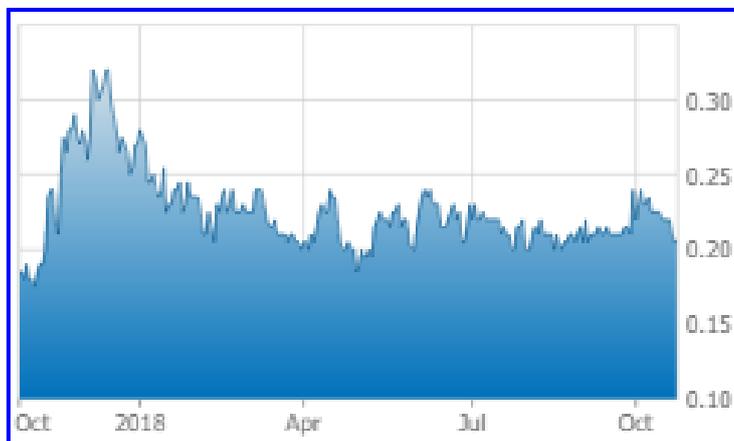


Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – November 2018 Update

www.goviex.com



GoviEx Uranium Inc. (C\$ 0.20)

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

H+L prices (12 months) : C\$ 0.33 – 0.17

Issued shares : 395.2 million
Fully diluted : 577.8 million

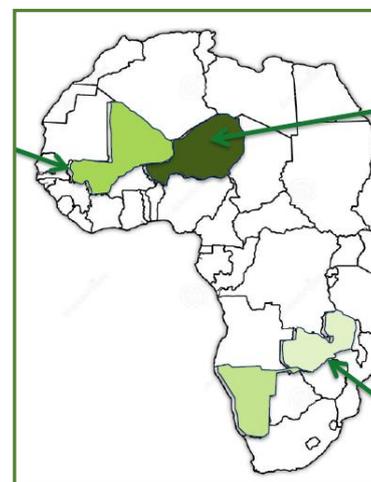
Market capitalization : C\$ 79.0 million
(US\$ 60.2 million)

12 months price target: C\$ 0.40

Company profile

GoviEx's corporate strategy remains focused on the development of two projects: initially **Madaouela** in **Niger** and the **Mutanga** in **Zambia**. The **Madaouela Project** is located approximately 10 kilometres south of the town of **Arlet** and **Orano** (formerly **Areva**) Mining's mining subsidiaries of **Cominak** and **Somair** in northcentral Niger.

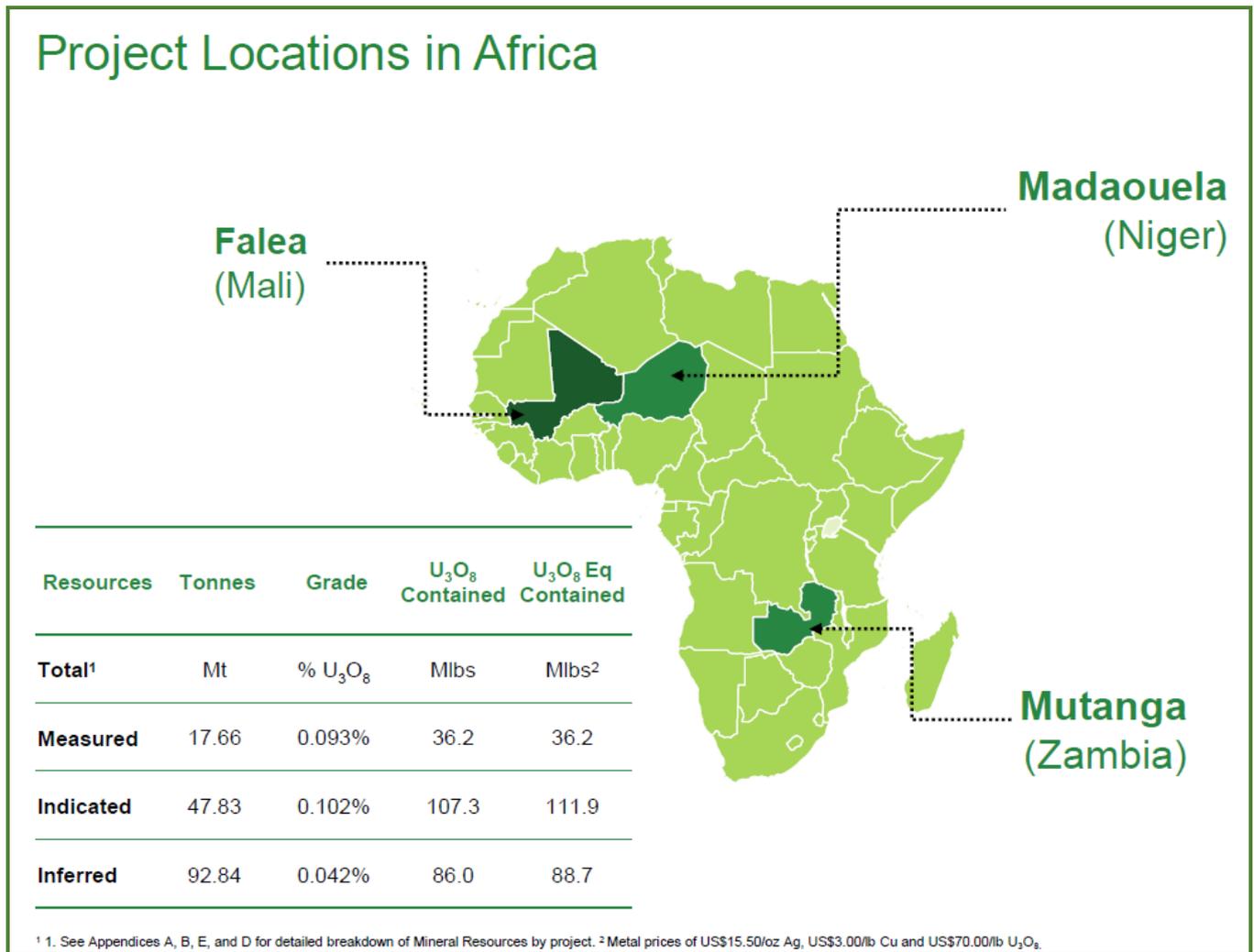
The **Madaouela Project** contains **Probable Mineral Reserves** of **60.54 million pounds U3O8**. **Mineral Resources** are **111 million pounds U3O8** in the **Measured** and **Indicated** categories, and **28 million pounds U3O8** in the **Inferred** category.



► Highlights Q 2 2018

- On **March 2, 2018**, **GoviEx** announced a Termination Agreement and Mutual Release with **Toshiba** of **Japan**, whereby both parties agreed to settle a bond purchase agreement entered on April 12, 2012 related to the 200,000 pounds of U3O8 (the **Bond B** or **Uranium Loan**).
- On **April 5, 2018**, the Company announced positive results of a membrane separation review study focused on optimizing the capital and operating costs of the **Madaouela Project**
- On **May 1, 2018**, the Company confirmed \$ 4.5 million cash payment to **Toshiba** under the Termination Agreement
- On **June 5, 2018**, the Company closed a non-brokered private placement for gross proceeds of \$ 4.7 million (C\$ 6.1 million)
- On **July 9, 2018**, the Company announced the conclusion of the Termination Agreement with **Toshiba**
- On **September 19, 2018**, **GoviEx** announced the appointment of **SRK Consulting** and **SGS Bateman** as the consultants for the **completion of a Feasibility Study** for the **Madaouela Project**.

Overview of projects



► **Madaouela Project, Niger**

The **Madaouela Project**, located in the heart of a historically prolific uranium producing district, originally consisted of 7 contiguous tenements, known as **Madaouela I, II, III, IV, Anou Melle, Eralrar and Agaliouk**. The **Madaouela Project** was initially acquired in June 2007 for Euro 32 million (Euro 25 million paid) pursuant to mining conventions between Niger government and the Company. A final payment of Euro 7 million would be due when among other things, one of the Madaouela Project tenements is formerly converted from an exploration licence to a mining permit.

On January 26, 2018, a 10-year mine permit was granted for the **Madaouela 1 tenement**. Under the terms of the 2006 Niger mining code and **GoviEx**'s mining mineral conventions, the Company is required to transfer a 10% free-carried equity interest in the shares of a Nigerian company that will be formed to hold the Madaouela 1 mining permit to the Niger government. In addition, the Niger government has the right to acquire, in cash or in kind, at fair market value up to an additional 30% equity interest in the Project.

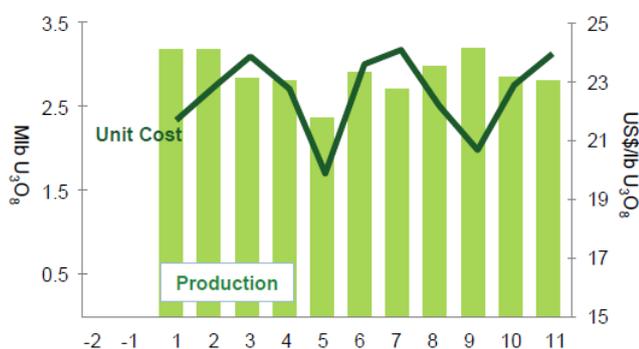
On September 19, 2018, **GoviEx** announced the appointment of **SRK Consulting** and **SGS Bateman** as the consultants for the **completion of a Feasibility Study** for the **Madaouela Project**. Both companies have considerable experience in uranium and African project development.

Madaouela Project, Niger

Project Parameters

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

- ✓ 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 reserves¹ are 60.54 Mlbs U₃O₈.
- ✓ Environmental Permit approved July 2015.
- ✓ Madaouela I Mine Permit approved January 2016.
- ✓ Integrated Development Plan updated August 2015.



¹ See Appendix A. ² Including by-product revenue.

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

The **Feasibility Study** will allow the Company to include the positive effects of certain optimizations, which were not available at the time the Pre-Feasibility Study was produced:

- The addition of the **Agaliouk Exploration Permit** (announced November 15, 2017) adds 1,167 million pounds U₃O₈ in the Measured and Indicated categories (of which 5.96 million pounds U₃O₈ relates to the open-pit amenable **Miriam Deposit**) and **9.35 million pounds U₃O₈ in the Inferred category**.
- The inclusion of membrane separation of the **Madaouela Project** process design could potentially reduce operating and capital costs, which may significantly improve project economics. The review study results (announcement April 5, 2018) while based on the Pre-Feasibility Study inputs, are preliminary in nature and require further technical studies; however these initial results are sufficiently relevant to support their inclusion of membrane separation in the **Feasibility Study** for Madaouela.

► The key highlights from the Pre-Feasibility Study are as follows:

- The **Madaouela Project** contains Probable Mineral Reserves of 60.54 million pounds U₃O₈ (November 2017)
- Mineral Resources are 111 million pounds U₃O₈ in the Measured and Indicated categories and 28 million pounds U₃O₈ in the Inferred category.
- Uranium recovery is forecast at 93.7%
- Annual production is forecast at 2.69 million pounds U₃O₈ for 21 years
- Cash operating cost is forecast at US\$ 24.49 per pound of U₃O₈
- Start-up Capital Expenditures is estimated at US\$ 359 million

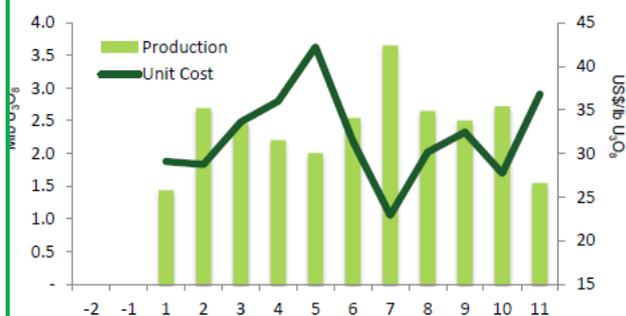
Further recovery and cost optimization will be the focus of the **Feasibility Study** that SRK and SGS will complete.

Mutanga Project, Zambia

Project Parameters

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

- ✓ 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 November 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 ¹	Tonnes	Grade	U ₃ O ₈ Contained
	Mt	% U ₃ O ₈	Mlbs
Measured	5.9	0.04%	4.8
Indicated	15.7	0.03%	10.4
Inferred	74.6	0.03%	44.9

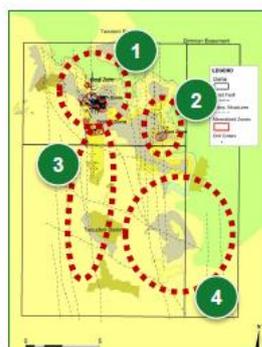
The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves have not 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.

¹ See Appendix E.

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 km² 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

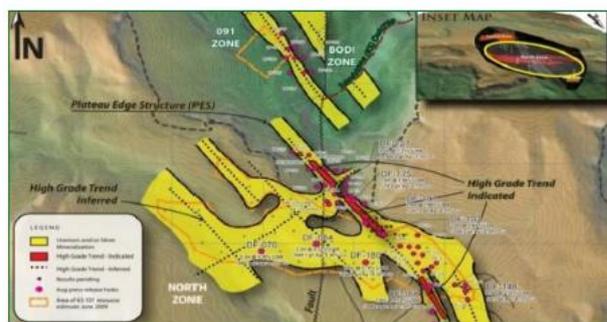
- 1 Extensions to existing resources
- 2 Further exploration of East Zone
- 3 Southern extension of Road Fault
- 4 Exploration in areas of shallower cover sediments

NI 43-101 Resources⁽¹⁾

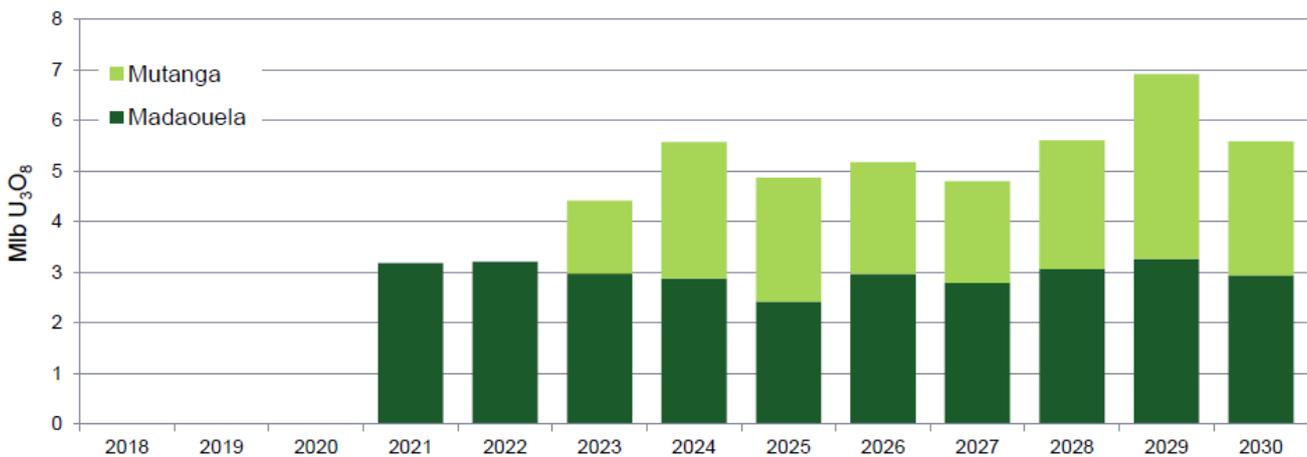
Falea (0.03% cut-off)	Tonnes	Grade	Contained	U ₃ O ₈ Eq Contained ²
	Mt	% U ₃ O ₈	Mlbs	Mlbs
Indicated	6.9	0.115%	17.4	22.0
Inferred	8.8	0.069%	13.4	16.1

¹ See Appendix D. ² Metal prices of US\$15.50/oz Ag, US\$3.00/lb Cu and US\$70.00/lb U₃O₈.

Mineralization and Geology Map



GoviEx Proposed Development Strategy



	PEA	Pre-feasibility	Mining Permit	Definitive Feasibility	Development	Production
Madaouela	✓	✓	✓	2018	2019-2020	2021
Mutanga	✓	N/A ¹	✓	2019	2021-22	2023
Falea		2021+				

¹ Work completed to a pre-feasibility level of confidence by previous owners in 2009 on the individual projects that now form 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 March 2, 2018, **GoviEx** concluded a Termination Agreement and Mutual Release with **Toshiba Corporation** of Japan to settle a convertible debenture in the principal amount of \$ 30 million (the Bond A) and a non-convertible bond (the Bond B) or the Uranium Loan, collectively the **Bond Financing**. The Bond Financing was secured by a floating charge on all assets of the Company in Niger. The Company also closed a non-brokered private placement for gross proceeds of \$ 4.7 million.

Pursuant to the Termination Agreement, the Company paid **Toshiba** \$ 4.5 million on April 26, 2018.

As part of the Termination Agreement, **Toshiba** entered into a share purchase agreement (“SPA”) with Linkwood Holdings, whereby Linkwood agreed to acquire all of the 284 million common shares of **GoviEx** held by **Toshiba** for \$ 4.5 million, which was a condition to concluding the Termination Agreement.

During the 6 months ended June 30, 2018, **GoviEx** recorded a net income of \$ 1.95 million compared to a net loss of \$ 2.3 million for the same period in 2017. Quarterly fluctuations in income or loss have mainly been driven by non-cash fair value on the Uranium Loan, derivative liability and share-based payments.

During the 6 months ended June 30, 2018, **GoviEx** incurred total \$ 1.03 million exploration expenditures, including \$ 0.57 million in **Niger**, \$ 0.30 million in **Zambia** and \$ 0.16 million in **Mali**. Among these expenditures 42% were for local personnel costs followed by 16% in government fees and taxes. The remaining expenditures cover office rental supplies, technical consultants and company costs.

Confirmation of economically recoverable reserves depends on negotiations of the timing and terms of the 7 million Euros (\$ 8.1 million) payment to the Niger government in connection with the receipt of mining permit for its **Madaouela 1 tenement** and the ability of the Company to obtain further financing to develop its mineral properties.

On July 3, 2018, **GoviEx** entered into a short-term loan agreement and lent \$ 2.75 million to **Linkwood** to enable Linkwood to complete the SPA. The loan bears an interest rate of 9.5% calculated daily for a period of 6 months with an optional three-months extension at which time is due and payable.

On July 9, 2018, **GoviEx** announced the conclusion of the Termination Agreement.

Condensed interim consolidated statements of financial position (in thousands of US dollars)	June 30 2018	June 30 2017
ASSETS		
Current of which:	5.01	6.28
Cash	4.80	6.00
Non-current, of which:	69.79	61.72
Mineral properties	69.59	61.51
Total assets	74.80	68.00
LIABILITIES		
Current, of which:	8.58	9.45
Mine permit acquisition payable	8.09	-
Uranium Loan	-	-
Total liabilities	8.58	9.45
Shareholders' equity:	66.22	58.55
Statements of Cash flow		
Cash used in operating activities	(2.25)	(2.27)
Cash provided by financing activities	1.04	0.81
Decrease in cash	(1.20)	(1.46)
Cash end of the period	4.80	2.85

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 143 million pounds U3O8, plus Inferred resources of 86 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 fully permitted Madaouela Property to a Feasibility Study (FS) in 2019 and targeted production in 2021.**

Having earlier received initial 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 commenced to feature **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, and the Company at a share price of C\$ 0.08 also included in my 2016 Shortlist of investment recommendations, thereby reflecting an extremely depressed market valuation of less than C\$ 12 million at that time.

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 remains C\$ 0.40, but due to the continuous depressed uranium market, over an extended period to year-end 2019.



Niger's first commercial uranium mines began operating in 1971. There is strong government support for expanding uranium mining. The country has two significant uranium mines, **SO-MAIR** and **COMINAK**, representing Niger as the world's 4th-ranking uranium producer, providing about 6% of world mining output from Africa's highest-grade uranium ore.

Uranium was discovered at **Azelik** in Niger in 1957 by the **French Bureau de Recherches Géologiques et Minières (BRGM)** looking for copper. The French **Atomic Commission (CEA)** initiated further studies at **Abokurum** (1959), **Madaouela** (1963), **Arlette, Ariege, Artois & Tassa** (1965), **Imouraren** (1960) and **Akouta** (1967).

In the midst of this **Niger** became independent of France in 1960.

In 1964, the coal deposit of Thorizerine was also discovered. It is currently operated by SONICAR and produces electricity for the northern Agadez region, including the uranium mines.

Historically, uranium mining in Gabon has been closely linked with **Niger** due to the role of the **CEA** and Cogema (now **Orano**).

In 2011, **Niger** produced 4,351 tU and the cumulative production from the country was 114,346 tU to the end of 2010. About 62,000 tU of this was from underground and 52,000 tU from open-pit mining. Production amounted to 3,8565 tonnes U in 2011 and reached a high of 4,667 tonnes in 2012, of which 3,065 tonnes from **SOMAIR** and 1,506 tonnes from **COMINAK**. In 2016 and 2017 production came under pressure with 3,477 and 3,449 tonnes U, respectively.

Uranium is mined close to the two mining towns of Arlit and Akokan, 900 kilometres north-east of the capital Niamey (more than 1,200 kilometres by road) on the southern border of the Sahara desert and on the western range of the Air mountains. The concentrates are trucked 1,600 km to Parakou in **Benin**, then railed 400 km to Cotonou port and exported for conversion, mostly to Comuranex in France.

Production is first sold to the partners in proportion to their equity and an extraction determined by the government, nationally based on operation costs, but somewhat higher.

In May 2014, the government of **Niger** and Areva signed a new 5-year agreement for the two mines based on the 2000 mining law and expressing what both sides said was a balanced partnership. The royalty rate will be potentially increased to 12% of market value, but depending on profitability. The deal stipulates for the first time that the firm's boards will include Nigerian managing directors – appointed for **SO-MAIR** in 2014, and in 2016 for **COMINAK**.

Also, Orano will provide € 90 million (\$ 122 million) to support construction of a road from Tahoua to Arlit near the uranium developments, as well as a further € 17 million (\$ 23 million) for development in the surrounding Irhazer Valley. Orano will also build a new headquarters for the two operations in the capital Niamey at a cost of € 10 million (\$ 13.6 million).

The Niger government expects more than \$ 39 million in additional tax revenues annually from the new agreement. In October 2014, the government formally approved the agreement.

► **Niger Uranium Reserves and Resources**

Mill capacity of **SOMAIR** is 3,000 tU annually and product is sodium urinate. Average head grade in 2015 was 0.28% rU.

Proven and Probable reserves at the end of 2016 are 3,205 tU @ 0.115% U₃O₈, with in addition 30,042 tU U₃O₈ @ 0.143% Indicated resources and 22,653 tU U₃O₈ @ 0.154% Inferred resources.

The 100%-owned **Arlit concession** has an **Inferred resource** of 20,403 tU U₃O₈ @ 0.159%.

Mill capacity of **COMINAK** is 2,000 tU annually of magnesium uranate (75% tU or 1,800 tU annually). Head grade in 2015 was 0.4% U.

Proven and Probable reserves at the end of 2016 are 8,702 tU @ 0.327%, with in addition 2,879 tU @ 0.066% **Inferred resources**.

SOMINA: Azelik was established in 2007 to mine **Azelik/Teguidda** 160 km southwest of Arlit and 150 km northwest of Agadez in the Agadez region. **Azelik** is being developed with major **Chinese (CNNC) equity** and came into production at the end of 2010, with the aim to ramp-up to 700 tU/yr. It is an open-pit and underground operation using alkaline leach and with **resources of 15,600 tU at 0.2%**.

CNNC said in August 2014 that **Azelik** has experienced prolonged project delays, overruns in its construction budget and low production which lead to heavy losses and causing "default repayment of bank loans". In **February 2015**, **CNNC International** announced that the mine would be closed and is put on care and maintenance due to "tight cash flow".

CNNC has earlier hoped to raise production to 2,500 tU by 2015 and double that by 2020.

The **Madaouela Project** was discovered by the **CEA** in the early 1960s, with the **GoviEx Niger JV** formed in 2007 to explore the Madaouela and Anou Melle mineralization.

In **November 2017**, **Probable mineral reserves** of the **Madaouela Project** were set at **60.54 million pounds U3O8**, **Measured and Indicated resources** were set at **42,600 tU**, plus 10,640 tU **Inferred resources** (NI 43-101 compliant).

Top 10 countries of the world's uranium producers								
	Production in tonnes U 2017	2017 in % world total	Production in tonnes U 2016	2015	2014	2013	2010	2010 in % world total
Kazakhstan	23,391	39	24,575	23,800	23,127	22,451	17,803	33
Canada	13,116	22	14,039	13,325	9,134	9,331	9,783	18
Australia	5,882	10	6,315	5,672	5,001	6,350	5,900	11
Niger	3,449	6	3,477	4,116	4,057	4,518	4,198	8
Namibia	3,098	5	3,654	2,993	3,255	4,323	4,496	8
Russia	2,917	5	3,004	3,055	2,990	3,135	3,562	7
Uzbekistan (est)	2,404	4	2,404	2,385	2,400	2,400	2,400	4
China (est)	1,885	3	1,616	1,616	1,500	1,500	827	2
USA	940	2	1,125	1,256	1,919	1,792	1,660	3
Ukraine (est)	550	1	<u>1,005</u>	<u>1,200</u>	<u>926</u>	<u>922</u>	<u>850</u>	<u>2</u>
Top-10 total	57,632	97	61,214	59,418	54,309	56,722	51,479	96
Others	1,899	<u>3</u>	<u>1,137</u>	<u>1,100</u>	<u>1,908</u>	<u>2,648</u>	<u>2,192</u>	<u>4</u>
Total world production tU	59,531	100	62,012	60,518	56,217	59,370	53,671	100

source: WNA