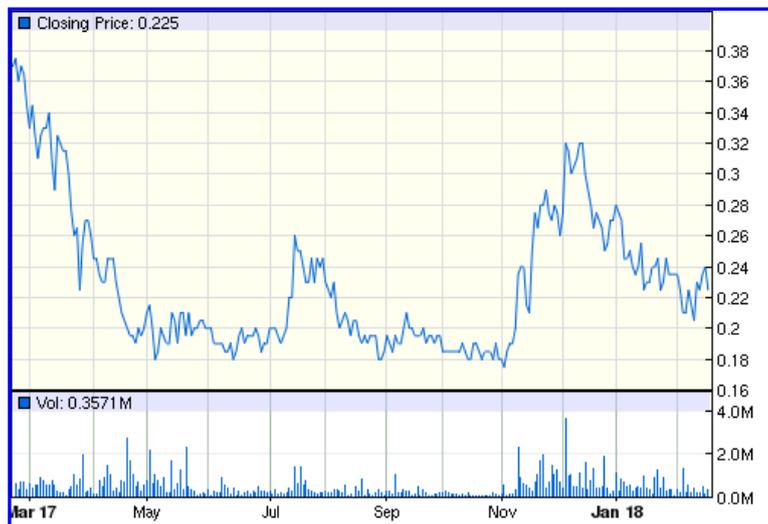


# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

## Special Situation – March 2018 Update

www.goviex.com



### GoviEx Uranium Inc. (C\$ 0.23)

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

H+L prices (12 months) : C\$ 0.385 – 0.165

Issued shares : 351.3 million  
Fully diluted : 487.8 million

Market capitalization : C\$ 80.7 million  
(US\$ 63.5 million)

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

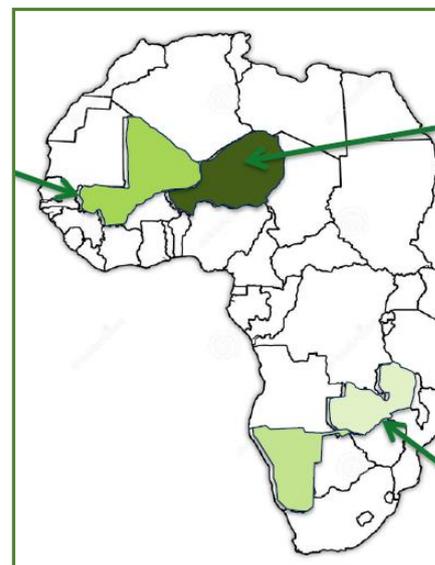
### Company profile

**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.

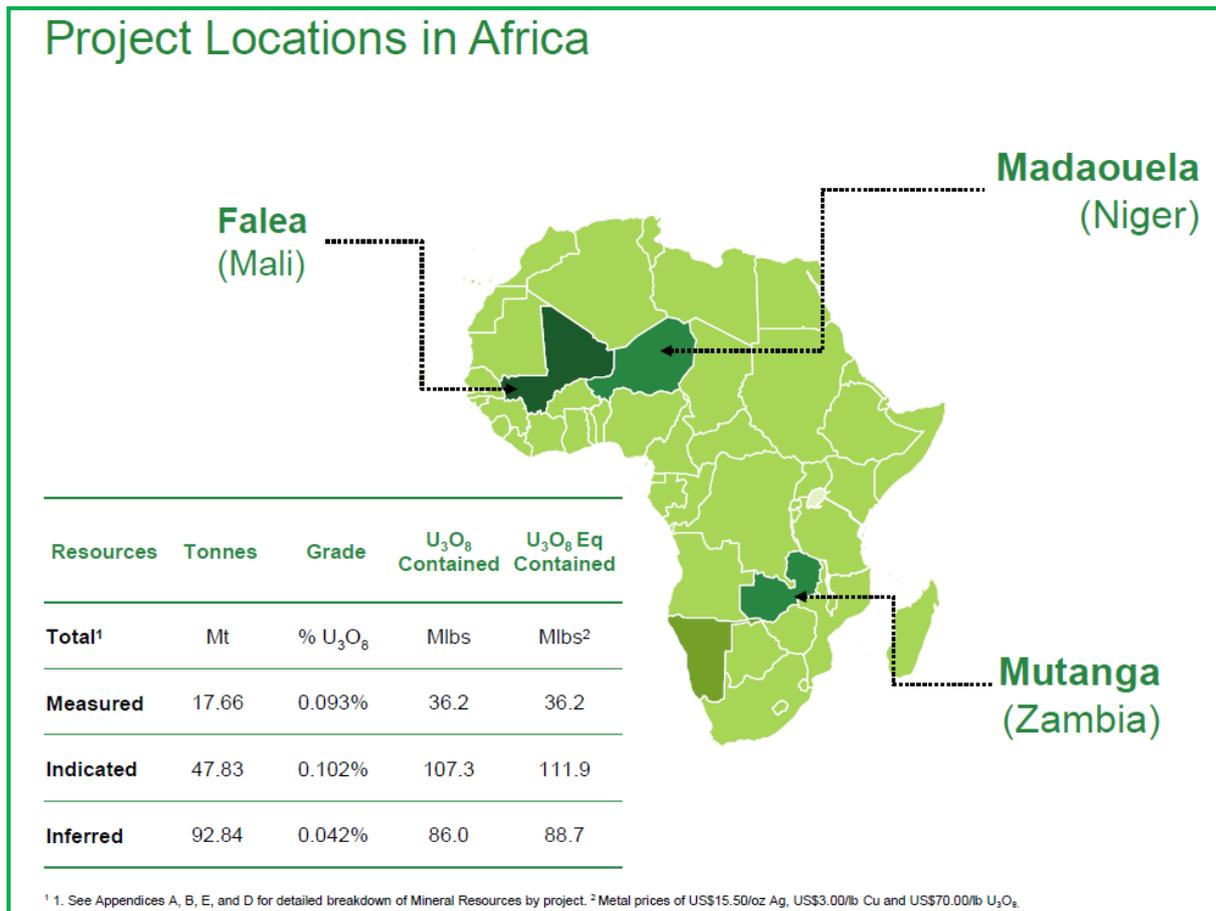
In October 2017, the Company completed the acquisition of the uranium mineral resources of Africa Energy Resources in Zambia. These resources consist of the Chirundu and Kariba Valley properties. In addition of both large-scale mining licences neighbouring properties, the **Mutanga Project** now consists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

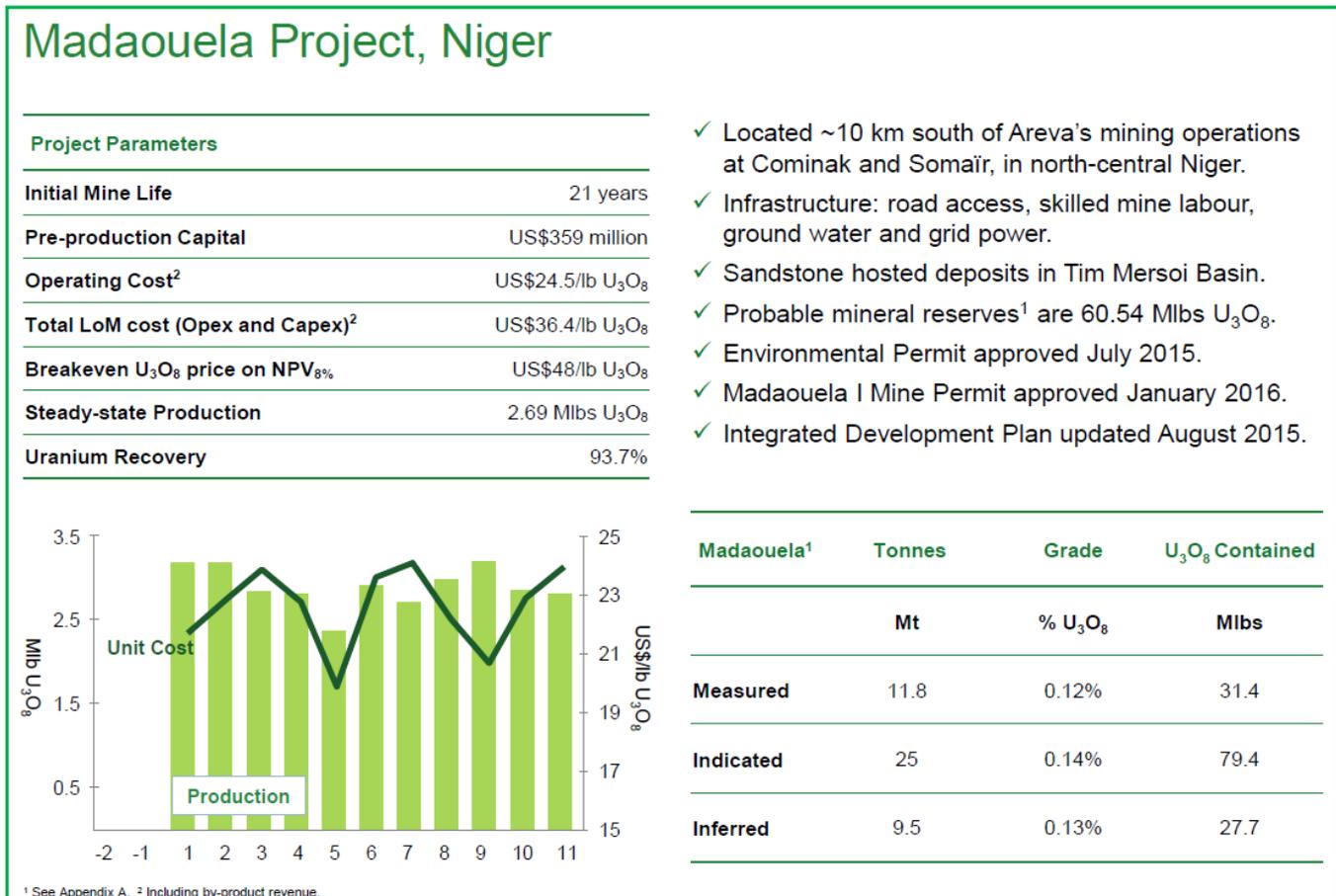
The expressions of interest remain subject to final due diligence, credit committee, and Board approvals, and negotiation of final loan documentation. Key conditions from potential Lenders include, as is standard for project debt financing, the following:

- 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) U<sub>3</sub>O<sub>8</sub> in the Measured and Indicated Resources category, of which 5.96 Mlb U<sub>3</sub>O<sub>8</sub> relates to the open-pit amenable Miriam Deposit, and 9.35 Mlb U<sub>3</sub>O<sub>8</sub> 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.



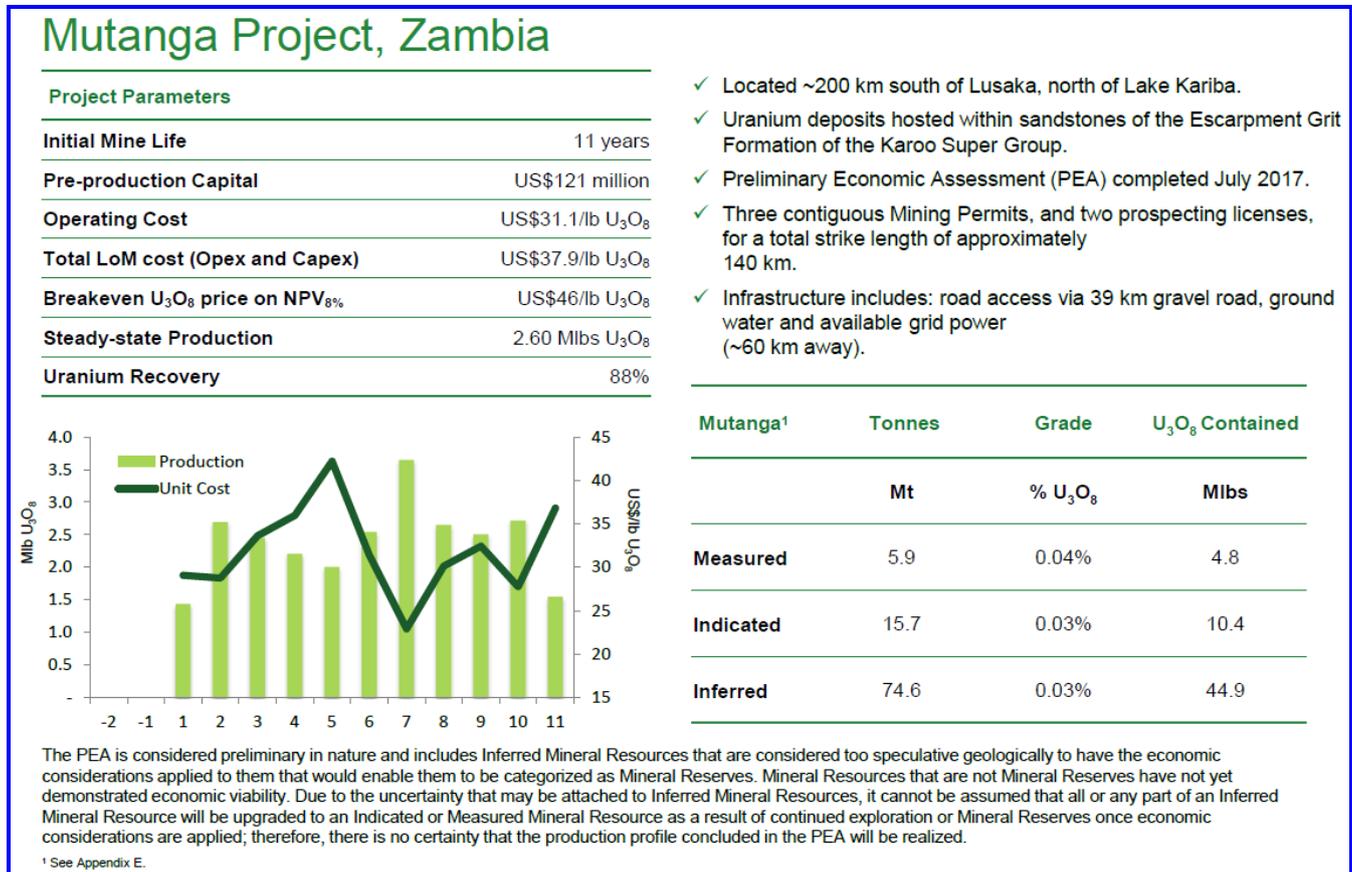
In addition, **GoviEx** has started programs focused on optimizing the operating and capital costs of the project. These programs include the assessment of nano-filtration, a technology that targets the recovery of sulfuric acid used to leach uranium, highlighted as a major consumable in the Integrated 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**.

## Management

**Govind Friedland - Executive Chairman**, is a geological engineer from the Colorado School of Mines. Prior to forming the Company, he provided business development services to Ivanhoe Mines and Ivanhoe Energy throughout the Asia Pacific Region for over half a decade. From 2007 to 2011, as Chief Executive of the Company, Mr. Friedland was primarily responsible for raising approximately \$100 million to fund acquisitions, finance exploration and pursue other corporate initiatives focused on the Company's uranium assets in Niger. He championed the Company's policy of employing a 100% local workforce in Niger as the new paradigm for sustainable development in the region. Mr. Friedland also has particular mineral exploration and development expertise throughout Asia and North America. He was part of the regional exploration team that first discovered the Voisey's Bay Nickel-Copper-Cobalt discovery in Labrador Canada in 1996, which was ultimately sold to Inco for \$4.3 billion.

**Daniel Major - Chief Executive Officer**, is a mining engineer from the Camborne School of Mines in the UK. His career spans over 30 years in the mining industry where he has established a solid track record initially with Rio Tinto at the Rossing Uranium Mine in Namibia and later as a mining analyst with HSBC, followed by JP Morgan Chase & Co. in London. More recently Mr. Major was Chief Executive and later Non-Executive Chairman of Basic Element Mining and Resource Division in Russia, and held leadership positions in several Canadian listed mining companies with exploration and producing assets in Canada, Russia and South America

**Lei Wang – CFO, CPA, CGA**, has more than 20 years of experience in the natural mineral resources sector. She has been integrally involved in all areas of financial reporting, regulatory compliance, treasury, tax and corporate finance activities for both publicly traded resource companies and privately held companies. Ms. Wang has held various financial roles, including CFO, in the Canadian mineral resources industry since 2001, and prior to that, Ms. Wang worked at Schlumberger in Aberdeen, Scotland and Glencore International in Beijing, China.

## Finance

On December 22, 2017, **GoviEx** announced it had closed a private placement of 21.54 million units at a price of C\$ 0.25 per unit for gross proceeds of C\$ 5.38 million. Each unit consists of one Class A common share and one Class A common share purchase warrant.

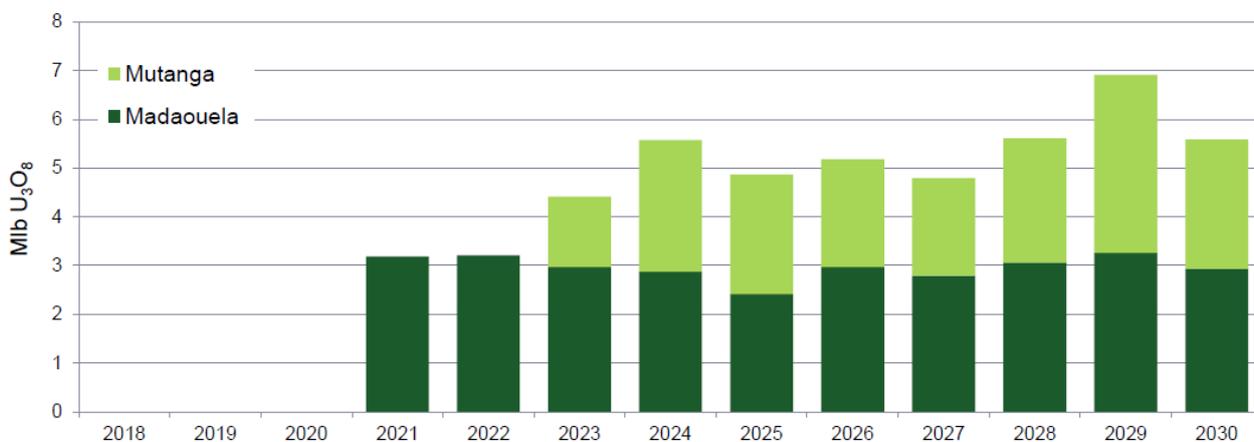
Each warrant entitles the holder to purchase one Class A common share of the Company for a period of 24 months at US\$ 0.28 until December 22, 2018 and thereafter at US\$ 0.31 until December 22, 2019.

Pursuant to a bond purchase agreement with **Toshiba** of Japan in April 2012, **GoviEx** borrowed 200,000 pounds of U3O8 at an interest rate of 12% compounded annually. The uranium loan matures on April 2019, 2020, subject to early redemption by Toshiba. The principal and interest are stated in pounds of U3O8 and at maturity the Company will have to repay Toshiba a total of 495,193 pounds of U3O8, including interest accrued.

As at September 30, 2017, the Uranium Loan, including accrued interest totalled 371,619 pounds of U3O8. The Uranium Loan is secured by a floating charge on all Nigerian assets of the Company.

**Toshiba** has the right to demand repayment of the Uranium Loan and accrued interest if (1) the Company fails to deliver a definitive feasibility study relating to the **Madaouela Project** prior to February 28, 2018, or (11) the sum of production and capital costs per pound of U3O8 as estimated in a feasibility study prepared in respect of the Madaouela Project, is not lower than \$ 44 per pound.

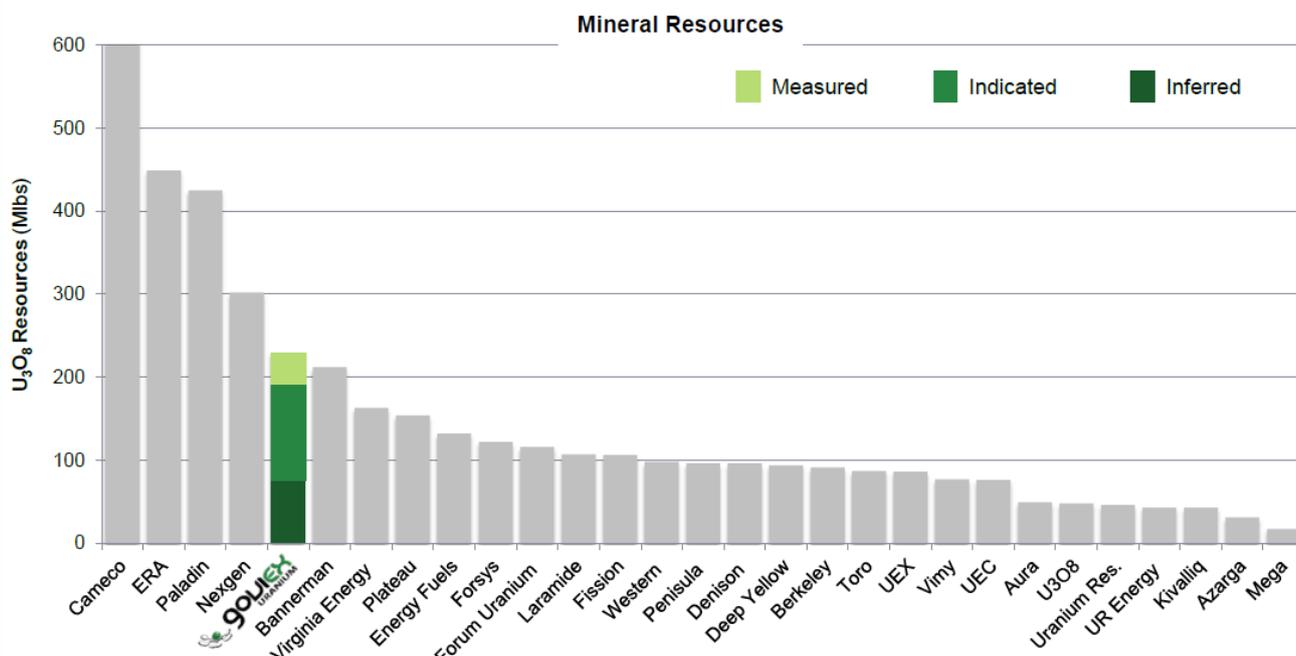
## GoviEx Proposed Development Strategy



	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<sub>3</sub>O<sub>8</sub>, Indicated Resources of 107.3 Mlbs U<sub>3</sub>O<sub>8</sub>, and Inferred Resources of 86.0 Mlbs U<sub>3</sub>O<sub>8</sub>, 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 November 20, 2017.  
<sup>1</sup> See appendices for details of Mineral Resources.

## 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 three fully-permitted uranium development projects, the flagship **Madaouela Project** in Niger, the **Mutanga Project** in Zambia and the advanced-exploration stage projects in Mali.

In October 2017, **GoviEx** completed the acquisition of the uranium mineral resources of African Energy Resources in Zambia, which includes the acquisition of a mining licence and two prospective licences. These resources are neighboured to the **Mutanga Project**, which now consists of an approximate 140 kilometres in strike length and significantly proves its economics of scale.

Under the Integrated Development Plan (IDP) for the 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 148.1 million pounds U3O8, plus Inferred resources of 88.7 million pounds U3O8, as a result of which **GoviEx** controls one of the largest uranium resource bases among publicly listed companies.

The Miriam Deposit is planned to be the first of the Madaouela Projects' 6 deposits to be developed under a 4,000 metres drilling program. The drilling program represents an opportunity for additional project optimization, which is part of **GoviEx**'s integrated multi-phase strategy **to further advance the dully permitted Madaouela Property to a Definitive Feasibility Study (DFS) in 2018 and targeted production in 2020**, and in addition to a DFS in 2019-2020 and targeted production for the **Mutanga Project** in 2022.

Having received expressions of interest from Export Credit Agencies and project financing banks to arrange US\$ 220 million, this reflects **GoviEx**'s potential to emerge to Africa's most successful uranium producers within the next few years.

I already featured **GoviEx** as a **Special Situation** in an Investment Alert report in March 2016 at the occasion of combining its African uranium assets with Denison Mines to create a leading Africa-focused uranium development company. From that time, I also included the Company in my 2016 Shortlist of investment recommendations at a share price of C\$ 0.08, reflecting an extremely depressed market valuation of less than C\$ 12 million.

Having been successful to fulfil its ambitious development strategy to date, **GoviEx**, in my view, keeps offering a high investment leverage potential.

**My price target for 2018 is C\$ 0.40.**