

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

INVESTMENT ALERT – May 2, 2018

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GoviEx Uranium Inc. (C\$ 0.19)

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\$ 66.7 million
(US\$ 51.9 million)

2018 price target: C\$ 0.40

INVESTMENT ALERT

GoviEx Uranium confirms payment of Uranium Bond settlement with Toshiba

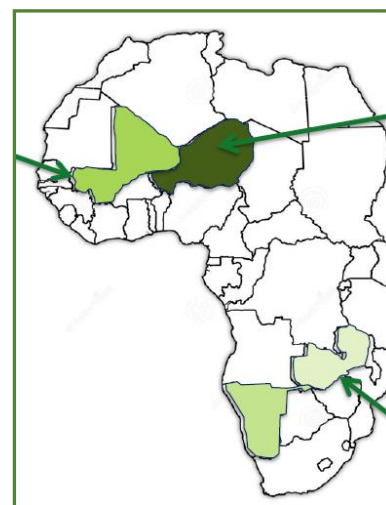
On May 1, 2018, **GoviEx** announced that the Company has completed the required payment to **Toshiba** of Japan under the terms of the previously announced Termination Agreement; and provide their mutual release to each other.

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

Company profile

GoviEx Uranium (“**GoviEx**”) is a growing Africa-focused uranium company. The Company’s principal objective is to become a significant uranium producer through the continued exploration and development of its mine permitted flagship **Madaouela Project** in **Niger** and other uranium projects in Africa, including **Zambia** and **Mali**.

In June 2016, **GoviEx** and **Denison Mines** completed the transaction to combine their respective African uranium interests for consideration of **Denison Mines** acquiring a 21% equity in **GoviEx** (currently 18.55%).

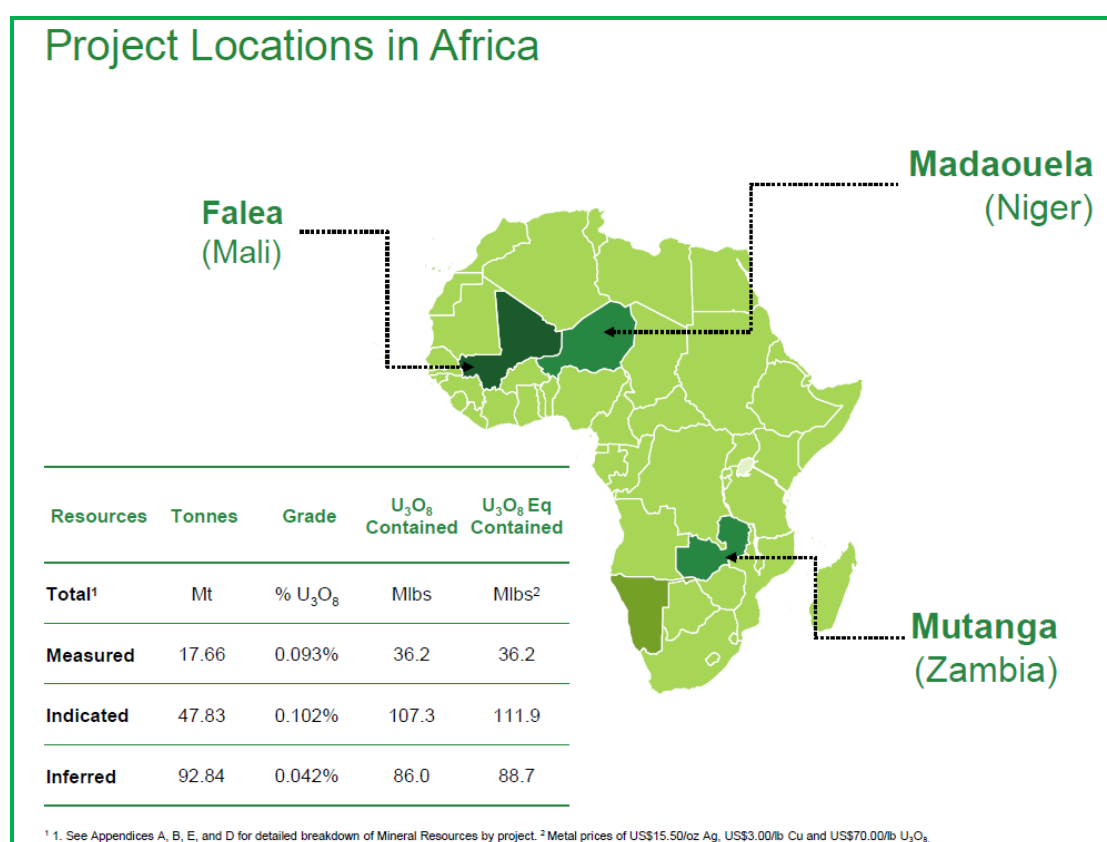


In October 2017, the Company completed the acquisition of the uranium mineral resources of Africa Energy Resources in Zambia. These resources consist of the Chirundu and Kariba Valley properties. In addition of both large-scale mining licences neighbouring properties, the **Mutanga Project** now consists of approximately 140 kilometres in strike length and significantly proves its potential of scale.

GoviEx's combined asset portfolio now includes three permitted uranium development projects – the flagship **Madaouela Project** in Niger and the **Mutanga Project** in Zambia, as well as the advanced-exploration stage **Falea Project** in Mali

GoviEx currently controls one of the largest uranium resource bases among publicly listed companies with **combined NI 43-101 compliant Measured and Indicated resources of 143 million pounds U3O8, plus Inferred resources of 86 million pounds U3O8.**

Overview of projects



► Madaouela Project, Niger

In 2016, **GoviEx** set out an integrated four part strategy to advance development of the Company's flagship **Madaouela Project** in Niger, working towards a production decision. This strategy included the following aspects:

1. Debt finance structuring and engagement with various Export Credit Agencies

In September 2017, **GoviEx** announced that expressions of interest had been received from Export Credit Agencies and project finance banks (collectively, the "Lenders") to arrange US\$220 million of senior debt financing for the construction of the Madaouela Uranium Project in Niger.

GoviEx will seek to enter into discussions with the Lenders, in order to determine the appointment of Mandated Lead Arrangers to execute the project debt financing.

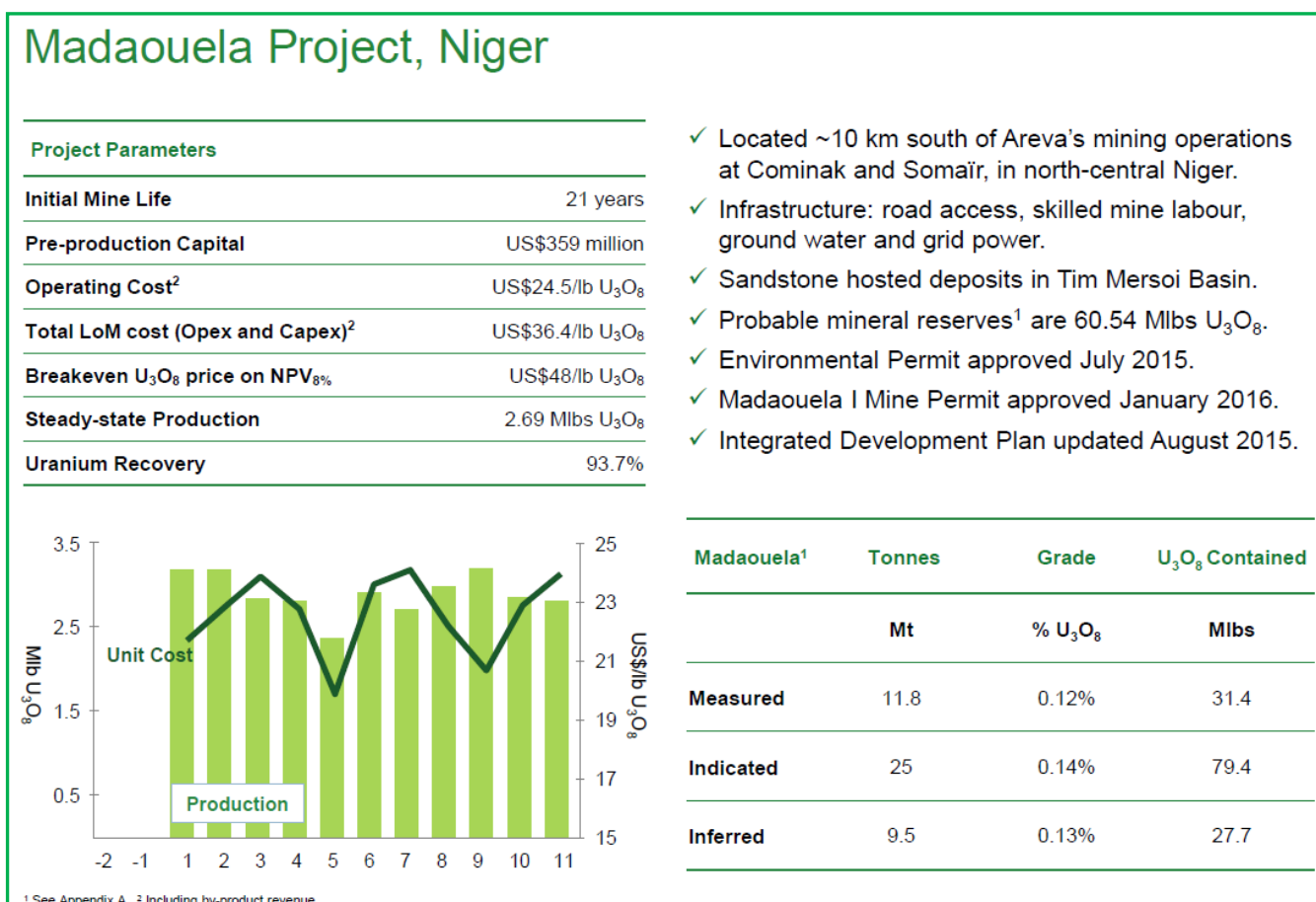
The expressions of interest remain subject to final due diligence, credit committee, and Board approvals, and negotiation of final loan documentation. Key conditions from potential Lenders include, as is standard for project debt financing, the following:

- ▶ Release of a Bankable Feasibility Study for the Madaouela Project, following **GoviEx**'s continued optimization work;
- ▶ Having long-term off-take contracts in place from creditworthy nuclear utility counterparties; and
- ▶ Having Export Credit Agency insurance cover in place, based on the nationality of either the off-take and/or procurement counterparties.

2. Project optimization and completion of detailed engineering

GoviEx has been focused on optimization of the **Madaouela Project** in Niger prior to completion of a Bankable Feasibility Study. In November 2017, the **Agaliouk Exploration Permit** in Niger was granted; Agaliouk is adjacent to the boundaries of the Madaouela Project. The permit added 11.67 million pounds (Mlb) U₃O₈ in the Measured and Indicated Resources category, of which 5.96 Mlb U₃O₈ relates to the open-pit amenable Miriam Deposit, and 9.35 Mlb U₃O₈ in the Inferred Mineral Resources category to the Madaouela Project's Mineral Resources.

Part of the Measured and Indicated Mineral Resources related to the **Miriam Deposit** within the Agaliouk Exploration Permit area were previously reported as part of the mineral reserve statement for the Madaouela Project, and is already covered by the Environmental Social Impact Assessment approved in 2015.



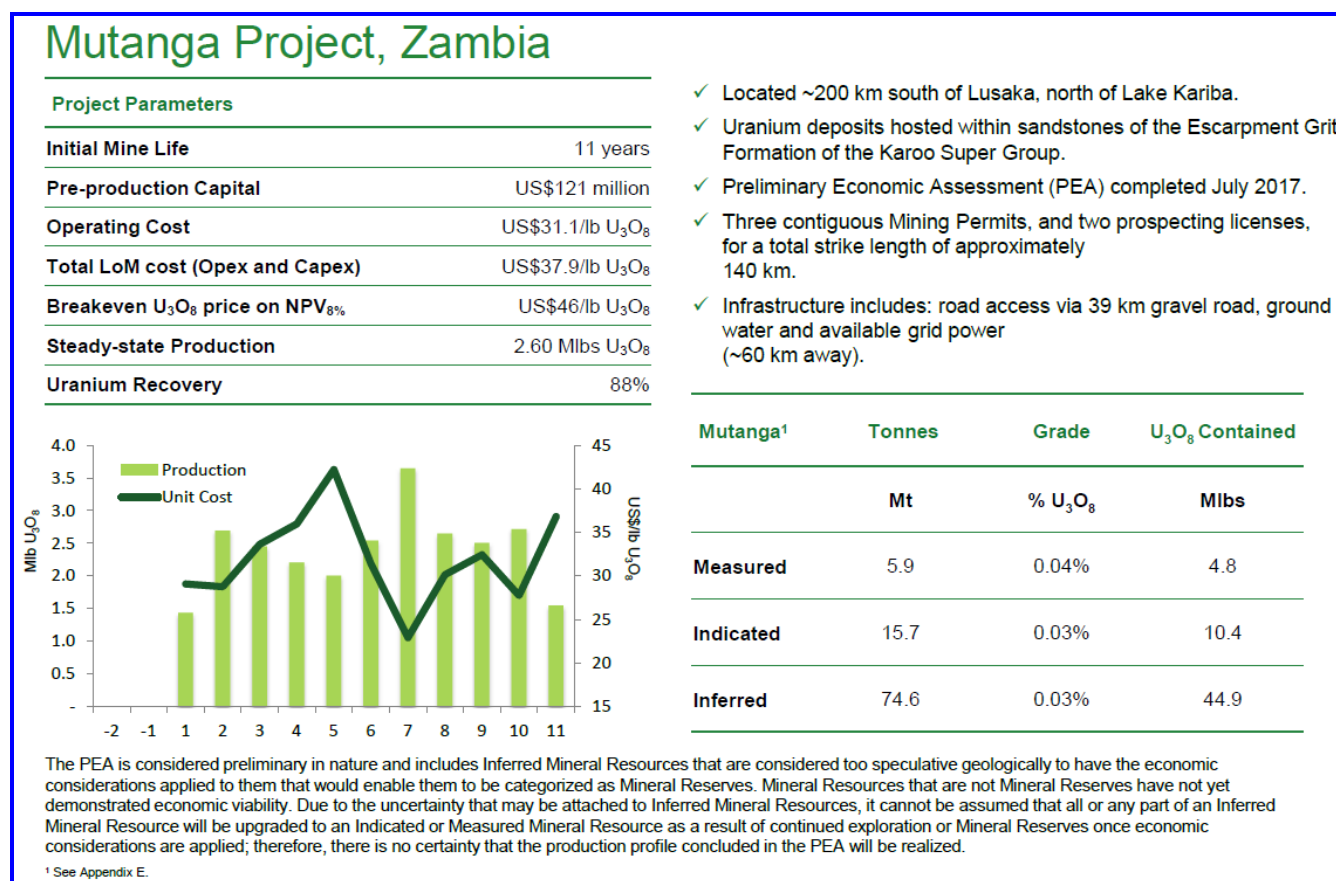
In addition, **GoviEx** has started programs focused on optimizing the operating and capital costs of the project. These programs include the assessment of nano-filtration, a technology that targets the recovery of sulfuric acid used to leach uranium, highlighted as a major consumable in the Integrated Development Plan (“IDP”). **Paladin Energy** has already successfully installed nano-filtration at its Langer Heinrich mine for this purpose, and GoviEx intends to test its applicability for the Madaouela Project.

GoviEx is also studying the potential of a dry attrition process as a further development to our existing wet ablation process. The goal is to reduce water and power consumption while processing mineralized material with similar process volume reduction and grade increase benefits that ablation test work showed were possible, and were reported in the IDP.

In addition, **GoviEx** is seeking lower operating and capital benefits. The Company plans to provide technical updates during 2018 as and when appropriate or required.

► Mutanga Preliminary Economic Assessment (“PEA”)

Following the completion of the African Energy acquisition, **GoviEx** reported the PEA for the expanded **Mutanga Project**, which evaluated the economic and technical viability of a large-scale uranium project with low capital costs and lower operating costs.



Highlights of the PEA are as follows:

- **The project development plan envisions an average annual production rate of 24 million pounds of U3O8 over an initial 11-year mine life, with an 88% ultimate uranium recovery rate.**
- **Initial capital costs are estimated at US\$ 122 million, with estimated costs of US\$ 31.1/lb U3O8, excluding royalties. Total life of mine (“LoM”) costs are forecast a US\$ 37.9/lb U3O8.**

- The PEA is based on Measured and Indicated Mineral Resources of 15 million pounds (Mlb) U3O8 and 45 Mlb of Inferred Mineral Resources.
- At a long term uranium price of US\$ 58/lb U3O8, the base case project economics for the **Mutanga Project**, consisting of three contiguous fully-permitted mining licences, are positive and indicate an after-tax **Net Present Value (“NPV”) of US\$ 112 million** (at an 8% discount rate) with an **Internal Rate of Return (“IRR”) of 25%** and total life-of-mine net free cash of US\$ 268 million.

No Mineral Reserves have yet been determined for the **Mutanga Project**.

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 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, GoviEx will be essentially debt free.

Expecting the settlement to feed expressions of interest from project lenders to arrange US\$ 220 million 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.

Considering its depressed market valuation of US\$ 52 million, I consider **GoviEx** to be one of the most attractive uranium investment opportunities offering an outstanding high leverage potential.

My 2018 price target remains C\$ 0.40.