Condensed Consolidated Interim Financial Statements of

# GoviEx Uranium Inc.

For the nine months ended September 30, 2016

(Unaudited – in U.S. Dollars)

# GoviEx Uranium Inc.

Condensed consolidated interim financial statements
September 30, 2016

## Table of contents

## NOTICE TO READER

The accompanying condensed consolidated interim financial statements of GoviEx Uranium Inc. (the **"Company**") have been prepared by and are the responsibility of the Company's management. The independent auditor of the Company has not performed a review of these condensed consolidated interim financial statements.

# GoviEx Uranium Inc.

## Condensed consolidated interim statements of financial position

(Unaudited - in thousands of U.S. dollars)

| | Notes | **September 30, 2016** | December 31, 2015 |
|---|---|---|---|
| | | **$** | $ |
| **Assets** | | | |
| Current assets | | | |
| Cash | | **1,647** | 1,039 |
| Amounts receivable | | **69** | 93 |
| Prepaid expenses and deposit | | **48** | 90 |
| | | **1,764** | 1,222 |
| *Non-current assets* | | | |
| Long-term deposits | | **300** | 300 |
| Plant and equipment | 3 | **95** | 71 |
| Mineral properties | 5 | **60,911** | 57,147 |
| | | **61,306** | 57,518 |
| **Total assets** | | **63,070** | 58,740 |
| **Liabilities and equity** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | **167** | 324 |
| Uranium loan | 6 | **7,880** | 10,511 |
| Share purchase warrants liability | 7 | **220** | 55 |
| Total Liabilities | | **8,267** | 10,890 |
| **Equity** | | | |
| Share capital | 8 | **224,883** | 218,743 |
| Contributed surplus | | **2,109** | 1,775 |
| Share-based payment reserve | | **15,226** | 14,761 |
| Accumulated deficit | | **(187,415)** | (187,429) |
| | | **54,803** | 47,850 |
| **Total equity and liabilities** | | **63,070** | 58,740 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors on November 18, 2016.

*/s/ "Daniel Major"* — Director

*/s/ "Christopher Wallace"* — Director

# GoviEx Uranium Inc.

## Condensed consolidated interim statements of income (loss) and comprehensive income (loss)

(Unaudited - in thousands of U.S. dollars, except for shares and per share amounts)

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | Note | **2016** | 2015 | **2016** | 2015 |
| | | **$** | $ | **$** | $ |
| **Expenses** | | | | | |
| Exploration and evaluation | 10 | **(424)** | (490) | **(1,060)** | (2,294) |
| General and administrative | 11 | **(293)** | (273) | **(962)** | (937) |
| | | **(717)** | (763) | **(2,022)** | (3,231) |
| Other income and (expenses) | | | | | |
| Depreciation | | **(7)** | (51) | **(31)** | (163) |
| Gain (loss) on derivative liability | 7 | **59** | - | **(165)** | - |
| Foreign exchange gain (loss) | | **39** | (8) | **58** | (34) |
| Gain (loss) on uranium loan | 6 | **1,048** | - | **3,351** | (250) |
| Interest income | | **4** | - | **8** | 3 |
| Interest on uranium loan | 6 | **(224)** | (307) | **(720)** | (906) |
| Share-based payment | 9 | **(119)** | (106) | **(465)** | (580) |
| | | **800** | (472) | **2,036** | (1,930) |
| **Income (loss) and comprehensive income (loss) for the period** | | **83** | (1,235) | **14** | (5,161) |
| Income (loss) per share, basic and diluted | | **$ 0.00** | **$ (0.01)** | **$ 0.00** | **$ (0.04)** |
| Weighted average number of common shares outstanding | | **264,937,338** | 146,745,233 | **207,848,043** | 146,394,385 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# GoviEx Uranium Inc.

## Condensed consolidated interim statements of changes in equity

(Unaudited - in thousands of U.S. dollars except shares)

| | Note | Number of Shares | Share capital | Contributed surplus | Share-based payment reserve | Accumulated deficit | Total |
|---|---|---|---|---|---|---|---|
| | | | $ | $ | $ | $ | $ |
| **Balance, December 31, 2014** | | 146,216,053 | 217,625 | 1,775 | 14,020 | (182,175) | 51,245 |
| Issuance of common shares | | 16,228,177 | 716 | - | - | - | 716 |
| Share-based payments | | - | - | - | 580 | - | 580 |
| Loss and comprehensive loss for the period | | - | - | - | - | (5,161) | (5,161) |
| **Balance, September 30, 2015** | | 162,444,230 | 218,341 | 1,775 | 14,600 | (187,336) | 47,380 |
| Issuance of common shares | | 5,707,119 | 402 | - | - | - | 402 |
| Share-based payments | | - | - | - | 161 | - | 161 |
| Loss and comprehensive loss for the period | | - | - | - | - | (93) | (93) |
| **Balance, December 31, 2015** | | 168,151,349 | 218,743 | 1,775 | 14,761 | (187,429) | 47,850 |
| Shares issued for cash, net of share issue costs | 8 | 40,568,871 | 2,163 | 13 | - | - | 2,176 |
| Shares issued on acquisition of Rockgate Capital Corp. | 4 | 56,050,450 | 3,961 | - | - | - | 3,961 |
| Warrants issued on acquisition of Rockgate Capital Corp. | 4 | - | - | 321 | - | - | 321 |
| Shares issued for services | 8 | 166,668 | 16 | - | - | - | 16 |
| Share-based payments | | - | - | - | 465 | - | 465 |
| Income and comprehensive income for the period | | - | - | - | - | 14 | 14 |
| **Balance, September 30, 2016** | | 264,937,338 | 224,883 | 2,109 | 15,226 | (187,415) | 54,803 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# GoviEx Uranium Inc.

## Condensed consolidated interim statements of cash flows

(Unaudited - in thousands of U.S. dollars)

| | Note | Nine months ended September 30, 2016 | 2015 |
|---|---|---|---|
| | | **$** | $ |
| **Operating activities** | | | |
| Income (loss) for the period | | **14** | **(5,161)** |
| Adjustments for non-cash items | | | |
| Depreciation | | **31** | 163 |
| Loss on derivative liability | | **165** | - |
| Interest expense | | **720** | 906 |
| Share-based payment | | **465** | 580 |
| Unrealized (gain) loss on uranium loan | | **(3,351)** | 250 |
| Changes in non-cash operating working capital items | | | |
| Amounts receivable | | **24** | (7) |
| Prepaid expenses and deposit | | **43** | 59 |
| Accounts payable and accrued liabilities | | **(157)** | (291) |
| Cash used in operating activities | | **(2,046)** | (3,501) |
| **Investing activities** | | | |
| Net cash received from acquisition | 4 | **526** | - |
| Cash provided by investing activities | | **526** | - |
| **Financing activities** | | | |
| Net proceeds from share issuance | | **2,163** | 716 |
| Proceeds from derivative liability - warrants | | **-** | 645 |
| Cash provided by financing activities | | **2,163** | 1,361 |
| Effect of foreign exchange on cash | | **(35)** | 11 |
| Increase (decrease) in cash | | **608** | **(2,129)** |
| Cash, beginning of period | | **1,039** | 3,653 |
| **Cash, end of period** | | **1,647** | 1,524 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## 1. NATURE OF OPERATIONS AND GOING CONCERN

GoviEx Uranium Inc. ("**GoviEx**" or the "**Company**") is a Canadian mineral resources company focused on the exploration and development of uranium properties located in Africa. The Company was originally incorporated in British Virgin Islands as a private investment company and continued under the *Business Corporation Act* (British Columbia) in Canada on March 1, 2011. The head office, principal address, registered and records office of the Company is located at 999 Canada Place, Suite 654, Vancouver, British Columbia, Canada, V6C 3E1.

On June 19, 2014, the Company completed its Initial Public Offering ("**IPO**") through the Canadian Securities Exchange ("**CSE**"). On July 5, 2016, the Company announced the TSX Venture Exchange ("**TSX-V**") had accepted the Company's common A shares for trading. On July 11, 2016 those shares ceased trading on the CSE and commenced trading on the TSX-V under the same symbol "GXU".

On June 13, 2016, the Company announced the completion of the Definitive Share Purchase Agreement with Denison Mines Corp. ("**Denison**") to acquire Denison's African uranium interests (the "**Transaction**") previously announced on March 30, 2016 (Note 4).

Concurrent with the Transaction, the Company completed a non-brokered private placement for gross proceeds of $2.2 million (CAD$2.8 million) by issuing 40.1 million units at a unit price of CAD$0.07 (Note 8).

The Company is an advanced exploration company conducting work on its uranium properties located in Africa. The Company capitalizes acquisition costs and expenses all other exploration and development costs related to the projects on which it is conducting exploration. The underlying value and the recoverability of the amounts recorded as mineral exploration rights is dependent upon the Company's ability to demonstrate the existence of economically recoverable mineral reserves, obtain the mining permit and necessary finance to complete the development of the uranium asset. As a result the carrying value of the mineral rights may not reflect current or future values.

The condensed consolidated interim financial statements have been prepared in on a going concern basis which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. At September 30, 2016, the Company has working capital of $1.60 million. Continuation of the Company as a going concern is dependent upon the confirmation of economically recoverable reserves and the ability of the Company to obtain further financing to develop its mineral properties. Management is required to continuously raise funds through equity, debt financing and/or joint venture arrangements. Although the Company has been successful in raising funds in the past, there can be no assurance that it will be able to do so in the future. The lack of sufficient committed funding for the next 12 months cast a significant doubt upon the Company's ability to continue as a going concern. The Company has no source of revenue, and has significant cash requirements to maintain its mineral interests, meet its administrative overhead, and pay its liabilities.

Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on the statements of financial position. These interim financial statements do not reflect adjustments to the carrying value and classification of asset and liability that might be necessary in the event of going concern and such adjustments could be material.

## 2. BASIS OF PREPARATION

### Statement of compliance

These condensed financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* using the same accounting policies as detailed in the Company's audited consolidated financial statements for the year ended December 31, 2015.

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares and per share amounts)

These interim financial statements do not include all of the information required for complete annual consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") effective as at September 30, 2016, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 and the notes thereto.

**Critical accounting estimates and judgments**

The Company's management makes estimates and uses judgments when determining the assets, liabilities and expenses reported in these interim financial statements. These estimates and judgments are reviewed on an ongoing basis based on historical experience, current economic conditions, and include expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The critical estimates and judgments applied in the preparation of these interim financial statements are consistent with those applied and disclosed in Note 2 to the audited consolidated financial statements for the year ended December 31, 2015. The Company's interim results are not necessarily indicative of its results for a full year.

**Basis of consolidation**

These interim financial statements include accounts of the Company and its subsidiaries. All amounts are presented in United States dollars ("**US dollars**"), which is the functional currency of the Company and each of the Company's subsidiaries, except as otherwise noted. References to CAD$ are to Canadian dollars. All inter-company balances, transactions, and expenses have been eliminated.

## 3. PLANT AND EQUIPMENT

Plant and equipment is summarized as follows:

| | Motor Vehicles | Plant and Equipment | Land and Buildings | Computer | Office Equipment | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Cost** | | | | | | |
| **At December 31, 2015** | 311 | 869 | 301 | 696 | 182 | 2,359 |
| Additions | - | - | 55 | - | - | 55 |
| **At September 30, 2016** | **311** | **869** | **356** | **696** | **182** | **2,414** |
| | | | | | | |
| **Accumulated depreciation** | | | | | | |
| **At December 31, 2015** | 280 | 868 | 276 | 688 | 176 | 2,288 |
| Depreciation | 19 | 1 | - | 5 | 6 | 31 |
| **At September 30, 2016** | **299** | **869** | **276** | **693** | **182** | **2,319** |
| | | | | | | |
| **Carrying amount** | | | | | | |
| **At December 31, 2015** | 31 | 1 | 25 | 8 | 6 | 71 |
| **At September 30, 2016** | **12** | **-** | **80** | **3** | **-** | **95** |

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares and per share amounts)

## 4. ROCKGATE ACQUISITION

On June 10, 2016, the Company completed the acquisition of Denison's African assets held by Rockgate Capital Corp. ("**Rockgate**"), pursuant to the Definitive Share Purchase Agreement announced on March 30, 2016.

Under the terms of the transaction, the Company acquired a 100% interest in Rockgate by issuing 56,050,450 common shares and 22,420,180 share purchase warrants. Each warrant is exercisable at $0.15 for one common share until June 10, 2019 subject to an acceleration clause. In the event that the Company's shares closing price is not less than CAD$0.24 for 15 consecutive trading days, the Company may provide warrants holders with written notice that the warrants can be exercised on the original terms within 30 days; failing which, the exercise price increases to $0.18 per share and the term is reduced by six months.

The Company concluded that the acquired assets and assumed liabilities of Rockgate did not constitute a business under IFRS 3, *Business Combinations*, and accordingly the transaction was accounted for as an acquisition of an asset. The purchase price was allocated to the assets acquired and liabilities assumed on a relative fair value basis as follows:

| **Purchase price:** | **$** |
|---|---|
| 56.1 million common shares issued (1) | **3,961** |
| 22.4 million warrants issued (2) | **321** |
| Transaction costs | **132** |
| | **4,414** |
| | |
| **Net assets acquired:** | |
| Cash | **658** |
| Plant and equipment | **55** |
| Mineral properties | **3,764** |
| Accounts payable and accrued liabilities | **(63)** |
| **Net asset acquired** | **4,414** |

(1) The common shares were valued at the June 10, 2016 closing price of GoviEx shares on the CSE CAD$0.09 converted to USD$ at foreign exchange rate of 0.7852.
(2) The fair value of the warrants issued was calculated using a Black-Scholes option pricing model with the following average assumptions and inputs: (i) expected life – 2 years, (ii) weighted average expected volatility – 75%, (iii) risk-free interest rate – 0.5%.

## 5. MINERAL PROPERTIES

The Company's primary asset is an advanced-stage exploration uranium property located in north central Niger. The Company acquired a 100% interest in five mineral tenements, Madaouela I, II, III, IV, and Anou Melle (the "**Madaouela Project**") for Euro 25 million ($34.6 million) cash payment and 10 million common shares for $22.5 million.

On February 1, 2016, the Company announced that the mining permit for the Company's Madaouela I project was granted by the Niger government. Under the terms of the 2007 Mining Convention with the Republic of Niger Ministry of Mines and Energy, the Company is required to make a one-time payment of Euro 7 million ($8 million) upon the publication of the official decree awarding the first mining permit issued. The Company is in discussion with the Ministry to negotiate the terms of this payment.

Upon the grant of the mining permit, and the incorporation of a standalone Niger mining company to hold the mining permit, the Niger government will receive a 10% free carried interest in the Madaouela I project, and have the option to purchase an additional 30% equity interest at fair market value subject to certain conditions at the time the mining company is incorporated.

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares and per share amounts)

In addition, the exploration licenses application for Eralrar and the renewals for Madaouela II, III, IV and Anou Melle were approved by Niger government.

As of June 10, 2016, the Company acquired control of Rockgate and acquired mineral property interests in Zambia (Mutanga project), Mali (Falea project), and Namibia (Dome project) with a fair value of $3.7 million, of which $2.3 million has been allocated to Mutanga, $1.4 million to Falea and $nil to Dome.

## 6. URANIUM LOAN

Pursuant to a bond purchase agreement with Toshiba Corporation ("**Toshiba**") in April 2012, the Company borrowed 200,000 pounds of uranium concentrate $U_3O_8$ ("**Uranium Loan**") at an interest rate of 12% compounded annually. The Uranium Loan matures on April 19, 2020 subject to early redemption by Toshiba. The principal and interest are stated in pounds of $U_3O_8$, and at maturity date the Company will have to repay Toshiba a total of 495,193 pounds of $U_3O_8$ including interest accrued.

The Uranium Loan is secured by a floating charge on all Niger assets of the Company.

Toshiba has the right to demand repayment of the Uranium Loan and accrued interest if (i) the Company fails to deliver a definitive feasibility study relating to Madaouela Project prior to December 31, 2017, or (ii) the sum of the production and capital costs per pound of $U_3O_8$, as estimated in a feasibility study prepared in respect of the Madaouela Project, is not lower than $44 per pound. The equivalent figure, completed to a pre-feasibility level of confidence, reported in the technical report titled, *An Updated Integrated Development Plan for Madaouela Project, Niger* with an effective date of August 11, 2015 and revision date of August 20, 2015, is $36.44 per pound.

The spot $U_3O_8$ price, published by Ux Consulting Company, LLC on a weekly basis, was US$23.75 per pound on September 26, 2016 and US$34.5 per pound on December 31, 2015:

| | **September 30,** | | December 31, | |
|---|---|---|---|---|
| | **$U_3O_8$** | **2016** | $U_3O_8$ | 2015 |
| | **Pounds** | **$** | Pounds | $ |
| Balance, beginning of period | **304,682** | **10,511** | 272,038 | 9,657 |
| Unrealized gain | **-** | **(3,351)** | - | (332) |
| Net principal balance | **304,682** | **7,160** | 272,038 | 9,325 |
| Accrued interest | **27,121** | **720** | 32,644 | 1,186 |
| Balance, end of period | **331,803** | **7,880** | 304,682 | 10,511 |

## 7. SHARE PURCHASE WARRANTS DERIVATIVE LIABILITY

Share purchase warrants issued with an exercise price denominated in a currency other than the Company's functional currency are considered derivative instruments. As such they are classified as financial liabilities measured at fair value and are re-measured each reporting period with all changes recorded as a component of net earnings (loss).

In connection with a non-brokered private placement closed in tranches on September 28 and November 3, 2015, the Company issued 22.3 million warrants to the unit holders. Each warrant entitled the holder to purchase one common share of the Company at an exercise price of CAD$0.18 for a period of two years following the issuances.

The fair value was estimated to be $0.04 on the date of issue by using the Black-Scholes option pricing model assuming an expected volatility of 75%, a risk-free interest rate of 0.50%, a dividend yield of 0%, and an expected term of two years.

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares and per share amounts)

The following table provides detail of the movement of the warrant liability:

| | Number of warrants | Amount |
|---|---|---|
| Balance as January 1, 2015 | | $ |
| Warrants issued on September 28, 2015 | 16,228,177 | 645 |
| Warrants issued on November 3, 2015 | 5,707,119 | 50 |
| Change in fair value estimates | - | (640) |
| Balance as December 31, 2015 | 21,935,296 | 55 |
| Change in fair value estimates | - | 165 |
| **Balance as September 30, 2016** | 21,935,296 | 220 |

## 8. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Class A and Class B common shares with no par value.

On June 10, 2016, the Company closed a non-brokered private placement by issuing 40,568,871 units at a price of CAD$0.07 for gross proceeds of $2.2 million (CAD$2.8 million). Each unit consists of one common share and one common share purchase warrant exercisable at $0.12 per share until June 10, 2018 and $0.14 per share thereafter. Those warrants are subject to certain acceleration clause (Note 9(b)).

The Company paid CAD$52,177 in cash finders' fees and issued 728,451 agent's common shares purchase warrants at the same term of those issued in the private placement.

The fair value of the agents' warrants were calculated using a Black-Scholes option pricing model with the following average assumptions and inputs: (i) expected life – 2 years, (ii) weighted average expected volatility – 75%, (iii) expected dividend yield – 0%, (iv) risk-free interest rate – 0.5%.

In June 2016, 166,668 common shares were issued to independent directors of the Company in satisfaction of their fees totaling $16,000 (CAD$20,000) (Note 12).

## 9. SHARE-BASED PAYMENTS

a) Stock Options

The Company has a share option plan in place authorizing the granting of stock options to qualified optionees to purchase a maximum of 10% of the then issued and outstanding common shares of the Company.

Stock option transactions and the number of stock options are summarized as follows:

| | September 30, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price ($) | Number of options | Weighted average exercise price ($) |
| Outstanding, beginning of period | 14,607,083 | 0.44 | 4,648,333 | 2.15 |
| Options granted | 10,535,000 | 0.09 | 12,800,000 | 0.12 |
| Options expired | (808,750) | (2.15) | (2,178,750) | (2.10) |
| Options forfeited | - | - | (662,500) | (0.72) |
| Outstanding, end of period | 24,333,333 | 0.25 | 14,607,083 | 0.44 |
| Exercisable, end of period | 7,036,666 | 0.46 | 4,165,416 | 0.97 |

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares and per share amounts)

The following table lists the stock options outstanding and exercisable at September 30, 2016 with a weighted average remaining life of 3.8 years and 4 years respectively:

| Exercise price | | Expiry date | September 30, 2016 Outstanding | September 30, 2016 Exercisable | December 31, 2015 Outstanding | December 31, 2015 Exercisable |
|---|---|---|---|---|---|---|
| $ | 2.15 | February 15, 2016 | - | - | 50,000 | 50,000 |
| $ | 2.15 | June 6, 2016 | - | - | 400,000 | 400,000 |
| $ | 2.15 | November 9, 2016 | 150,000 | 150,000 | 250,000 | 250,000 |
| $ | 2.15 | June 4, 2017 | 250,000 | 250,000 | 250,000 | 200,000 |
| $ | 2.15 | August 27, 2017 | 333,333 | 266,666 | 333,333 | 266,666 |
| $ | 2.15 | June 19, 2019 | 1,040,000 | 780,000 | 1,077,500 | 557,500 |
| CAD | 0.30 | January 28, 2020 | 2,600,000 | 1,300,000 | 2,721,250 | 760,000 |
| CAD | 0.10 | November 19, 2020 | 6,625,000 | 1,656,250 | 6,725,000 | 1,681,250 |
| CAD | 0.11 | December 31, 2017 | 2,800,000 | - | 2,800,000 | - |
| CAD | 0.12 | June 20, 2021 | 10,535,000 | 2,633,750 | - | - |
| | | | 24,333,333 | 7,036,666 | 14,607,083 | 4,165,416 |

Subsequent to the quarter ended September 30, 2016, 150,000 stock options expired unexercised.

The Company applies the fair value method of accounting for stock options. The weighted average fair value of options granted during the period ended September 30, 2016 was $0.05 (September 30, 2015 - $0.12). The weighted average fair value was estimated on the date of grant using the Black-Scholes model with the following assumptions:

| | September 30, 2016 | September 30, 2015 |
|---|---|---|
| Annualized volatility | 83% | 70% |
| Expected life in years | 5 | 5 |
| Estimated forfeiture rate | 0% | 0% |
| Risk free interest rate | 0.66% | 1.52% |
| Dividend rate | Nil | Nil |

b) Common Share Purchase Warrants

The following table lists the common share purchase warrants outstanding:

| Exercise price ($) | | Expiry date | Number of warrants September 30, 2016 | Number of warrants December 31, 2015 | Acceleration price (CAD$) |
|---|---|---|---|---|---|
| CAD | 0.18 | September 28, 2017 | 16,228,177 | 16,228,177 | ≥0.216 |
| CAD | 0.18 | November 3, 2017 | 6,026,879 | 6,026,879 | ≥0.216 |
| | 0.15 | June 10, 2019 | 22,420,180 | - | ≥0.24 |
| | 0.12 / 0.14* | June 10, 2019 | 41,297,322 | - | ≥0.20 |
| | | | 85,972,558 | 22,255,056 | |

* Exercisable at $0.12 till June 10, 2018, and $0.14 thereafter.

All the warrants issued are subject to an acceleration clause based on the Company’s share closing price, which, if triggered, the Company may provide the warrants holders with written notices for 30 or 60 days to exercise those warrants under the original terms.

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares and per share amounts)

## 10. EXPLORATION AND EVALUATION

Exploration and evaluation expenses for the Company were principally incurred in Niger and are summarized as follows (certain amounts in 2015 were reclassified to be in line with the current presentation):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | $ | $ | $ | $ |
| Salaries | **213** | 185 | **470** | 654 |
| Consultants | **70** | 115 | **140** | 1,039 |
| Camp | **9** | 145 | **40** | 389 |
| Office expenses | **130** | 12 | **330** | 42 |
| Permitting | **-** | - | **50** | - |
| Insurance | **2** | 12 | **27** | 104 |
| Travel | **-** | 21 | **3** | 66 |
| | **424** | 490 | **1,060** | 2,294 |

## 11. ADMINISTRATIVE EXPENSES

Administrative expenses for the Company are summarized as follows (certain amounts in 2015 were reclassified to be in line with the current presentation):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$** | $ | **$** | $ |
| Salaries | **173** | 202 | **587** | 671 |
| Investor relations | **56** | 8 | **95** | 54 |
| Insurance | **-** | 2 | **39** | 49 |
| Office expenses | **25** | 22 | **58** | 67 |
| Travel | **11** | 12 | **47** | 39 |
| Professional fees | **17** | 16 | **85** | 37 |
| Regulatory fees | **11** | 11 | **51** | 20 |
| | **293** | 273 | **962** | 937 |

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares and per share amounts)

## 12. RELATED PARTY DISCLOSURES

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

**Key management compensation**

In recognition of the exceptional efforts in enduring the completion of the Rockgate acquisition, the Company granted cash success fees of CAD$18,000 each to its Executive Chairman and Chief Executive Officer and CAD$4,000 to one independent director. The Company also issued 166,668 common shares in satisfaction of committee members' fees totalling CAD$20,000. These fees represent the first fees paid to committee members since March 2013.

Key management includes the board of directors and the Company's Executive Chairman, Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management is listed below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$** | $ | **$** | $ |
| Salaries | **115** | 180 | **391** | 610 |
| Bonus | **-** | - | **31** | 30 |
| Committees' fees | **-** | - | **16** | - |
| Share-based payments | **56** | 83 | **228** | 460 |
| | **171** | 263 | **666** | 1,100 |

In the event of change of control, the Chief Executive Officer is eligible to receive a one-time bonus equal to 0.5% of the net proceeds received by the Company at the closing of a change of control transaction. The timing, structure and payment of the bonus would be in the sole discretion of the Board of Directors of the Company.

**Global Mining Management Corporation ("GMM")**

GMM is a private company, incorporated in British Columbia, Canada, owned equally by its eight shareholders one of which is the Company. GMM provides general administration, finance and accounting, and corporate services to the Company on a cost recovery basis.

The following fees were incurred in the normal course of operations including the Chief Financial Officer charges:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Personnel | **58** | 52 | **140** | 219 |
| Corporate overhead | **15** | 13 | **37** | 41 |
| | **73** | 65 | **178** | 260 |

As of September 30, 2016, $23,627 (December 31, 2015 – $12,721) was owed to GMM and included in the accounts payable and accrued liabilities of the Company.

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares and per share amounts)

## 13. FINANCIAL INSTRUMENTS

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly;
Level 3 - inputs for the asset or liability that are not based upon observable market data.

As at September 30, 2016 and December 31, 2015, the recorded amounts for cash, amounts receivables, accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

The fair value of the Company's uranium loan is determined by reference to the closing uranium price on an open market at the reporting date and thus is a level 1 fair value measurement.

The derivative liability is measured at fair value and categorized in level 3.

## 14. SEGMENTED INFORMATION

The Company has one business segment, the exploration of mineral properties, further subdivided into geographic regions. The Company's non-current assets are listed below:

| | **September 30, 2016** | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | Long-term Deposits ($) | Plant and Equipment ($) | Mineral Properties ($) | Long-term Deposits ($) | Plant and Equipment ($) | Mineral Properties ($) |
| Canada | 140 | - | - | 140 | - | - |
| Mali | - | - | 1,449 | - | - | - |
| Niger | 160 | 40 | 57,147 | 160 | 71 | 57,147 |
| Zambia | - | 55 | 2,315 | - | - | - |
| | 300 | 95 | 60,911 | 300 | 71 | 57,147 |

## 15. COMMITMENTS AND CONTINGENCIES

a) The dispute with one of the Company's former employees regarding termination payment was settled during the second quarter of 2016 and is closed as of September 30, 2016. The Company paid $162,566 (Euro 145,000) to settle the dispute.
b) Certain exploration expenditures are required to be incurred by the Company over the next several years in order to maintain various mineral property permits / licenses in good standing.
c) The Company is not aware of any other commitments or contingencies which could have a material impact on the Company's financial position or results of operations.

## Management's Discussion and Analysis ("MD&A")

## - Quarterly Highlights

## As of November 18, 2016

### Introduction

GoviEx Uranium Inc. ("**GoviEx**" or the "**Company**") is a company focused on the acquisition, exploration and development of uranium projects in Africa. The Company is based in Vancouver, British Columbia, Canada; its common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "GXU", and also trades on the OTC Markets under the symbol "GVXXF".

This interim MD&A provides a brief update on the Company's business activities, financial condition, financial performance and cash flow since December 31, 2015, and excludes certain information discussed in its most recent annual MD&A. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("**IFRS**") in U.S. dollars, unless otherwise indicated. References to C$ are to Canadian dollars.

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4" respectively. Additional information related to GoviEx is available on the Company's website www.goviex.com or on SEDAR at www.sedar.com.

### Forward Looking Statements and Risk Factors

This interim MD&A contains forward-looking statements that are related to the Company's activities and future financial results. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results for the current periods are not necessarily indicative of the results for any future period. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance as they are subject to significant risks and uncertainties that, disclosed in the end of this MD&A, may cause projected results of events to be differ materially from actual results or events.

For a detailed listing of the risk factors, please refer to the Company's annual MD&A for the year ended December 31, 2015.

### Highlights

- On October 4, 2016, RadonEx was contracted to carry out radian survey over the Madaouela project.
- On September 12, 2016, Medea Capital Resources was appointed as a Project Debt Advisor for Madaouela project.
- On July 11, 2016 Company transferred its listing to the TSX-V.
- On June 10, 2016, the Company completed a Definitive Share Purchase Agreement (the "**Agreement**") with Denison Mines Corp. ("**Denison**") to combine their respective African uranium mineral interests (the "**Transaction**"), which was announced on March 30, 2016.
- On June 10, 2016, the Company closed the non-brokered private placement, which occurred on a concurrent basis with the Transaction, for gross proceeds of $2.2 million (CAD$2.8 million).
- On January 29, 2016, the Company was granted renewal approval of the Madaouela II, III, IV and Anou Melle exploration tenements.

- On January 26, 2016, the Company was granted the Mining Permit for its Madaouela I tenement, and the Exploration license for the Eralrar tenement.

**Project Debt Advisors**

GoviEx appointed Medea Capital Partners Ltd. ("Medea") as a Project Debt Advisor to assist the Company in the process of structuring the debt portion of the project financing required for the development of the Madaouela Uranium Project in Niger ("the Madaouela Project").

Medea was previously engaged by GoviEx in February 2016, to undertake a survey of global debt markets to determine the potential availability of project financing for construction of the Madaouela Project. This resulted in Medea providing GoviEx with a strategic advisory paper which concluded that there may be available market capacity for Export Credit Agency ("ECA") covered debt project financing for the development of the project.

The engagement of Medea represents one part of an integrated four-part strategy developed by the Company to advance the project, as follows:

- Debt finance structuring
- Project optimization and completion of detailed engineering
- Off-take structuring
- Project equity financing

The involvement of ECAs is expected to be a key aspect of achieving full funding, as ECAs can provide credit insurance, which significantly reduces the risk profile of project debt, to the syndicate of mining finance banks who ultimately finance the development of the project. ECAs are public agencies that provide sovereign-backed loans, guarantees and insurance to companies seeking to do business in developing countries.

In the case of the Madaouela Project, ECA policies are expected to provide mining finance banks with insurance coverage for both political risk and also the commercial risk of providing the project debt financing to construct the project.

Medea is an independent advisory firm based in London that provides advice on raising and structuring debt financing for mining companies. The Medea team takes a comprehensive approach to ensure successful financing of mining projects for junior mining companies and has a particular specialization in uranium financing, with key team members having experience structuring the project financing of the only hard-rock uranium projects to go into full production globally in the past 20 years.

**RadonEx Survey**

GoviEx announced that RadonEx Ltd has been contracted to carry out an inaugural radon gas survey over its Madaouela Project.

The radon survey is being undertaken to identify drill targets adjacent to its Miriam deposit, with a goal of expanding the deposit's resources. Miriam is forecast to be developed as an open-pit and to provide the mill feed for the initial eight years of the project's mine life.

The initial survey area selected covers part of the Miriam deposit and is designed to confirm the suitability of the survey. Once the suitability of the survey has been validated, the survey area will then extend along controlling structures to look for similar deposits. The radon flux monitors will be set out on an initial spacing of 100 metres along lines 400 metres apart. Upon completion of the initial survey, the grid will be closed up where anomalies have been identified to achieve a higher resolution.

A successful radon survey could lead, following confirmatory drilling, to the expansion of resources at the Madaouela Project that that are amenable to open-pit mining (as contemplated in the Madaouela PFS), which could enable GoviEx to defer capital associated with the underground mine development and increase the scale of the project's lower-cost, open-pit mining at the beginning of the planned mines' operation. The combination of factors could result in an improvement in the projects' economics and valuation as compared to that set out in the Madaouela PFS.

## Results of Operations

During the three and nine months ended September 30, 2016, the Company recorded an income of $0.083 million and $0.014 million, respectively, (loss 2015 – $1.24 million and $5.16 million). Both periods are significantly affected by the non-cash fair value on the uranium loan that is adjusted based on uranium prices at each reporting date.

Exploration expenses in Africa during the three and nine months ended September 30, 2016 were $0.42 million and $1.06 million (2015 - $0.49 million and 2.29 million). Expenditures were mainly related to personnel costs, and from July 2016 include the additional costs of Zambia and Mali operations.

General and administration personnel were focused on the Transaction and the TSX-V listing. In July 2016 the Company settled the dispute with a former employee for Euro145,000.

Since January 2016, the Company has reduced its operating and sustaining costs through targeted compensation adjustments, non-essential retrenchments, over-head cut-backs, and other cost-cutting measures where is possible.

Uranium price continues to drift lower and closed at $18.75 per pound on October 31, 2016 according to the weekly spot price published by Ux Consulting Company, LLC. The 200,000 pounds uranium loan is fair valued at each reporting date based on the uranium price, and any gain or loss is recognized in the profit and loss during the period.

Warrants denominated in a currency other than the Company's functional currency constitute a derivative liability and must be valued at fair value on each reporting date. Any fair value changes are recognized in profit and loss.

## Summary of Quarterly Results

The Company's results have been driven by the level of its exploration and evaluation activities. The Company has had no revenue from mining operations since its inception. Significant variations in costs can be attributed to the following:

- Interest expenses and the balance of the uranium loan vary based on timing and fluctuations in uranium price.
- Increases and decreases quarter to quarter in the Company's stock price can have a significant impact on the value of the derivative liabilities issued by the Company in conjunction with debt and equity instruments.
- Exploration and evaluation expenditures can vary widely from quarter to quarter depending on the stages and priorities of the exploration program.
- Share-based payments are fair valued through Black-Scholes pricing model when stock options are granted and vested. Any change in the assumptions used will impact the share-based expense recorded in the period.

- Foreign exchange gains and losses arise because the Company conducts certain of its activities and holds financial assets in U.S. Dollars, Canadian dollars and other currencies, and reports its financial results in U.S. Dollars.

The following table sets forth a comparison of information for the previous eight quarters ending with September 30, 2016:

| *(in thousands of U.S. dollars except for per share)* | Q3'16 | Q2'16 | Q1'16 | Q4'15 | Q3'15 | Q2'15 | Q1'15 | Q4'14 |
|---|---|---|---|---|---|---|---|---|
| Exploration and evaluation | 424 | 258 | 378 | 1,054 | 490 | 636 | 947 | 1,356 |
| General and administrative | 293 | 397 | 272 | (371) | 273 | 669 | 313 | 359 |
| Depreciation | 7 | 8 | 16 | 59 | 51 | 55 | 57 | 62 |
| Foreign exchange (gain) loss | (39) | 24 | (43) | 59 | 8 | (8) | 34 | 3 |
| (Gain) loss on derivative liability | (59) | 111 | 113 | (640) | - | - | - | - |
| Gain on disposal of equipment | - | - | - | (21) | - | - | - | - |
| Interest Income | (4) | (2) | (2) | (3) | - | (1) | (2) | (3) |
| Interest Expense | 224 | 250 | 246 | 280 | 307 | 302 | 297 | 237 |
| (Gain) loss in uranium inventory | - | - | - | - | - | - | - | 181 |
| (Gain) loss on uranium loan | (1,048) | (673) | (1,630) | (582) | - | (838) | 1,088 | 80 |
| Share-based payments | 119 | 256 | 90 | 161 | 106 | 181 | 293 | 212 |
| (Income) loss for period | (83) | 629 | (560) | (4) | 1,235 | 996 | 3,027 | 2,487 |
| Loss per share | - | - | - | - | 0.01 | 0.01 | 0.02 | 0.02 |

## Liquidity and Capital Resources

The Company is dependent on raising funds by the issuance of shares and debt arrangements in order to finance further development of its uranium properties and meet general and administrative expenses in the immediate and long term. As at November 18, 2016, the Company has cash on hand approximately $1.3 million and working capital of $1.0 million.

Please refer to Note 1, Nature of Operations and Going Concern in the consolidated interim financial statements for the nine months ended September 30, 2016 for details.

During the nine months ended September 30, 2016, the Company spent $2.05 million towards operating activities (2015 - $3.5million), received $0.66 million cash from the Transaction, raised C$2.8 million through equity financing. The ability of the Company to continue its exploration and development activities is dependent on the continuing success of its uranium project development coupled with its ability to secure additional funding through equity, debt, joint venture or other means of financing.

Material increases or decreases in the Company’s liquidity and capital resources will be determined by the success of the Company in renewing its mineral licenses, obtaining its mining permit and obtaining equity or other sources of financing.

## Transactions with Related Party

The Company is a party to a shareholder's agreement with a private company, Global Mining Management Corp. ("**GMM**"), pursuant to which the Company shares office premises and corporate administration, accounting, and finance personnel on a cost recovery basis.

All transactions have occurred in the normal course of the Company's operations and have been measured at their fair value. The Company has utilized GMM since 2007.

Key management, consisting of personnel having authority and responsibility for planning, directing, and controlling the Company, includes board of directors, Executive Chairman, Chief Executive Officer and Chief Financial Officer.

## Outstanding Share Capital

As of November 18, 2016, the Company has

a) 264,937,338 common shares issued and outstanding;
b) 24,183,333 stock options outstanding at a weighted average exercise price of $0.25 among which 6,886,666 stock options are exercisable at a weighted average price of $0.46.
c) 85,972,558 share purchases warrants exercisable at a weighted price of $0.13 expiring from September 28, 2017 through June 10, 2019.

## Off Balance Sheet Arrangements

The Company does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet.

## Proposed Transactions

None

## Changes in Accounting Policies and Critical Accounting Estimates

The Company has not made any changes to its significant accounting policies, as described in Note 2 of the financial statements for the year ended December 31, 2015. Certain requirements for years beginning on or after January 1, 2017 have not yet been adopted and the Company is currently assessing the impact of adoption.

Critical accounting estimates remain the same as disclosed in the financial statements for the year ended December 31, 2015.

## Financial Instruments

The Company's cash, amounts receivable, accounts payable and accrued liabilities, uranium loan and derivative liabilities are financial instruments.

The derivative liability is measured at fair value and categorized in Level 3 of the fair value hierarchy used to measure financial instruments. The fair value of the derivative liability is based on the Black-Scholes option pricing model as determined at the reporting date. The recorded amount for cash, amounts receivable, accounts payable and accrued liabilities and the uranium loans approximate their fair values.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.

## Note to U.S. Readers

The Company uses the Canadian Institute of Mining, Metallurgy and Petroleum's definitions for the terms "measured resources", "indicated resources" and "inferred resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. Investors are cautioned not to assume that all, or any part of mineral deposits in these categories will ever be converted into reserves.