Consolidated Financial Statements of

GoviEx Uranium Inc.

Year Ended December 31, 2018

(In U.S. Dollars)

GoviEx Uranium Inc.

Consolidated financial statements
December 31, 2018

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Independent Auditor's Report

To the Shareholders of GoviEx Uranium Inc.

Opinion
We have audited the consolidated financial statements of GoviEx Uranium Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $368,000 during the year ended December 31, 2018 and has incurred cumulative losses since inception in the amount of $194.7 million at December 31, 2018. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Macdonald.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
April 24, 2019

GoviEx Uranium Inc.

Consolidated statements of financial position

(Stated in thousands of U.S. dollars)

	Notes	December 31, 2018	December 31, 2017
		$	$
Assets			
Current assets			
Cash		**1,100**	5,998
Amounts receivable		**11**	9
Loan receivable	6	**2,880**	-
Marketable securities	3	**106**	243
Prepaid expenses and deposit		**19**	31
		4,116	6,281
Non-current assets			
Long-term deposit	11(b)	**140**	140
Plant and equipment		**56**	71
Mineral properties	4	**69,591**	61,504
		69,787	61,715
Total assets		**73,903**	67,996
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities	11 (b,c)	**708**	372
Mine permit acquisition payable	4	**8,011**	-
Uranium loan	5	**-**	9,077
		8,719	9,449
Equity			
Share capital	7	**240,697**	234,384
Contributed surplus		**2,364**	2,278
Share-based compensation reserve		**16,814**	16,208
Investment revaluation reserve	2(l)	**-**	(259)
Deficit		**(194,691)**	(194,064)
		65,184	58,547
Total equity and liabilities		**73,903**	67,996

The accompanying notes are an integral part to the consolidated financial statements.

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 12)
Subsequent events (Note 17)

Approved and authorized for issue on behalf of the Board of Directors on April 24, 2019.

/s/ "Matthew Lechtzier" — Director

/s/ "Christopher Wallace" — Director

GoviEx Uranium Inc.

Consolidated statements of loss and comprehensive loss

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

	Notes	Years ended December 31, 2018	2017
		$	$
Expenses			
Exploration and evaluation	9	**(2,154)**	(2,452)
General and administrative	10	**(1,948)**	(1,721)
		(4,102)	(4,173)
Other income and (expenses)			
Depreciation		**(15)**	(28)
Gain on derivative liability		**-**	503
Loss on marketable securities	3	**(137)**	-
Foreign exchange (loss) gain		**(227)**	244
Gain (loss) on uranium loan	5	**5,062**	(1,262)
Interest on uranium loan	5	**(485)**	(905)
Interest and other income		**192**	535
Share-based compensation	8(a)	**(656)**	(808)
Write-off of asset		**-**	(160)
		3,734	(1,881)
Net loss for the year		**(368)**	(6,054)
Other comprehensive loss			
Net change in fair value of marketable securities	2(l)	**-**	(259)
Loss and comprehensive loss for the year		**(368)**	(6,313)
Net loss per share, basic and diluted		**(0.00)**	(0.01)
Weighted average number of common shares outstanding		**376,733,455**	322,999,471

The accompanying notes are an integral part to the consolidated financial statements.

GoviEx Uranium Inc.

Consolidated statements of changes in equity

(Stated in thousands of U.S. dollars except for shares)

	Number of Shares	Share capital	Contributed surplus	Share-based compensation reserve	Investment revaluation reserve	Deficit	Total
		$	$	$	$	$	$
Balance, January 1, 2017	314,937,338	228,320	2,204	15,418	-	(188,010)	57,932
Shares issued for cash, net of share issue costs	21,541,880	4,156	-	-	-	-	4,156
Shares issued on acquisition of African Energy Assets	3,000,000	444	-	-	-	-	444
Warrants issued on acquisition of African Energy Assets	-	-	74	-	-	-	74
Shares issued for stock options exercised	484,222	59	-	(18)	-	-	41
Shares issued for warrants exercised	11,187,706	1,405	-	-	-	-	1,405
Share-based compensation	-	-	-	808	-	-	808
Other comprehensive loss	-	-	-	-	(259)	-	(259)
Net loss for the year	-	-	-	-	-	(6,054)	(6,054)
Balance, December 31, 2017	351,151,146	234,384	2,278	16,208	(259)	(194,064)	58,547
Balance, January 1, 2018 (as reported)	351,151,146	234,384	2,278	16,208	(259)	(194,064)	58,547
Impact of adoption IFRS 9 on January 1, 2018 (Note 2(l))	-	-	-	-	259	(259)	-
Balance, January 1, 2018 (restated)	**351,151,146**	**234,384**	**2,278**	**16,208**	**-**	**(194,323)**	**58,547**
Shares issued for cash, net of share issue costs	41,554,322	5,255	86	-	-	-	5,341
Shares issued for stock options exercised	1,245,778	157		(50)	-	-	107
Shares issued for warrants exercised	8,114,616	901	-	-	-	-	901
Share-based compensation	-	-	-	656	-	-	656
Net loss for the year	-	-	-	-	-	(368)	(368)
Balance, December 31, 2018	**402,065,862**	**240,697**	**2,364**	**16,814**	**-**	**(194,691)**	**65,184**

The accompanying notes are an integral part to the consolidated financial statements.

GoviEx Uranium Inc.

Consolidated statements of cash flow

(Stated in thousands of U.S. dollars)

		For the years ended December 31,	
	Note	**2018**	2017
		$	$
Operating activities			
Loss for the year		**(368)**	(6,054)
Adjustments for non-cash items			
Depreciation		**15**	28
Gain on derivative liability		**-**	(503)
(Gain) loss on uranium loan	5	**(5,062)**	1,262
Interest on uranium loan	5	**485**	905
Share-based compensation		**656**	808
Unrealized foreign exchange (gain) loss		**381**	(256)
Interest and other income	6	**(130)**	(502)
Loss on marketable securities		**137**	-
Write-off of assets		**-**	160
Changes in non-cash operating working capital items			
Amounts receivable		**(2)**	38
Prepaid expenses and deposit		**12**	41
Accounts payable and accrued liabilities		**336**	(9)
Cash used in operating activities		**(3,540)**	(4,082)
Investing activities			
Cash used in acquisition		**-**	(75)
Plant and equipment		**-**	(11)
Cash used in investing activities		**-**	(86)
Financing activities			
Uranium loan payment	5	**(4,500)**	-
Loan receivable	6	**(2,750)**	-
Net proceeds from share issuance	7	**6,349**	5,620
Cash (used in) provided by financing activities		**(901)**	5,620
Effect of foreign exchange on cash		**(457)**	238
(Decrease) increase in cash		**(4,898)**	1,690
Cash, beginning of year		**5,998**	4,308
Cash, end of year		**1,100**	5,998

The accompanying notes are an integral part to the consolidated 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 future development of uranium properties located in Africa. 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.

The consolidated financial statements for the year ended December 31, 2018 have been prepared on a going concern basis which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2018, the Company had a working capital deficiency of $4.6 million (December 31, 2017 - $3.2 million).

Continuation of the Company as a going concern is dependent upon the confirmation of economically recoverable reserves, negotiation of the timing and terms of the Euro 7 million ($8.01 million) payment to the Niger government in connection with the receipt of a mining permit for its Madaouela I tenement (Note 4), and the ability of the Company to obtain further financing to develop its mineral properties.

During the year ended December 31, 2018, the Company concluded a Termination Agreement and Mutual Release (the "**Termination Agreement**") with Toshiba Corporation ("**Toshiba**") as described in Note 5, and closed non-brokered private placements for gross proceeds of $5.3 million (Note 7). Subsequent to the year end, the Company reached a framework agreement with the Niger government who elected to convert the Euro 7 million, among other things, into an additional 10% interest in the Madaouela I project (Note 17).

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. 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 casts significant doubt upon the Company's ability to continue as a going concern. 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 consolidated statements of financial position. These consolidated financial statements do not reflect adjustments to the carrying value and classification of assets and liabilities that might be necessary in the event of going concern and such adjustments could be material.

2. Significant accounting policies

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

These consolidated financial statements incorporate the financial statements of GoviEx and its wholly owned subsidiaries: GoviEx Niger Holdings Ltd., GoviEx Niger S.A., GoviEx Uranium Zambia Limited, Delta Exploration Mali SARL, Chirundu Joint Venture Zambia Limited, Muchinga Energy Resources Limited, and Pitchstone Exploration Ltd.

The Company consolidates an entity when it has power over that entity, is exposed, or has rights to variable returns from its investment with that entity and has the ability to affect those returns through its power over that entity. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the applicable of policies, reported amounts and disclosure. Actual results could differ from those estimates; differences may be material.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. We consider both internal and external information to determine whether there is an indicator of impairment present and accordingly, whether impairment testing is required.

The critical judgments have been made that may have a significant impact on the Company's consolidated financial statements are related to the economic recoverability of its mineral properties, the determination of functional currency for the Company and its subsidiaries and the assumption that the Company will continue as a going concern.

c) Functional currency and foreign currency translation

The Company's presentation currency is the U.S. dollar ("**$**" or **"USD"**). Items included in the consolidated financial statements of the Company and each of its subsidiaries are measured in each entity's functional currency which is the currency of the primary economic environment the entity operates. The functional currency for the Company and all of its subsidiaries is USD.

In preparing the consolidated financial statements, transactions in currencies other than an entity's functional currency ("**foreign currencies**") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of loss and comprehensive loss.

d) Mineral properties

Mineral properties are exploration and evaluation assets that consist of payments to acquire mineral exploration rights, licenses and mining permits. Acquisition costs are capitalized and deferred until such a time as the mineral property is put into production, sold or abandoned, or impaired.

When technical feasibility and commercial viability of extracting a mineral resources are demonstrable, the mineral properties are transferred to property and equipment. When a property is placed into commercial production, capitalized costs will be depleted using the units-of-production method.

The carrying values of capitalized amounts are reviewed when indicators of impairment are present. Recorded amounts of mineral properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could have a material impact in the recognized amount.

e) Exploration and evaluation expenditure

Exploration and evaluation expenditures are direct costs incurred to advance its mineral properties, including but not limited to geological and geophysical evaluation, surveying, exploratory drilling and sampling, and evaluating the technical feasibility of extracting a mineral resource. Those costs are expensed as incurred until the property reaches the development stage. Direct costs related to the acquisition of mineral properties are capitalized on an individual property basis.

The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral property in an area of interest are demonstrable. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

f) Impairment

Mineral properties are assessed for impairment only when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount and/or when the Company has sufficient information to reach a conclusion about technical feasibility and commercial viability.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- the right to explore no longer exists;
- the absence of further substantive planned or budgeted exploration expenditures;
- exploration for and evaluation of mineral properties in the specific area have not led to the discovery of commercially viable quantities of mineral properties;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the mineral properties is unlikely to be recovered in full; or
- Adverse changes in the taxation and regulatory environment.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that this does not exceed the original carrying amount that if no impairment loss had been recognized.

g) Financial instruments

Financial instruments are recognized in the statement of financial position when the Company becomes a party to a contractual obligation. At initial recognition, the Company classifies and measures its financial instruments as one of the following:

- at amortized cost if they are held to collect contractual cash flows which solely represent payments of principal and interest;
- at fair value through other comprehensive income (**"FVOCI**") if they are held to both collect contractual cash flows and to sell where those cash flows represent solely payments of principal and interest;
- otherwise, they are classified at fair value through profit or loss ("**FVPL**").

Financial assets are classified and measured at fair value with subsequent changes in fair value recognized in profit and loss as they arise, unless restrictive criteria are met for classifying and measuring the asset at either amortized cost or FVOCI. Financial liabilities are measured at amortized costs unless they are required to be measured at fair value through profit and loss.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled or they expire.

At each reporting date, the Company uses expected credit losses model to assess the impairment of its loans and receivables. The expected losses represent possible outcomes weighted by the probability of their occurrence, and the model focuses on the risk of default rather than whether a loss has been incurred. If there has been a significant increase in credit risk, an allowance would be recognized in the statement of loss.

h) Share-based compensation

Share-based compensation to employees are measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model and are amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued and are recorded at the date the goods or services are received. Expected volatility is based on the historical share price of the Company and a selection of comparable companies.

i) Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

The Company had no material provisions at December 31, 2018 and 2017.

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

j) Earnings (loss) per share

A basic earnings (loss) per share is computed by dividing the net earnings (loss) available to shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

k) Income taxes

The Company follows the asset and liability method of accounting for income taxes whereby deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred tax assets and liabilities expected to be recovered or settled are measured using enacted or substantively enacted tax rates and are recorded in the financial statements if realization is considered probable. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date.

l) Accounting change, Adoption of IFRS 9 Financial Instruments

The Company adopted IFRS 9 effective January 1, 2018, on a retrospective basis, without restatement of prior year financial statements. The Company has elected to measure its equity instruments at fair value through profit and loss. As a result, $259,000 investment revaluation reserve was reclassified in net loss as of January 1, 2018 rather than comprehensive loss which was recognized in the consolidated financial statements for the 2017 year end.

The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial assets. The reclassification had no impact on closing shareholders' equity for the yearend 2018 and 2017. There were no other material amounts arising from the adoption of IFRS 9.

Effective January 1, 2018, the Company classifies its financial instruments as follows:

Financial assets and financial liabilities	**Before**	**After**
Cash	Loans and receivable	Amortized cost
Amounts and loan receivables	Loans and receivable	Amortized cost
Marketable securities	Available for sale	FVPL
Accounts payable and accrued liabilities, Uranium loan, Uranium permit acquisition payable	Other financial liabilities	Amortized cost

The Company's accounts and uranium permit acquisition payable approximate fair value due to their short term nature. The marketable securities are a Level 1 fair value measurement.

m) Recent accounting pronouncement

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

IFRS 16, Leases, specifies how a Company will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not have any material leases, thus does not expect the adoption of IFRS 16 would have a significant impact on its consolidated financial statements.

3. Marketable securities

The Company holds 1,210,975 common shares of Kincora Copper Limited with a market value of $106,522 as of December 31, 2018 (December 31, 2017 - $243,168). During the 2018 year end, a loss of $136,646 was recognized in the net loss following the adoption of IFRS 9 (see Note 2(l)).

4. Mineral properties

The Company has mineral property interests in Africa as below:

a) Madaouela Project - located in north central Niger includes one mining permit for Madaouela I, and six adjoining exploration licenses for Madaouela II, III, IV, Anou Melle, Eralral and Agaliouk.

b) Mutanga Project – a 100% interest, located south of Lusaka, Zambia includes three contiguous mining permits, and two exploration licenses pending issuance.

c) Falea Project – a 100% interest, located in Mali, includes three exploration licenses, Falea, Madini and Bala.

<u>Madaouela Project</u>

On February 1, 2016, the Company announced that the mining permit for Madaouela I was granted by the Niger government. Under the terms of the Niger mining code and the Company's mineral conventions, upon the conversion of an exploration license to a mining permit, the Company would be required to transfer a 10% free-carried non-dilutable equity interest in the shares of a Nigerien company which is to be formed to hold the mining permit, to the Niger government. The Niger government would also have the option to purchase up to a maximum additional 30% equity interest in the Nigerien company at fair market value.

On June 13, 2018, the Niger government made an election to only hold a 10% free carried interest in the Nigerien company, and requested the final Euro 7 million acquisition payment as a result of the grant of the Madaouela I mining permit. The Company had been negotiating with the Niger government, and subsequent to the year end, the Niger government has elected to convert the Euro 7 million along with the contested area taxes (see Note 12) into an additional 10% interest in the new Nigerien company to hold the Madaouela I project (Note 17).

An exploration license is valid for three years and is renewable for two further three-year periods subject to certain land holding reduction criteria and field work.

On January 28, 2019, four licenses, Madaouela II, III, IV and Anou Melle expired. The Company has reapplied for the same licenses and renewed the Eralral license for a 2nd term. These mining licenses are currently pending government approval.

<u>Mutanga Project</u>

On October 30, 2017, the Company completed the acquisition of uranium mineral interests in Zambia held by subsidiaries of African Energy Resources Ltd. ("**African Energy Assets**") for a fair value of $0.6 million by issuing 3,000,000 common shares and 1,600,000 warrants.

The Chirundu and Kariba Valley properties include a mining permit and two exploration licenses.

<u>Falea Project</u>

During 2018 the Company reapplied for the Bala and Madini licenses and renewed the Falea license for a 2nd term. These mining licenses are all in good standing as of December 31, 2018.

5. Uranium loan settlement

On April 18, 2012, the Company entered into a bond purchase agreement with Toshiba, as subsequently amended, pursuant to which the Company issued Toshiba 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**") in the principal amount of 200,000 pounds of uranium concentrate U_3O_8, (the Bond A and Bond B collectively the "**Bond Financing**"). The Bond Financing was secured by a floating charge on all assets of the Company in Niger.

Concurrent with the Bond Financing, the Company entered into Sale and Purchase of Uranium Concentrates Agreement (the "**Off-take Agreement**") with Toshiba.

On June 19, 2014, the Company redeemed Bond A by issuing 28,395,466 Class A common shares to Toshiba for a total fair value of $60.3 million including accrued interest. The Uranium Loan was to mature on April 19, 2020 at an interest rate of 12% compounded annually subject to early redemption.

On March 2, 2018, the Company announced the signing of the Termination Agreement with Toshiba whereby both parties agreed to settle the Uranium Loan, terminate the Off-take Agreement and to provide a mutual release to each other subject to certain conditions set out in the Termination Agreement. Pursuant to the Termination Agreement, Company paid Toshiba $4.5 million on April 26, 2018.

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

6. Linkwood loan

As part of the Termination Agreement as described in Note 5, Toshiba entered into a share purchase agreement ("**SPA**") with Linkwood Holdings Pte Ltd. ("**Linkwood**") whereby Linkwood agreed to acquire all of the 28,395,466 common shares of GoviEx held by Toshiba for $4.5 million which was a condition to concluding the Termination Agreement.

On July 3, 2018, the Company entered into a short-term loan agreement, as amended, and lent $2.75 million to Linkwood to enable Linkwood to complete the SPA. The loan bears an interest rate of 9.5% for a period of six-months. As per the amendment on December 15, 2018, a staged repayment schedule the principal and interest would be completed by June 30, 2019.

During the year ended December 31, 2018, accrued interest income of $130,267 was recorded in profit and loss. Subsequent to year end, Linkwood made its monthly repayments for February and March totaling $672,188 to the Company.

7. Share capital

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

a) On June 5, 2018 and December 31, 2018, the Company closed non-brokered private placements by issuing 35,674,911 and 5,879,411 units, respectively, at a price of CAD $0.17 per unit for total gross proceeds of $5.3 million (CAD $7.06 million). Each unit consists of one Class A common share and one common share purchase warrant exercisable at $0.21, $0.24 and $0.28 per share at each anniversary over three years from the date of the issuances.

   The Company paid $59,153 (CAD $79,109) finders' fees in cash.

b) During 2018 the Company issued 8,114,616 and 1,245,778 Class A common shares related to warrants and stock option exercised, respectively, for total gross proceeds of $1,008,565.

c) On December 22, 2017, the Company closed a private placement by issuing 21,541,880 units at a price of CAD $0.25 for gross proceeds of $4.2 million (CAD $5.4 million). Each unit consists of one common share and one common share purchase warrant exercisable at $0.28 per share until December 22, 2018 and $0.31 per share thereafter until December 22, 2019.

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

The Company paid $24,003 (CAD $30,625) finders' fees in cash.

d) On October 30, 2017, the Company issued 3,000,000 common shares and 1,600,000 share purchase warrants to acquire African Energy's Zambian assets.

e) During the year ended December 31, 2017, 11,187,706 warrants and 484,222 stock options were exercised for total gross proceeds of $1.4 million.

8. Share-based compensation

a) Stock options

The Company has a share option scheme for certain employees of the Company administered by the Board of Directors of the Company. Share options are granted at an exercise price equal to the estimated value of the Company's common shares on the date of the grant. Options granted after IPO vest in four or five equal annual stages commencing on the date of grant.

Options are forfeited if optionees leave before the options vest, and options vested shall expire 30 days after the employees leave, unless otherwise determined by the Board of the Directors. The Company is authorized to issue options for a maximum of 10% of the issued and outstanding common shares pursuant to the stock option plan.

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

	December 31, 2018		December 31, 2017	
	Number of options	Weighted average exercise price ($)	Number of options	Weighted average exercise price ($)
Outstanding, beginning of year	27,745,778	0.24	23,883,333	0.24
Granted	10,380,000	0.16	6,780,000	0.24
Exercised	(1,245,778)	(0.09)	(484,222)	(0.08)
Expired	(500,000)	(0.21)	(1,733,333)	(0.49)
Forfeited	(1,275,000)	(0.23)	(700,000)	(0.87)
Outstanding, end of year	35,105,000	0.20	27,745,778	0.24
Exercisable, end of year	20,785,000	0.23	15,620,778	0.26

The following table lists the stock options outstanding and exercisable with a weighted average remaining life of 3 years:

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

			December 31, 2018		December 31, 2017	
Exercise price		Expiry date	Outstanding	Exercisable	Outstanding	Exercisable
CAD	0.1125	December 31, 2017*	-	-	1,120,778	1,120,778
$	2.15	June 19, 2019	1,040,000	1,040,000	1,040,000	1,040,000
CAD	0.30	January 28, 2020	2,115,000	2,115,000	2,215,000	1,661,250
CAD	0.10	November 19, 2020	6,025,000	4,518,750	6,125,000	4,593,750
CAD	0.12	June 20, 2021	10,300,000	7,781,250	10,475,000	5,237,500
CAD	0.27	April 1, 2018	-	-	500,000	375,000
CAD	0.32	March 17, 2019	-	-	300,000	100,000
CAD	0.32	March 17, 2022	5,620,000	2,860,000	5,970,000	1,492,500
CAD	0.22	July 9, 2021	500,000	-	-	-
CAD	0.215	September 25, 2023	9,505,000	2,470,000	-	-
			35,105,000	20,785,000	27,745,778	15,620,778

* The original expiry date December 31, 2017 was extended to September 6, 2018 due to blackout restriction and fully exercised.

Subsequent to year end, 550,000 stock options were exercised at CAD $0.1 for proceeds of CAD $55,000.

The Company applies the fair value method of accounting for stock options. The weighted average fair value of options granted during the year ended December 31, 2018 was $0.10 (2017 - $0.12). The weighted average fair value was estimated on the date of grant using the Black-Scholes model with the following assumptions:

	December 31, 2018	December 31, 2017
Annualized volatility	75%	83%
Expected life	5	5
Estimated forfeiture rate	0%	0%
Risk free interest rate	2.30%	0.94%
Dividend rate	Nil	Nil

The fair value of share options recognized as an expense during the year ended December 31, 2018 was $1,060,900 (December 31, 2017 - $807,899).

b) Common share purchase warrants

Share purchase warrant transactions and the number of warrants are summarized as follows:

	December 31, 2018		December 31, 2017	
	Number of warrants	Weighted average exercise price ($)	Number of warrants	Weighted average exercise price ($)
Outstanding, beginning of year	128,240,632	0.16	137,990,958	0.14
Warrants granted	41,554,322	0.21	23,141,880	0.28
Warrants exercised	(8,114,616)	(0.11)	(11,187,706)	(0.13)
Warrants expired	-	-	(21,704,500)	(0.14)
Outstanding, end of year	161,680,338	0.19	128,240,632	0.16

Common share purchase warrants were issued and outstanding were listed below:

Exercise price ($)	Expiry date	December 31, 2018	December 31, 2017	Acceleration price (CAD$)
0.15	June 10, 2019	22,420,180	22,420,180	≥0.24
0.14	June 10, 2019	26,526,456	33,015,072	≥0.20
0.075	December 19, 2019	127,500	1,753,500	NA
0.15	December 19, 2021	45,339,856	45,339,856	NA
0.15	December 22, 2021	2,570,144	2,570,144	NA
0.23	October 30, 2020	1,600,000	1,600,000	≥0.36
0.31	December 22, 2019	21,541,880	21,541,880	NA
0.21/0.24/0.28*	June 5, 2021	35,674,911	-	N/A
0.21/0.24/0.28*	December 31, 2021	5,879,411	-	N/A
		161,680,338	128,240,632	

* Exercise price at each anniversary.

Acceleration clause is based on the Company's share prices closed at the threshold listed above for 15 consecutive trading days, 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.

9. Exploration and evaluation

Exploration and evaluation expenses for the Company are summarized as follows (certain amounts have been reclassified to conform to current presentation):

(In thousands of U.S. dollars)	Year ended December 31, 2018				Year ended December 31, 2017			
	Madaouela (Niger)	Mutanga (Zambia)	Falea (Mali)	**Total**	Madaouela (Niger)	Mutanga (Zambia)	Falea (Mali)	Total
	$	$	$	**$**	$	$	$	$
Salaries	471	281	185	**937**	459	275	177	911
Office expenses	203	99	68	**370**	200	112	73	385
Consulting	301	22	-	**323**	196	110	-	306
License and taxes	75	128	46	**249**	100	130	-	230
Camp	64	60	40	**164**	107	66	35	208
Professional fees	23	17	12	**52**	80	15	11	106
Travel	51	-	3	**54**	30	2	4	36
Exploration	5	-	-	**5**	180	-	90	270
	1,193	607	354	**2,154**	1,352	710	390	2,452

10. Administrative expenses

Administrative expenses for the Company are summarized as follows:

	Years ended December 31,	
(In thousands of U.S. dollars)	2018	2017
	$	$
Salaries	**1,048**	842
Investor relations	**264**	243
Office expenses	**218**	207
Professional fees	**183**	169
Travel	**137**	186
Regulatory fees	**98**	74
	1,948	1,721

11. 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.

a) Key management compensation

Key management includes the board of directors and the Company's executive officers. Compensation awarded to key management is listed below, bonuses were issued to the Company's executive Chairman and CEO:

	Years ended December 31,	
(In thousands of U.S. dollars)	**2018**	2017
	$	$
Salaries	**594**	560
Bonus	**145**	-
Committees' fees	**111**	80
Share-based compensation	**498**	560
	1,348	1,200

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

GMM is a private company, incorporated in British Columbia, Canada, which is owned equally by its nine shareholders, one of which is the Company. GMM provides the Company with furnished head office space, equipment and communications facilities, administrative, finance and accounting support, and certain corporate personnel on a cost recovery basis. The Company has deposited $140,000 (CAD $175,000) to GMM since it became its shareholder.

The following fees were incurred in the normal course of operations including the CFO charges:

	Years ended December 31,	
(In thousands of U.S. dollars)	**2018**	2017
	$	$
Salaries and benefits	**288**	291
Corporate overhead	**70**	80
	358	371

As of December 31, 2018, $53,422 (December 31, 2017 – $33,118) was owed to GMM and included in the accounts payable and accrued liabilities of the Company.

c) Other

On December 12, 2018, the Company withdrew CAD $250,000 from Denison Mines Corp. ("**Denison**") pursuant to the credit agreement between Denison and GoviEx. The loan is unsecured, bears interest at 7.5% per annum and is payable on demand at any time after February 10, 2019 or immediately following the closing of an equity financing of GoviEx for gross proceeds equal or greater than CAD $2,000,000.

As of December 31, 2018, principal and interest totalling $184,011 (CAD $251,027) was included in the accounts payable and accrued liabilities of GoviEx.

Subsequent to the 2018 year end, $190,728 (CAD $256,164) including principal and interest was repaid.

12. Commitments and contingencies

a) The Company has received requests for payment of area taxes from the Niger government. Under Niger's Mining Code an area tax of $2.1 million (CFA 1,216 million) per annum will be the liability for the Nigerien mining company to be incorporated to hold the Madaouela I mine permit, which includes the conclusion of negotiation of the percentage shareholding of the Nigerien government. Please see Note 17(a) Subsequent events.

The Company is required to incur certain expenditures of approximately $2.3 million in 2019 to 2020 and $0.7 million from 2019 – 2021 in Niger and Mali, respectively.

b) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects. In addition to the above matters, the Company and its subsidiaries are also subject to routine legal proceedings and tax audits. The Company does not believe that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on its consolidated net earnings, cash flow or financial positions.

13. Capital risk management

The Company's objective in managing its capital is to ensure sufficient financial flexibility to continue developing its uranium projects and maximize shareholder return through enhancing the share value. The Company's operations have been and will continue to be funded by debt and/or equity finance arrangements.

The Company's capital includes the components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on its mineral property interests and associated administration expenses. To maintain or adjust the capital structure, the Company may attempt to issue new shares, debt and acquire or dispose of mineral rights.

The Company monitors actual expenses to budget on all exploration projects and overheads to manage costs, commitments and exploration activities. There were no changes in the Company's approach to capital management during the year ended December 31, 2018.

14. Financial instruments and risks

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company examines the various financial instrument risk to which it is exposed and assesses the impact and likelihood of those risks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows. As discussed in Note 1 and Note 12, the Company requires additional funds from shareholders or lenders to meet its obligations as they come due in 2019. The Company is engaged in discussions with various parties with respect to potential financings. However, there can be no assurance that these discussions will be completed successfully.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company is exposed to credit risk through its Linkwood loan receivable, cash held in large commercial financial institution and long-term deposits. The Company believes the carrying amount if its cash and receivables represent its maximum credit exposure.

Foreign currency risk

Foreign currency risk is the risk that the fair value of financial instruments of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company operates internationally with the head office located in Canada, thus the Company is exposed to foreign currency risk arising from transactions denominated in Canadian dollars, CFA Franc, and other currencies.

Market risk

The Company is exposed to market risk because of the fluctuating values of tis publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Marketable securities are adjusted to fair value at each reporting date.

Interest rate risk

Interest risk is the risk of that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the short-term interest rates through the interest earned on cash balances. Management does not believe this exposure is significant.

15. Income taxes

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision for fiscal 2018 and 2017 is provided as follows:

(In thousands of U.S. dollars)	2018	2017
	$	$
Loss before income taxes	(368)	(6,055)
Canadian statutory tax rate	27%	26%
Expected income tax recovery	(99)	(1,574)
Different effective tax rates in foreign jurisdictions	14	20
Non-deductible expenses	287	79
Foreign exchange movement	231	(202)
Tax rate change	(55)	(425)
Change in unrecognized tax assets	(378)	2,102
Income tax recovery	-	-

The following is the analysis of recognized deferred tax liabilities and deferred tax assets:

(In thousands of U.S. dollars)	2018	2017
Deferred Tax Liabilities	$	$
Uranium Loan and interest	-	(1,806)
Total deferred tax liabilities	-	(1,806)
Deferred Tax Assets		
Compound interest	-	335
Non-capital losses	-	1,471
Total deferred tax assets	-	1,806
Net Deferred Tax Asset (Liability)	-	-

For the duration of the exploration activities, the Company is exempt from income tax in Niger. The income tax rate in Niger is 30%. Claiming of tax depreciation is mandatory; however, unused depreciation can be deferred indefinitely and applied to reduce future taxable profit. Tax losses can be carried forward and applied to reduce future taxable profit for a period of three years. These rules are included and described in a bi-lateral convention signed by the Company and the Government of Niger and are consistent with Niger’s Mining Code.

The Company is subject to assessments by various taxation authorities which may interpret tax legislation and tax filing positions differently from the Company. The Company provides for such differences when it is probable that a taxation authority will not sustain the Company’s filing position and the amount of the tax exposure can be reasonably estimated. As at December 31, 2018 and 2017, no provisions have been made in the financial statements for any estimated tax liability.

The Company’s unrecognized deductible temporary differences and unused tax losses consist of the following amounts:

(In thousands of U.S. dollars)	**2018**	2017
	$	$
Unrecognized deductible temporary differences		
Non-capital loss carryforwards	**48,614**	52,361
Tax value over book value of loans	**3,736**	3,736
Share issue costs, investment, PPE and Capital loss	**624**	592
Tax value over book value of mineral properties	**61,860**	76,647
Unrecognized deductible temporary differences	**114,834**	133,336

The realization of income tax benefits related to these potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred income tax assets have been recognized for accounting purposes.

The Company has Canadian non-capital tax loss carry forwards of $48.61 million that may be available for tax purposes, if not utilized, will expire between 2026 and 2038.

As of December 31, 2018, the Company has unrecognized deferred tax liabilities of $0.9 million (2017 – $0.9 million) and unrecognized deferred tax assets of $3 million (2017 - $3 million) due to temporary differences arising on the initial recognition of the acquisition of all of the issued and outstanding common shares of Rockgate, Muchinga Energy Resources and Chirundu Joint Ventures Zambia Ltd.

During the year ended December 31, 2018, the Company identified certain adjustments to its prior year deferred income tax estimates. As a result the unrecognized temporary differences have been adjusted to reflect these revisions. As these temporary differences are unrecognized there has been no impact on the consolidated statements of financial position, loss and comprehensive loss, equity or cash flows.

16. 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 as below:

	December 31, 2018			December 31, 2017		
(In thousands of U.S. dollars)	Long-term Deposit ($)	Plant and Equipment ($)	Mineral Properties ($)	Long-term Deposit ($)	Plant and Equipment ($)	Mineral Properties ($)
Canada	**140**	**-**	**-**	140	-	-
Mali	**-**	**-**	**1,449**	-	-	1,449
Niger	**-**	**35**	**65,234**	-	36	57,147
Zambia	**-**	**32**	**2,908**	-	35	2,908
	140	**67**	**69,591**	140	71	61,504

17. Subsequent events

a) On April 8, 2019, the Company announced that Niger government agreed to convert the mine permit acquisition payable of Euro 7 million and area taxes as described in Note 12 (a) totaling $14.5 million for additional 10% interest in the new Nigerien company to hold the Madaouela I project, subject to signing of the definitive agreements

b) On April 10, 2019, the Company closed a non-brokered private placement by issuing 20,600,000 units at a price of CAD $0.17 per unit for gross proceeds of $2.6 million (CAD $3.5 million). Each unit consists of one Class A common share and one common share purchase warrant exercisable at $0.21, $0.24 and $0.28 per share at each anniversary over three years from the date of the issuances.

The Company paid $103,218 (CAD $137,445) finders' fees in cash.

GoviEx URANIUM

Management's Discussion and Analysis

For the year ended December 31, 2018

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, as of December 31, 2018, held a 100% interest individually in its Madaouela project in Niger, Mutanga project in Zambia, and Falea project in Mali. The Company's principal objective is to become a uranium producer through the continued exploration and development of its Madaouela project.

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 trades on the OTC Markets under the symbol "GVXXF".

This Management's discussion and analysis ("**MD&A**"), dated April 24, 2019, provides a detailed analysis of the Company's business and compares its financial condition and results with those of the prior year. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018, together with the related notes thereto. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts are expressed in U.S. dollars, unless otherwise noted.

Additional information related to GoviEx is available on the Company's website www.goviex.com or on SEDAR at www.sedar.com

This 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 for future periods. 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 materially different from the actual results.

Highlights

- **Termination of Uranium Loan with Toshiba Corporation**

On February 28, 2018, the Company entered into a Termination and Mutual Release Agreement ("**Termination Agreement**") with Toshiba Corporation ("**Toshiba**") to settle the loan of 200,000 pounds uranium concentrates and end the off-take agreement by April 30, 2018 for $4.5 million. The Company made $4.5 million cash payment to Toshiba on April 26, 2018.

In conjunction with the Termination Agreement, Toshiba entered into a Share Purchase Agreement ("**SPA**") with Linkwood Holdings Pte Ltd. ("**Linkwood**") to sell its entire 28,395,466 common shares in GoviEx to Linkwood for $4.5 million. The cancellation of the uranium loan was subject to the completion of the SPA.

On July 3, 2018, the Company provided a $2.75 million short-term loan to Linkwood in order to ensure the completion of the SPA. The $2.75 million loan bears an interest rate of 9.5% per annum for a period of six months. On December 15, 2018, this loan was extended to June 30, 2019 with staged repayments comprising of principal and interest.

On July 9, 2018, the Company announced the conclusion of the Termination Agreement following the completion of the SPA.

- **Development of Madaouela Project in Niger**

Since the mining permit was granted to Madaouela I in January 2016, the Company has been seeking to reach a commercial framework with Niger government to jointly develop the Madaouela I project.

On April 8, 2019, the Company announced the agreement of a framework, subject to signing of the definitive agreements, in which Niger government is to acquire 10% interest in the mine permitted project for $14.5 million in exchange of settlement of the Euro 7 million mine permit payment and Madaouela I area taxes from 2016 to 2018. The Niger government would as a result have a 20% interest in the mine permitted project Madaouela I including the 10% free carried interest provided under the 2006 Niger mining code.

- **Completion of Non-Brokered Private Placements**

On June 5, 2018 and December 31, 2018, the Company closed non-brokered private placements of 35,674,911 units and 5,879,411 units respectively at CAD $0.17 per unit for total gross proceeds of CAD $7.06 million. Each unit consisted of one common shares and one 3-year warrant exercisable at $0.21, $0.24 and $0.28 per share at each anniversary from the date of the issuances.

On April 10, 2019, the Company closed another non-brokered private placement by issuing 20,600,000 units for gross proceeds of CAD $3.5 million. The unit was on the same terms as the placements in 2018.

- **Appointment of Feasibility Study Consultants**

On September 19, 2018, the Company announced the appointment of SRK Consulting (UK) Ltd. ("**SRK**") and SGS Bateman (Pty) Ltd ("**SGS**") as the consultants for the completion of a feasibility study for the Madaouela I project. SRK and SGS were part of the team that completed the pre-feasibility study and environmental permitting work for the Madaouela project.

Mineral Properties

Niger – Madaouela Project

The Madaouela Project, located in the heart of a historically prolific uranium producing district, originally consisted of seven contiguous tenements, known as Madaouela I, II, III, IV, Anou Melle, Eralrar and Agaliouk (the "**Madaouela Project**"). 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 formally converted from an exploration license to a mining permit.

On January 26, 2016, a 10-year mine permit was granted for the Madaouela I tenement. Under the terms of the 2006 Niger mining code and the Company's mineral conventions, the Company is required to transfer a 10% free-carried equity interest in the shares of a Nigerien company that will be formed to hold the Madaouela I 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 June 13, 2018, Niger Ministry made an election to hold only the free carried interest 10% in the Nigerien company, and requested the final Euro 7 million acquisition payment. In addition, the Niger government has requested annual area taxes of $2.1 million (CFA 1,216 million) related to the Madaouela I mining permit for 2016 to 2018 year ends. Under Niger's mining code an area tax will only start to become a liability of the new Nigerien operating company once it is incorporated. Since the grant of the mining permit, the Company had been actively negotiating these items, including the timing and terms of the Euro 7 million payment, with Niger government.

On April 8, 2019, the Company announced a commercial framework was reached in which Government Niger agreed to convert the Euro 7 million and the three years of contested area taxes into an additional 10% interest by the Niger government in the new Nigerien company to hold Madaouela I for approximately $14.5 million.

In addition, the key commercial terms agreed in principle include adding mineral resources discovered in Agaliouk exploration licenses to the Madaouela I mining permit; granting new exploration licenses for Madaouela II, III, IV and Anou-Melle which expired in January 2019; deferring future area taxes until successful project financing for mine construction and project development. Finalized terms will be fully described in the definitive agreement and remain subject to governmental and regulatory approval.

In September 2018, the Company engaged SRK and SGS to commence a feasibility study for Madaouela project. The feasibility study would allow the Company to include the positive effects of certain optimizations, which were not available at the time the pre-feasibility study was produced.

In January 2019, the Company signed a Memorandum of Understanding ("**MOU"**) with Windiga Energy Inc. ("**Windiga")** to jointly evaluate the feasibility of powering the Company's flagship Madaouela Project using a dedicated and renewable hybrid solar power solution.

Zambia – Mutanga Project

GoviEx acquired 100% of the Mutanga Project in June 2016. The project consists of two contiguous mining licenses totalling 47,115 hectares located in the Southern Province of Zambia, approximately 200 km south of Lusaka, Zambia.

On October 30, 2017, the Company acquired additional one mine permit through the acquisition of the African subsidiaries of African Energy Resources Ltd., for 3.0 million common shares and 1.6 million common share purchase warrants of GoviEx. This acquisition unified prospective uranium properties adjacent to, and contiguous with, GoviEx's Mutanga mine permit in Zambia, (collectively the "**Mutanga project**").

In November 2017, the Company announced the completion a National Instrument (NI) 43-101 Preliminary Economic Assessment ("**PEA")** for the Mutanga Project.

Mali – Falea Project

The Falea project consists of three exploration licenses, Falea, Bala and Madini, (collectively the "**Falea project**") owned 100% by the Company, and is a uranium, silver and copper deposit located approximately 250 km west of Bamako, near the Senegal and Guinea borders.

During 2018, Falea license was renewed the second term, and both Madini and Bala were granted as brand new licenses.

Toshiba Bond Settlement and Linkwood Loan

On April 18, 2012, the Company entered into a bond purchase agreement with Toshiba, as subsequently amended, pursuant to which the Company issued the following to Toshiba (collectively, the "**Bond Financing**"):

a) a $30 million convertible debenture (the "**Bond A**") at an interest rate of 15% compounded annually and maturing April 19, 2019. On June 19, 2014, following the Initial Public Offering, the Company redeemed the Bond A by issuing 28,395,466 common shares to Toshiba for a total value of $60.3 million including interest.

b) a 200,000 pounds uranium loan at an interest rate of 12% compounded annually and maturing April 19, 2020, subject to early redemption. The principal and interest are stated in pounds of U_3O_8, and at maturity date the Company would have to repay Toshiba a total of 495,193 pounds of U_3O_8 including interest accrued.

The Bond Financing was secured by a floating charge on all assets of the Company in Niger.

Concurrent with the Bond Financing, the Company entered into a Sale and Purchase of Uranium Concentrates Agreement (the "**Off-take Agreement**") whereby Toshiba had the right and obligation to purchase up to 600,000 pounds of U_3O_8 per year for 14 years commencing January 1, 2019.

On February 28, 2018, the Company signed the Termination Agreement with Toshiba to settle the uranium loan, terminate the Off-take Agreement, and provide a mutual release to each other in accordance with the terms and conditions set out in the Termination Agreement. On April 26, 2018, the Company paid Toshiba $4.5 million in cash.

As a part of the Termination Agreement, Toshiba entered into a SPA with Linkwood to whom Toshiba agreed to sell 28,395,466 common shares of GoviEx it holds for $4.5 million.

On July 3, 2018, the Company entered into a short-term loan agreement with Linkwood and advanced $2.75 million to Linkwood in order to allow Linkwood to complete the SPA. The $2.75 million loan is for a period of six months with an optional extension at an interest rate of 9.5% per annum.

On July 9, 2018, the Company announced the conclusion of the Termination Agreement. As a result, a $5.06 million gain was recognized in the profit and loss during the year ended December 31, 2018.

On December 31, 2018, the Company announced a six-month extension of the Linkwood loan to June 30, 2019. Principal and interest would be repaid monthly commencing Feb 28, 2019 to June 30, 2019. Monthly repayments for February and March 2019 have been received.

Results of Operations

During the year ended December 31, 2018, the Company recorded a loss of $0.37 million compared to $6.05 million in the prior year. Significant differences in the comparative amounts were mainly caused by the non-cash gain in the uranium loan settlement in 2018.

A comparison of expenses for the year in 2018 and 2017 is listed below:

(in thousands of U.S. dollars)	Years ended December 31, **2018**	2017	Changes
	$	$	$
Exploration and evaluation	**(2,154)**	(2,452)	298
General and administrative	**(1,948)**	(1,721)	(227)
	(4,102)	(4,173)	71
Gain on derivative liability	**-**	503	(503)
Depreciation	**(15)**	(28)	13
Foreign exchange gain (loss)	**(227)**	244	(471)
(Loss) gain on uranium loan	**5,062**	(1,262)	6,324
Interest on uranium loan	**(485)**	(905)	420
Interest and other income	**192**	535	(343)
Share-based payment	**(656)**	(808)	152
Loss on marketable securities	**(137)**	-	(137)
Write-off of asset	**-**	(160)	160
Net loss	**(368)**	(6,054)	5,686

Exploration and evaluation expenses

Exploration and evaluation expenditures are related to personnel, mineral property maintenance, and technical consulting costs in the Company's Africa subsidiaries. These costs can vary depending on the stages and priorities of the exploration program.

During the 2018 year end, the Company incurred total $2.15 million expenditures including $1.19 million in Niger, $0.61 million in Zambia, and $0.35 million in Mali. Among those expenditures, 44% were for local personnel costs, with the remaining expenditures cover office rental, supplies, technical consultants, governmental fees, and camp costs.

The Company decided not to carry out any drilling exploration programs in 2018, as the Company already has substantial resources and preferred the focus on balance sheet management and cost optimisation for the Madaouela Project.

During the year ended December 31, 2017, the Company conducted a drilling program for Madaouela project and a geophysical survey for Falea project, while maintain its subsidiary offices in Niger, Zambia and Mali.

(in thousands of U.S. dollars)	Years ended December 31, **2018**	2017	Increase (decrease)
	$	$	$
Wages and benefits	**937**	911	26
Office expenses	**370**	385	(15)
Consulting	**323**	306	17
Licenses and taxes	**249**	230	19
Camp	**164**	208	(44)
Travel	**54**	36	18
Professional fees	**52**	106	(54)
Exploration	**5**	270	(265)
	2,154	2,452	(298)

General and administrative expenses

General administrative expenses are mainly comprised of salaries and general corporate head office expenses. The scale and nature of the Company's corporate and administrative activity have remained relatively consistent over the years. Fluctuations in expenses are driven by the timing of certain expenses are made such as investor relation activities, travel and insurance.

During the 2018 year end, the Company incurred $1.95 million administrative and general office expenses comprised of 54% corporate salaries, followed by 14% in investor relations. The remaining expenditures relate to Vancouver head-office costs, professional fees, and regulatory filing and stock exchange listing required to operate the Company as a publicly traded company.

On February 28, 2018, the Company terminated agreement with Palisade Global Investments Ltd. who was engaged on February 1, 2017, to assist the Company to expand liquidity and investor awareness through focused marketing, distribution and research.

On July 9, 2018, the Company engaged Red Cloud Klondike Strike Inc. ("**Red Cloud**") to provide capital market advisory services including roadshows and social media support for the Company at a monthly rate of CAD $10,000 for an initial term of six months and thereafter on a monthly basis. Pursuant to the terms of the engagement, the Company granted Red Cloud 500,000 stock options exercisable at CAD $0.22 per share until

July 9, 2021 subject to earlier termination. These stock options will vest 25% on October 9, 2018, 25% every three-months thereafter.

On September 25, 2018, the Company granted 9,880,000 stock options to its directors, officers, and employees exercisable at CAD $0.215 until September 25, 2023. 25% of the granted options were vested on September 25, 2018 and thereafter 25% on each anniversary until fully vested. As a result, $378,826 expenses for this grant plus those from previous grants were recognized in share-based compensation during the 2018 year end.

The following table sets forth a comparison of information for the previous eight quarters ended with December 31, 2018:

(in thousands of U.S. dollars)	Years ended December 31, **2018**	2017	Increase (decrease)
	$	$	$
Wages and benefits	**1,048**	842	206
Investor relations	**264**	243	21
Office expenses	**218**	207	11
Professional fees	**183**	169	14
Travel	**137**	186	(49)
Regulatory	**98**	74	24
	1,948	1,721	227

Three months ended December 31, 2018

For the three months ended December 31, 2018, the Company extended the Linkwood loan until June 30, 2019 with stated repayment including principal and interest.

On December 31, 2018, the Company closed a non-brokered private placement by issuing 5,879,411 units at a price of CAD $0.17 per unit for gross proceeds of CAD $1 million. Each unit consists of one common share and one common share purchase warrant exercisable at $0.21, $0.24 and $0.28 at each anniversary from the issuance.

Selected Annual Information

(in thousands of U.S. dollars except for per share amounts)	December 31, **2018**	2017	2016
Financial performance	**$**	$	$
Total revenue	**-**	-	-
Net loss for the year	**(368)**	(6,054)	(581)
Basic and diluted loss per share	**(0.00)**	(0.01)	(0.00)
Financial position			
Total assets	**73,903**	67,996	65,726
Non-current liabilities	**-**	-	503
Working capital deficiency	**(4,603)**	(3,168)	(2,864)
Cash dividends declared	**-**	-	-

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:

- Exploration and evaluation expenditures can vary widely from quarter to quarter depending on the stages and priorities of the exploration program.
- Share-based compensations are equity-settled and 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 ended with December 31, 2018:

(in thousands of U.S. dollars except for per share amounts)	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
	$	$	$	$	$	$	$	$
Exploration and evaluation	(653)	(469)	(406)	(626)	(584)	(511)	(645)	(712)
General and administrative	(546)	(364)	(624)	(414)	(504)	(261)	(528)	(428)
	(1,199)	(833)	(1,030)	(1,040)	(1,088)	(772)	(1,173)	(1,140)
Foreign exchange gain (loss)	57	7	(116)	(175)	45	85	120	(6)
Gain (loss) on derivative liability	-	-	-	-	112	309	997	(915)
Gain (loss) on marketable securities	(39)	21	(7)	(112)	-	-	-	-
Interest and other	77	71	11	18	(6)	4	-	509
Interest on uranium loan	-	-	(262)	(223)	(251)	(214)	(208)	(232)
Gain (loss) on uranium loan	-	-	4,049	1,013	(1,301)	(54)	1,543	(1,450)
Share-based payment	(173)	(305)	(66)	(112)	(60)	(116)	(320)	(312)
Write-off of assets	-	-	-	-	(160)	-	-	-
Net (loss) income for period	(1,277)	(1,039)	2,579	(631)	(2,709)	(758)	959	(3,546)
(Loss) income per share	(0.00)	(0.00)	0.01	(0.00)	(0.01)	(0.00)	0.00	(0.01)

Liquidity and Capital Resources

The Company is at an advanced exploration and development stage with no source of operating cash flow, and has been dependent on raising funds through the issuance of shares and/or debt arrangements. 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, maintaining its mining permits and obtaining equity or other sources of financing.

With the Euro 7 million and three year area taxes payments are converted to the additional 10% interest purchased by Niger government in the mine permitted Madaouela I project, the Company would need to finalize the definitive framework with Niger government, seeking project capital through debt/equity, joint venture or other means of financing.

During the 2018 year end, the Company spend $3.5 million in operating activities, paid $4.5 million cash to Toshiba to have settled the uranium loan, closed non-brokered private placements for gross proceeds of $5.3

million, received $1.0 million from warrants and stock option exercises, and lent $2.75 million to Linkwood which is expected to be repaid by June 30, 2019.

The Company is also required to incur certain exploration expenditures when exploration licenses are granted or renewed for the projects of Agaliouk and Falea.

Subsequent to the 2018 year end, the Company received $0.7 million from Linkwood on the loan repayment and expect remaining $2.3 million to be received in the rest of 2019.

Unless there is a significant financing transaction, total cash is expected to decrease from one period to the next. Cash as of April 24, 2019 is approximately $2.8 million.

Transactions with Related Parties

The Company is a party to a shareholders' cost-sharing agreement with a private company, Global Mining Management Corp. ("**GMM**"), pursuant to which GMM provides the Company with furnished office space, equipment and communications facilities and the employment of certain corporate personnel in Vancouver, British Columbia.

All transactions with related parties acting in their capacity as officers and directors of the Company have occurred in the normal course of the Company's operations and have been measured at their fair value as determined by management.

Key management, consisting of personnel having authority and responsibility for planning, directing, and controlling the Company, includes the Board of Directors, Executive Chairman, CEO and CFO.

Pursuant to a credit agreement with Denison Mines Corp. ("**Denison**"), the Company drawn down CAD $250,000 on December 12, 2018 to pay its corporate expenses. On April 11, 2019, CAD $256,164 including CAD $6,164 interest accrued was repaid to Denison.

Outstanding Share Capital

As of April 24, 2019, the Company has:

- 423,217,962 class A common shares issued and outstanding;
- 34,555,000 options outstanding with exercise prices ranging from CAD $0.10 to $2.15; and
- 182,278,238 share purchases warrants exercisable ranging $0.075 to $0.28 expiring from June 10, 2019 through April 10, 2022.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements, no capital lease agreements and no long-term obligations other than those contained in Note 12, Commitments and Contingencies to the consolidated financial statements.

Proposed Transactions

As is typical of the mineral exploration and development industry, the Company periodically reviews potential acquisition, dispositions, investment, joint venture and other opportunities that could enhance shareholder value. Other than the definitive agreements with Nigerien government as disclosed in Note 17(a) of the consolidated financial statements, there are no proposed transactions that would be considered by management to constitute a material change in the affairs of the Company as at the date hereof.

Changes in Accounting Policies

The significant accounting policies applied in preparation of the financial statements are consistent with those applied and disclosed in the Note 2 of the Company's 2018 audited consolidated financial statements.

Adoption of IFRS 9 - Financial Instruments had no material impact on the Company's financial position or financial performance on the transition date.

IFRS 16 - Leases is a new standard effective for the year beginning on or after January 1, 2019. The Company does not have any material leases, thus the adoption of IFRS 16 is not expected to have a significant impact on its financial statements for the year ending December 31, 2019.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period.

Although the Company regular reviews the estimates and judgments made that affect the consolidated financial statements, actual results may be materially different. Please refer to Note 2 of the 2018 consolidated financial statements for a description of the critical accounting estimates and judgment.

Note to U.S. Readers

The Company uses Canadian Institute of Mining, Metallurgy and Petroleum definitions for the terms “measured resources”, “indicated resources” and “inferred resources”. U.S. investors are advised that while the terms “measured resources”, “indicated resources” and “inferred resources” are recognized and required by Canadian regulations, including National Instrument 43-101 (“**NI43-101**”), the SEC does not recognize these terms. Accordingly, information contained in this MD&A contains descriptions of mineral deposits that may not be comparable to similar information made public by U.S. companies that are not required to comply with NI43-101 and that are subject to the reporting requirements under the U.S. federal securities laws and the rules and regulations thereunder. The SEC permits U.S. companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. U.S. readers are cautioned not to assume that any part or all of the material in these categories will be converted into reserves. It should not be assumed that any part of an inferred mineral resource will ever be upgraded to a higher category.

Forward Looking Statements

The MD&A contains certain statements that may be deemed "Forward-Looking Statements." Forward-Looking Statements may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, its mining projects, the future prices of uranium, the estimation of mineral resources, the realization of mineral resource estimates, costs of production, capital and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, licences, and conversions under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as ‘‘plans’’, ‘‘expects’’, ‘‘is expected’’, ‘‘budget’’, ‘‘scheduled’’, ‘‘estimates’’, ‘‘forecasts’’, ‘‘intends’’, ‘‘anticipates’’, or ‘‘believes’’ or variations (including negative variations) of such words and phrases, or state that certain actions, events or results ‘‘may’’, ‘‘could’’, ‘‘would’’, ‘‘might’’ or ‘‘will’’ be taken, occur or be achieved. These statements reflect the Company’s current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

Financial Risks and Management Objectives

The Company is engaged in mining exploration and development activities which are subject to a number of risks and uncertainties, each of which could have an adverse effect on the result, business prospects or financial position of the Company.

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's regulatory filings prior to making an investment in the Company.

The risks noted below do not necessarily comprise all of the risks faced by the Company. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely impact the Company's business, financial results and prospects.

Risks Related to the Business of the Company

The Company cannot guarantee that the Madaouela Project will become a commercially viable mine, or that it will discover any commercially viable uranium deposits.

Uranium exploration, development, and operations are highly speculative and are characterized by a number of significant inherent risks, which even a combination of careful evaluation, experience and knowledge may not eliminate and may result in the inability to develop a project. These risks include, among other things, unprofitable efforts resulting not only from the failure to discover additional uranium mineral resources, but also from finding uranium mineral resources that are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, flooding, fires, power outages, lack of water, labour disruptions, civil instability and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in mining operations and the conduct of exploration and development programs, as well as the inability to obtain required capital. There is no assurance that the foregoing risks will not occur and inhibit, delay or cease the development of the Madaouela Project or the Company's other exploration or development activities, all of which could have an adverse impact on the Company's business, results of operations, financial condition and prospects.

Estimates of mineral resources are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and technical studies. This information is used to calculate estimates of the capital costs, operating costs, other financial parameters based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the mineral resource, expected recovery rates, comparable facilities and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that the actual capital cost, operating costs, other economic parameters and economic returns of any proposed mine may differ from those estimated and such differences could be material and could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. There can be no assurance that the Company will be able to complete the development of the Madaouela Project on budget or at all. This could be due to, among other things, and in addition to those factors described above, a decline in uranium prices; changes in the economics of the Madaouela Project; delays in receiving required consents, permits and licenses; problems with the delivery and installation of plant and equipment; cost overruns; changes in governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. Should any of these events occur, it would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company may not have sufficient funds to develop its mineral properties or to complete further exploration programs.

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even through a combination of careful evaluation, experience and knowledge may not be eliminated. Uranium exploration is expensive and major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities.

The Company has limited financial resources from which to satisfy expenditures and its business strategy will likely require additional substantial capital investment. The Company currently generates no operating revenue, and must finance exploration activity and the development of its mineral properties by other means. The sources of external financing that the Company may use for these purposes include project or bank financing, or public or private offerings of equity or debt. Financing for the Company's activates may not be available on acceptable terms, or at all.

In the future, the Company's ability to continue exploration, development and production activities, if any, will depend on its ability to obtain additional external financing. Any unexpected costs, problems or delays could severely impact the Company's ability to continue exploration and development activities, and obtain additional financing.

Negative cash flow from operating activities

The Company has no history of earnings and has had negative cash flow from operating activities since inception. The Madaouela Project is in the exploration stage and significant capital investment will be required to achieve commercial production therefrom. There is no assurance that the Madaouela Project will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

The Company depends on a primary project in Niger and any adverse change to that project or to Niger would materially impact the Company.

The Company's primary asset is its interest in the Madaouela Project. Any material adverse development affecting the progress of this project will have a material adverse effect on the Company's business, results of operations, financial condition and prospects. The Company has other mineral projects of a material nature which would partly mitigate any material adverse development affecting the Madaouela Project. In addition, the Company's primary mineral projects are located in a single jurisdiction, and any material adverse political, economic, social or other changes (including those described elsewhere in these risk factors) affecting Niger would have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

The Company's exploration, development and future operations are subject to numerous risks associated with operating in foreign jurisdictions.

The Company's mineral projects are located in Africa, and therefore its activities are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on the Company's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company's ability to carry on its business in the normal course may be adversely affected by political and economic considerations such as civil and tribal unrest, war (including in neighbouring states), terrorist actions, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties or governments to honour contractual relations, consents, rejections or waivers granted, changing (or arbitrary) government regulations with respect to mining including environmental requirements, taxation, land tenure, foreign investments, income repatriation and capital recovery, fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the Company's title to properties, problems renewing licenses and permits, opposition to mining from environmental or other nongovernmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests. In addition, the respective governments, or their court system, may not recognize, protect or enforce the Company's legal rights. The Governments may take action which is arbitrary or illegal. Any of these events could result in conditions that delay or prevent the Company from exploring or ultimately developing its mineral projects.

The economy and political system of Niger, Mali and Zambia should be considered by investors to be less predictable than in countries such as Canada. The possibility that the current, or a future, government may adopt substantially different policies or take arbitrary action which might halt exploration, involve the re-nationalization of private assets or the cancellation of contracts, the cancellation of mining and exploration rights and/or changes in taxation treatment cannot be ruled out, the happening of any of which could result in a material and adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company has no history of production and no revenue from operations.

The Company has no history of production and no revenue from operations. The Company is an exploration and pre-development company and all of its mineral properties are in the exploration stage. The Company has no history of mining operations and to date has generated no revenue from such operations. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The Company has not defined or delineated any proven or probable reserves on any of its properties.

The Company has no mineral properties in production or under development.

The Company does not currently have mineral properties under development. If the development of the Company's properties is found to be economically feasible, the Company will be required to engage in the construction and operation of mines, processing plants and related infrastructure. As a result, the Company will continue to be subject to all of the risks associated with establishing new mining operations, including:

- unexpected variations in grade and material mined and processed;
- unexpected variation in plant performance;
- potential unrest and other hostilities in the area where the Company's mineral properties are located which may delay or prevent development activities;
- uncertainty regarding the timing and cost of the construction of mining and processing facilities;
- the inability to establish and build the necessary infrastructure, particularly adequate water and power supply;
- the inability to source skilled labour and mining equipment;
- the inability to obtain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits;
- the unavailability of funds to finance development and construction activities;
- opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; and
- potential increases in operating costs due to changes in the cost of fuel, power, water materials and supplies and changes in capital costs due to changing operational plans and supply inputs.

Cost estimates to develop a project may increase as more detailed engineering work is completed on a project. It is common in new mining operations to experience unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the early stages of mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in mining operations at its mineral properties.

Resource estimates may not be reliable.

The figures presented for mineral resources in this MD&A are only estimates. The estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates.

Estimated mineral resources may have to be re-estimated based on further exploration or development activity. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Inferred mineral resources are subject to a greater degree of uncertainty.

There is a risk that inferred mineral resources cannot be converted into measured or indicated mineral resources. Due to the uncertainty attached to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

The mineral deposits on the Company's properties may not be commercially viable.

Whether a uranium or any other mineral deposit will be commercially viable depends on a number of factors, some of which depend on the particular attributes of the deposit (such as its size and grade), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of uranium and other minerals and environmental protection). The effect of these factors cannot be accurately predicted, but a combination of these factors may result in the Company not receiving an adequate or any return on invested capital.

Limited infrastructure and mining supplies could adversely affect future operations.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, power sources and particularly water supply are important determinants that affect capital and operating costs. Process reagents, such as sulphuric acid, as well as fuel, will need to be imported. An inability to create or access such infrastructure due to weather phenomena, sabotage, government or other interference could adversely affect the operations, profitability, financial condition, results of operations and prospects of the Company.

In connection with each of those licenses, the Company agreed to complete an exploration work program and to meet certain milestones set forth in the Mining Conventions for each license. If the Company is unable to complete the exploration work program and meet such milestones for any reason, it may lose its licenses.

The Company's title to its mineral properties may be challenged.

Although the title to the properties in which the Company holds an interest was reviewed by or on behalf of the Company, and title opinions were obtained by the Company with regard to its properties upon their acquisition, there still may be undetected title defects affecting such properties. Third parties may have known or unknown valid claims underlying portions of the Company's interests, including claims from prior holders of mineral interests in the same area or technical defects in the granting or approval of mineral interests (including exploration licences) or in the transfers of any mineral interest. Title may be affected by, among other things, undetected defects, including legal defects. The Company does not maintain title insurance, which is generally not available for projects in Niger, Mali or Zambia.

Uranium exploration can be difficult due to the nature of the deposits and therefore exploration costs may be difficult to estimate.

Many sophisticated techniques are used to find uranium such as geophysical and geochemical analyses, satellite and airborne radiometric surveys, water sampling, and drilling. Because uranium deposits usually occur in discrete sandstone rollfronts, rather than long continuous seams as with coal and oil, the exploration process can be difficult and expensive. A drill hole, for example, can slightly miss a large deposit, thereby giving a false indication that there is no uranium present. Likewise, the drill hole can also produce misleading results when it hits a tiny pocket of uranium. Therefore, many drill holes are usually needed to characterize the extent of the ore deposit. An increase in exploration costs could adversely affect the financial condition of the Company.

The Company will incur losses for the foreseeable future.

The Company expects to incur losses unless and until such time as its mineral projects generate sufficient revenues to fund continuing operations. The continued exploration and ultimate development of the Company's mineral properties will require the commitment of substantial financial resources that may not be available. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the acquisition of additional property interests, some of which are beyond the control of the Company. The Company cannot provide assurance that it will ever achieve profitability.

The Company may not be able to enforce its legal rights in a dispute with foreign persons.

In the event of a dispute, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts in Canada. A foreign court process may be conducted under rules and procedures that are different than those found in countries with more familiar legal systems, and may not result in a fair hearing for the Company. The Company may also be hindered or prevented from enforcing its rights with respect to a government or entity or instrumentality because of the doctrine of sovereign immunity. Any adverse or arbitrary decision of a foreign court may have a materially adverse impact on the Company's business, results of operations, financial condition and prospects.

Changes in government regulation may restrict or prevent the Company's operations.

Mining, processing, development and mineral exploration activities are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, and other matters. Although the Company's management believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future development or production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could adversely affect the business, results of operations, financial condition and prospects of the Company.

The Company's operations are subject to environmental regulation, which may impose costs on the Company and restrict the Company's operations.

The Company's operations are subject to environmental regulation including regular environmental impact assessments and the requirement to obtain and maintain certain permits. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and health and safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.

The Company requires sufficient water to develop its projects, which may not be available

The mining of uranium on the Company's Madaouela Project will require a sufficient source of water. The Company has evaluated whether the ground water present on or near the Madaouela Project will be sufficient to support mining operations, and the data indicates that such will be the case.

The Company currently maintains no insurance against any risks, other than directors' and officers' insurance and vehicle insurance.

The Company may acquire insurance in the future to protect against certain risks in such amounts as it considers reasonable. However, any insurance coverage obtained by the Company may not be adequate to cover any resulting liability. The Company may also be unable to maintain insurance to cover certain risks at economically feasible premiums. Insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining and exploration industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons.

The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage actually taken out may cause substantial delays and require significant capital outlays, adversely affecting the Company's business, results of operations, financial condition and prospects.

Resignations by key personnel would materially impact the Company.

The Company believes that its growth and success depends in significant part on the continued employment of the Company's executive officers and key technical personnel. The Company must also continue to attract and retain key management, technical, finance and operating personnel. Experienced management and other highly skilled personnel are in great demand. If the Company is unable to attract or retain key personnel, it could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company incurs expenses in West African CFA Francs, Zambian Kwacha and Canadian dollars, it is subject to fluctuations in foreign exchange rates.

The Company has its head office in Vancouver, Canada, and is exploring properties in Niger, Mali and Zambia for uranium and incurring certain operating expenses in West African CFA Francs and Zambian Kwacha. However, the Company maintains its accounting records and reports its financial position and results in United States dollars. Exchange rate fluctuations in these currencies are beyond the Company's control and such fluctuations could have an adverse effect on the Company's business, financial condition and results of operations.

Certain directors of the Company may have conflicts of interest with the Company.

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers of the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in applicable laws.

The Company may become subject to litigation.

All industries, including the mining industry, may be made subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Risks Related to the Uranium Industry

Declines in the uranium price will adversely impact the Company.

The Company's activities will be focussed on the exploration and development of its uranium mining properties. The price of uranium is thus an important factor in the future profitability of the Company and, in turn, the market price of the common shares. Historically, the price of uranium has varied widely and is subject to factors outside of the Company's control. Such factors include, among others: demand for nuclear power, political and economic conditions in uranium producing and consuming countries, public and political response to a nuclear accident, improvements in nuclear reactor efficiencies, reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails, sales of excess civilian and military inventories (including the dismantling of nuclear weapons) by governments and industry participants, and production levels and production costs in key uranium producing countries. Any such variation in the price of uranium in the future could cause the market price of the Common Shares to fluctuate and could increase the Company's cost of capital.

The Company is subject to strong competition in the uranium industry and the field of nuclear energy.

According to the World Nuclear Association, ten mining companies produce nearly 90% of world production, while 73 electric utilities operate nuclear power plants and buy uranium fuel. The mining and mineral exploration industry and in particular, the international uranium industry, is competitive in all of its phases. The Company faces strong competition from other mining and exploration companies in connection with the acquisition of properties producing, or capable of producing, uranium and uranium oxide. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Many of these companies also have mineral projects in production. As a result of this competition, the Company may be unable to acquire additional attractive mining or exploration properties on terms it considers acceptable or at all. Consequently, the Company's business, results of operations, financial condition and prospects could be adversely affected.

A failure of the nuclear power industry to expand could adversely affect the Company.

The expansion of nuclear power in the U.S. and Europe depends critically on regulatory and financial factors and appears likely to be modest. Much of the expansion of nuclear power is expected to be in China, India, South Korea and other parts of Asia, Russia, and in countries new to nuclear power, such as the United Arab Emirates. There are substantial uncertainties about the pace of these deployments.

If the nuclear power industry fails to expand, or if there is a reduction in demand by electric utilities for newly-produced uranium for any reason, it would adversely affect the Company's business, results of operations, financial condition and prospects and could materially impact the market price of the Common Shares.

The nuclear power industry is uniquely subject to the risk of a change in public opinion.

Nuclear energy competes with other sources of energy, including natural gas, coal and hydroelectricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of natural gas, coal and hydro-electricity, as well as the possibility of developing other low cost sources for energy, may result in lower demand for uranium. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear power industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power, increase the regulation of the nuclear power industry, and delay the rate of construction of new nuclear power plants.

Any nuclear accident would reduce the demand for uranium and adversely affect the Company.

Nuclear power plant operations and the rate of construction of new plants are potentially subject to disruption by a nuclear accident. There have been three such accidents: the 1979 partial core meltdown at Three Mile Island in the United States, the 1986 Chernobyl accident in the Ukraine, and the 2011 accident in Fukushima, Japan following an earthquake and the resulting tsunami. While neither the Three Mile Island nor Chernobyl accident resulted in the shutdown of other nuclear power stations, these events substantially reduced the rate of deployment of new power plants.

As a consequence of the Japanese nuclear incident, most countries, while declaring their support for nuclear power, have called for technical reviews of all safety and security systems of existing nuclear plants and those under construction and a review of the nuclear safety regulations governing the industry. While the duration and magnitude of the total impact of the Fukushima accident on the nuclear power industry are impossible to predict, it can be expected to result in the premature closure of certain reactors, particularly older reactors, and to delay the forecast growth rate of nuclear capacity. Additionally, a future accident at a nuclear reactor anywhere in the world could result in the shutdown of existing plants or impact the continued acceptance by the public and regulatory authorities of nuclear energy and the future prospects for nuclear generators, each of which could have a material adverse effect on the Company.

Technical development in the field of nuclear energy could reduce demand for uranium.

Requirements for the Company's products and services may be affected by technological changes in nuclear reactors, enrichment and used uranium fuel processing. These technical changes could reduce the demand for uranium. In addition, the Company's competitors may adopt technological advancements that give them an advantage over the Company.

Risks Related to the Common Shares

If the Company issues shares to fund future growth, the existing shareholders of the Company will suffer dilution.

The Company may need to obtain additional resources in the future in order to execute the Company's growth strategy, including the possible acquisition of new businesses and assets. The Company may issue additional equity securities to finance such operations, development, acquisitions or other projects. The Company cannot predict the size or frequency of such future issuances, if any. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per share.

The market price for the common shares could fluctuate based on factors which are not related to the Company's business.

In recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. The market price of the Common Shares could similarly be subject to wide fluctuations in response to a number of factors, most of which the Company cannot control, including:

- the price of uranium;
- changes in securities analysts' recommendations and their estimates of our financial performance;
- changes in market valuations of similar companies;
- investor perception of the Company's industry or prospects or the country in which it operates;
- the public's reaction to press releases, announcements and filings with securities regulatory authorities by other companies in the Company's industry;
- changes in environmental and other governmental regulations; and
- changes in general conditions in domestic or international economies or, financial markets or in the mining industry.

The impact of any of these risks and other factors beyond the Company's control could cause the market price of the Common Shares to decline significantly.

Future sales of common shares by existing shareholders could cause the Common Share price to fall.

Future sales of Common Shares by any major shareholder could decrease the market price of the Common Shares. The Company cannot predict the size of future sales by shareholders, or the effect, if any, that such sales will have on the market price of the Common Shares. However, sales of a substantial number of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares.

The Company does not intend to pay cash dividends in the foreseeable future.

No dividends on the Common Shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future development and operation of its business. Payment of any future dividends, if any, will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs. The Company does not intend to pay cash dividends in the foreseeable future. Moreover, under the terms of the Tranche B Bond, until that bond's repayment or redemption the Company may not declare or pay any dividends or make any distributions on any of its securities (other than the payment of interest, principal, fees or costs on debt securities).