup>(1)</sup>

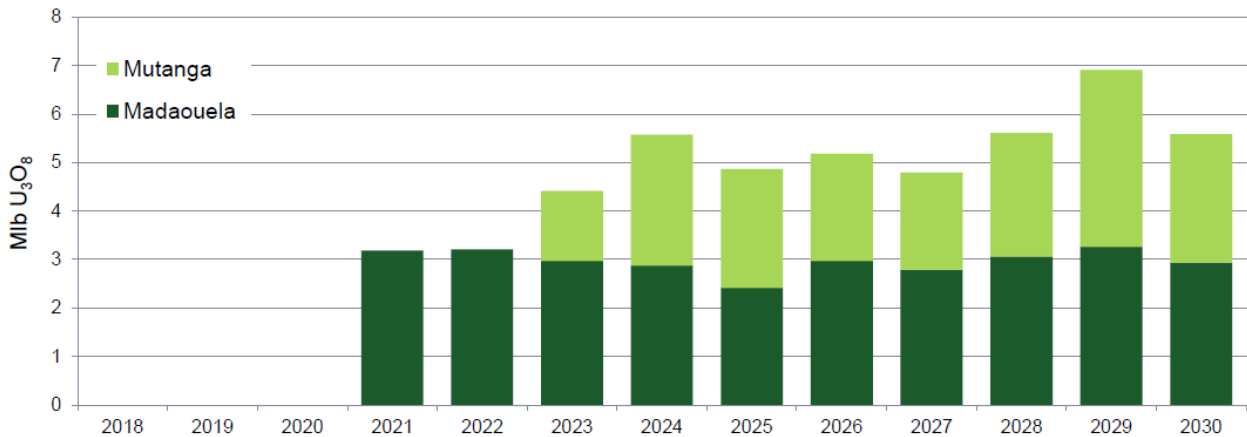
Falea (0.03% cut-off)	Tonnes	Grade	Contained	U <sub>3</sub> O <sub>8</sub> Eq Contained <sup>2</sup>
	Mt	% U <sub>3</sub> O <sub>8</sub>	Mlbs	Mlbs
Indicated	6.9	0.115%	17.4	22.0
Inferred	8.8	0.069%	13.4	16.1

## Mineralization and Geology Map



<sup>1</sup> See Appendix D. <sup>2</sup> Metal prices of US\$15.50/oz Ag, US\$3.00/lb Cu and US\$70.00/lb U<sub>3</sub>O<sub>8</sub>.

# GoviEx Proposed Development Strategy

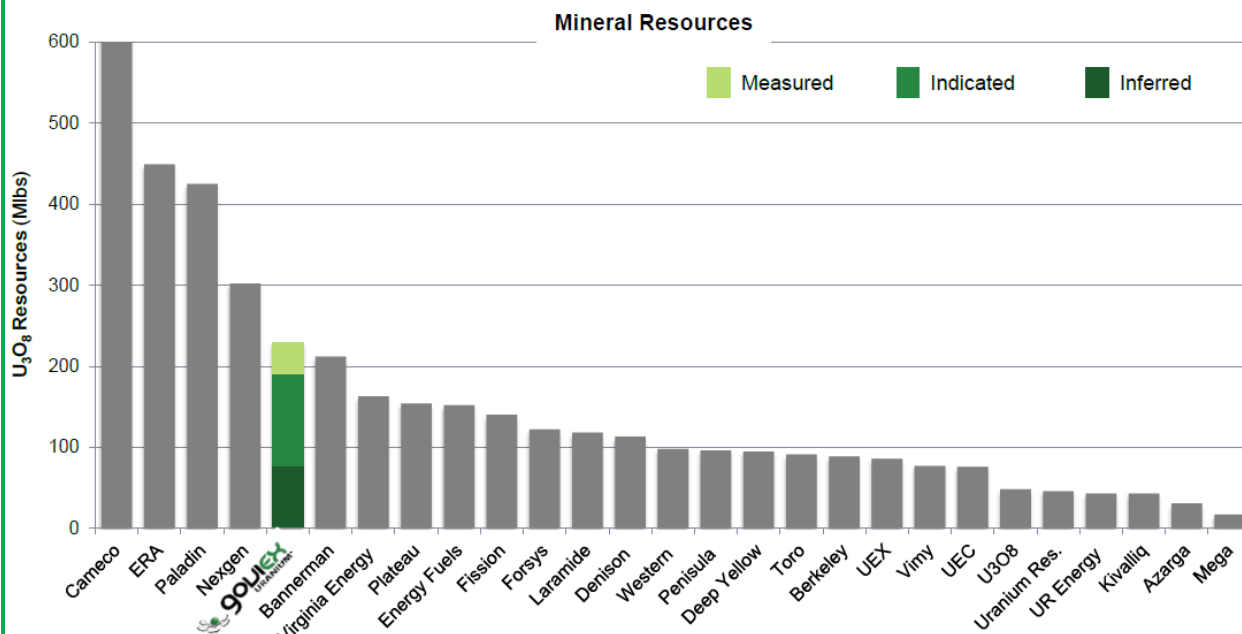


	PEA	Pre-feasibility	Mining Permit	Definitive Feasibility	Development	Production
Madaouela	✓	✓	✓	2017-18	2018-19	2020
Mutanga	✓		✓	2019	2021-22	2023
Falea		2020+				



## Resource Comparison and Accretion

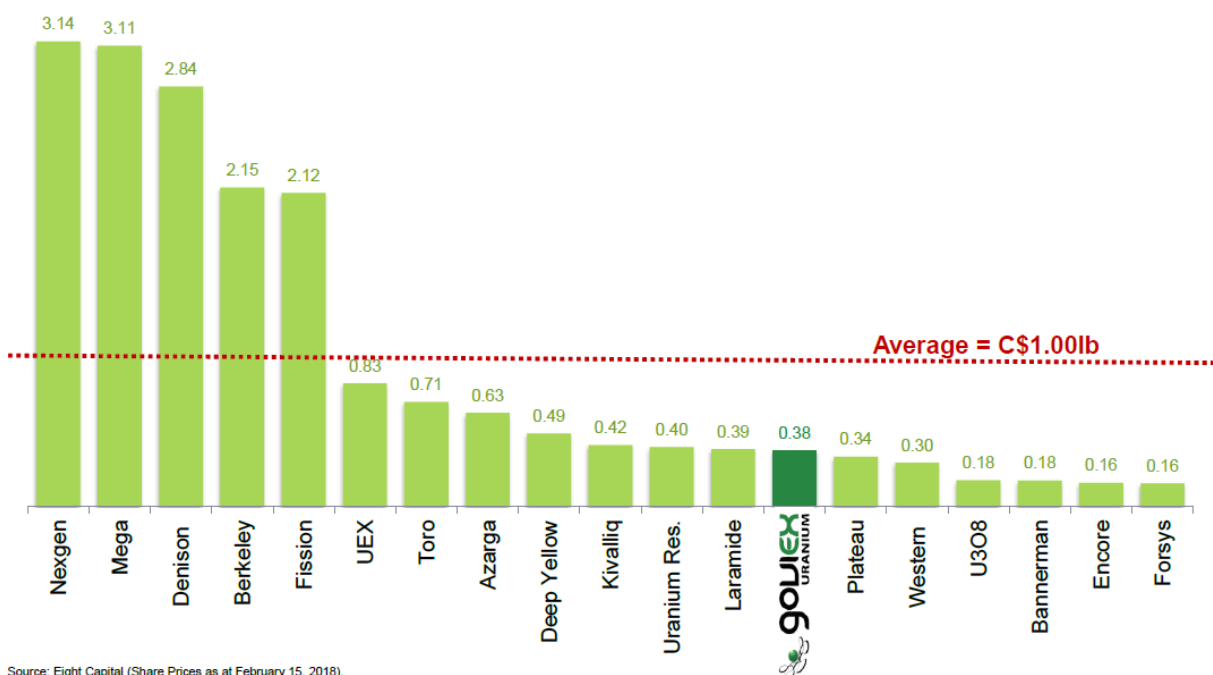
One of the largest global uranium resources with Measured Resources of 36.2 million pounds (Mlbs)  $U_3O_8$ , Indicated Resources of 107.3 Mlbs  $U_3O_8$ , and Inferred Resources of 86.0 Mlbs  $U_3O_8$ , estimated in accordance with NI 43-101 <sup>1</sup>.



Note: Mineral Resources estimated in accordance with NI 43-101.  
Source: Eight Capital as at February 15, 2018.  
<sup>1</sup> See appendices for details of Mineral Resources.

## Developer Peer Group Comparison

### Enterprise Value per pound total resource $U_3O_8$ (C\$)



Source: Eight Capital (Share Prices as at February 15, 2018).