



Condensed Interim Consolidated Financial Statements of

**GoviEx Uranium Inc.**

For the three months ended March 31, 2017

(Unaudited – Stated In U.S. Dollars)

# **GoviEx Uranium Inc.**

## Condensed Interim Consolidated Financial Statements

March 31, 2017

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**Notice to Reader**

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

# GoviEx Uranium Inc.

## Condensed interim consolidated statements of financial position

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

	Note	March 31, 2017	December 31, 2016
		\$	\$
<b>Assets</b>			
Current assets			
Cash		3,862	4,308
Amounts receivable		107	47
Marketable securities	3	437	-
Prepaid expenses and deposit		47	72
		<b>4,453</b>	<b>4,427</b>
Non-current assets			
Long-term deposits		300	300
Plant and equipment		85	88
Mineral properties	4	60,911	60,911
		<b>61,296</b>	<b>61,299</b>
<b>Total assets</b>		<b>65,749</b>	<b>65,726</b>
<b>Liabilities and equity</b>			
Current liabilities			
Accounts payable and accrued liabilities		324	381
Uranium loan	5	8,592	6,910
		<b>8,916</b>	<b>7,291</b>
Non-current liabilities			
Share purchase warrants liability	6	1,418	503
<b>Total Liabilities</b>		<b>10,334</b>	<b>7,794</b>
<b>Equity</b>			
Share capital	7	229,102	228,320
Contributed surplus		2,204	2,204
Share-based payment reserve		15,730	15,418
Investment revaluation reserve		(65)	-
Deficit		(191,556)	(188,010)
		<b>55,415</b>	<b>57,932</b>
<b>Total equity and liabilities</b>		<b>65,749</b>	<b>65,726</b>

The accompanying notes are an integral to the condensed interim consolidated financial statements

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 14)

Approved and authorized for issue on behalf of the Board of Directors on May 17, 2017.

/s/ "Daniel Major"

Director

/s/ "Christopher Wallace"

Director

# GoviEx Uranium Inc.

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

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

		For the three months ended March 31,	
	Note	2017	2016
		\$	\$
<b>Expenses</b>			
Exploration and evaluation	9	(712)	(378)
General and administrative	10	(428)	(272)
		<b>(1,140)</b>	<b>(650)</b>
Other income and (expenses)			
Depreciation		(3)	(16)
Loss on derivative liability	6	(915)	(113)
Foreign exchange (loss) gain		(6)	43
Unrealized (loss) gain on uranium loan	5	(1,450)	1,630
Interest on uranium loan	5	(232)	(246)
Other income	3	502	-
Interest income		10	2
Share-based payment	8(a)	(312)	(90)
		<b>(2,406)</b>	<b>1,210</b>
<b>Net (loss) income for the period</b>		<b>(3,546)</b>	<b>560</b>
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of marketable securities		(65)	-
<b>(Loss) income and comprehensive (loss) income for the period</b>		<b>(3,611)</b>	<b>560</b>
(Loss) income per share, basic and diluted		(0.01)	0.00
Weighted average number of common shares outstanding		<b>319,026,113</b>	<b>168,151,349</b>

The accompanying notes are an integral to the condensed interim consolidated financial statements

# GoviEx Uranium Inc.

## Condensed interim consolidated statements of changes in equity

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

	Number of Shares	Share capital	Contributed surplus	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
		\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2015</b>	168,151,349	218,743	1,775	14,761	-	(187,429)	47,850
Share-based payments	-	-	-	90	-	-	90
Net income for the period	-	-	-	-	-	560	560
<b>Balance, March 31, 2016</b>	168,151,349	218,743	1,775	14,851	-	(186,869)	52,798
<b>Balance, December 31, 2016</b>	314,937,338	228,320	2,204	15,418	-	(188,010)	57,932
Shares issued for warrants exercised	6,517,250	782	-	-	-	-	782
Share-based payments	-	-	-	312	-	-	312
Other comprehensive loss	-	-	-	-	(65)	-	(65)
Net loss for the period	-	-	-	-	-	(3,546)	(3,546)
<b>Balance, March 31, 2017</b>	321,454,588	229,102	2,204	15,730	(65)	(191,556)	55,415

The accompanying notes are an integral to the condensed interim consolidated financial statements

# GoviEx Uranium Inc.

## Condensed interim consolidated statements of cash flows

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

		For the three months ended March 31,	
	Note	2017	2016
		\$	\$
<b>Operating activities</b>			
(Loss) income for the period		(3,546)	560
Adjustments for non-cash items			
Depreciation		3	16
Loss on derivative liability		915	113
Interest expense		232	246
Share-based payment		312	90
Unrealized loss (gain) on uranium loan		1,450	(1,630)
Other income	3	(502)	-
Changes in non-cash operating working capital items			
Amounts receivable		(60)	37
Prepaid expenses and deposit		25	34
Accounts payable and accrued liabilities		(57)	80
Cash used in operating activities		(1,228)	(454)
<b>Financing activities</b>			
Proceeds from warrant exercises		782	-
Cash provided by financing activities		782	-
Effect of foreign exchange on cash		-	(16)
Decrease in cash		(446)	(470)
Cash, beginning of period		4,308	1,039
<b>Cash, end of period</b>		<b>3,862</b>	<b>569</b>

The accompanying notes are an integral to the condensed interim consolidated financial statements

# GoviEx Uranium Inc.

## Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2017

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

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### 1. Nature of operations and going concern

GoviEx Uranium Inc. (“**GoviEx**” or the “**Company**”) is a Canadian mineral resources company focused on the exploration and development of uranium properties located in Africa. The 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 condensed interim consolidated financial statements 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. Since inception to March 31, 2017, the Company has incurred cumulative losses of \$192 million (December 31, 2016 - \$188 million) with a working capital deficiency of \$4.46 million (December 31, 2016 - \$2.86 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 payment (\$7.5 million) in connection with the receipt of a mining permit relating to its Madaouela I Project as described in Note 4, and the ability of the Company to obtain further financing to develop its mineral properties. In the event that the Company fails to deliver a definitive feasibility study on its Madaouela project prior to December 31, 2017, the holder of the uranium loan has the right to demand full payment of principal and interest (Note 5). Management intends to raise funds through either equity/debt financing and/or joint venture arrangements. Although the Company has been successful in raising funds in the past, there can be no assurance that it will be able to do so in the future. The lack of sufficient committed funding for the next 12 months cast a significant doubt upon the Company’s ability to continue as a going concern. The Company has no source of revenue, and significant cash requirements to maintain its mineral interests, meet its administrative overhead, and pay its liabilities.

Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on the condensed interim consolidated statements of financial position. These condensed interim 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. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applicable to the preparation of interim financial statements, including International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting*, using the same accounting policies as detailed in the Company’s audited consolidated financial statements for the year ended December 31, 2016.

The condensed interim consolidated financial statements do not include all of the information required for complete annual consolidated financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 and the notes thereto.

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

#### **Critical accounting estimates and judgments**

The Company’s management makes estimates and uses judgments when determining the assets, liabilities and expenses reported in these interim financial statements. These estimates and judgments are reviewed on an ongoing basis based on historical experience, current economic conditions, and include expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The critical estimates and judgments applied in the preparation of these interim financial statements are consistent with those applied and disclosed in Note 2 to the audited consolidated financial statements for the year ended December 31, 2016. The Company’s interim results are not necessarily indicative of its results for a full year.



# GoviEx Uranium Inc.

## Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2017

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

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### 3. Marketable securities

On March 9, 2017, the Company received 1,210,975 common shares of Kincora Copper Limited (“**Kincora**”), as a result of a debt settlement in relation to a series of loan arrangements with a related party during the year ended December 31, 2010, for which the amounts were previously written off. Kincora is a Canadian publicly listed company on TSX-V under trading symbol of KCC.

These Kincora shares are recorded as marketable securities, classified as available-for-sale, and recorded at fair market value determined by reference to their closing share price at each reporting date. Any fair value gain or loss is recognized in the other comprehensive loss during the period.

During the three months ended March 31, 2017, \$502,033 was recorded as other income and \$64,956 was recognized as net change in fair value of marketable securities in the condensed interim consolidated statements of (loss) income and comprehensive (loss) income.

### 4. Mineral properties

#### Niger

The Company’s primary asset is an advanced-stage exploration uranium property located in north central Niger.

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 2007 Mining Convention with the Republic of Niger Ministry of Mines and Energy (“**Niger Ministry**”), the Company will be required to make a one-time payment of Euro 7 million (\$7.5 million) upon the publication of the official decree awarding the first mining permit issued. The Company will discuss with the Niger Ministry for the terms of this payment.

The exploration licenses application for Eralrar (submitted on November 22, 2012) and the renewals for Madaouela II, III, IV and Anou Melle were approved by Niger government in January 2016.

#### Mali and Zambia

As a result of the Rockgate acquisition closed on June 10, 2016, the Company acquired a 100% interest in Mutanga property in Zambia, a 100% interest in Falea project in Mali, and 90% interest in Dome project in Namibia with a total fair value of \$3.7 million, of which \$2.3 million has been allocated to Mutanga, \$1.4 million to Falea and \$nil to Dome.

### 5. Uranium loan

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

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

Toshiba has the right to demand repayment of the Uranium Loan and accrued interest if (i) the Company fails to deliver a definitive feasibility study relating to Madaouela Project prior to December 31, 2017, or (ii) the sum of the production and capital costs per pound of  $U_3O_8$ , as estimated in a feasibility study prepared in respect of the Madaouela Project, is not lower than \$44 per pound.

# GoviEx Uranium Inc.

## Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2017

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

The spot U<sub>3</sub>O<sub>8</sub> price, published by Ux Consulting Company, LLC on a weekly basis, was \$24.5 per pound on March 27, 2017 (\$20.25 - December 26, 2016, \$29.15 - March 28, 2016):

	March 31,		December 31,		March 31,	
	U <sub>3</sub> O <sub>8</sub>	2017	U <sub>3</sub> O <sub>8</sub>	2016	U <sub>3</sub> O <sub>8</sub>	2016
	Pounds	\$	Pounds	\$	Pounds	\$
Balance, beginning of period	341,244	6,910	304,682	10,511	304,682	10,511
Unrealized loss (gain) during period	-	1,450	-	(4,512)	-	(1,630)
Net principal balance	341,244	8,360	304,682	5,999	304,682	8,881
Interest accrued in period	9,441	232	36,562	911	8,430	246
Balance, end of period	350,685	8,592	341,244	6,910	313,112	9,127

### 6. Share purchase warrants derivative liability

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

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

The fair value was estimated at \$0.04 on the date of issue (March 31, 2017 - \$0.06, December 31, 2016 - \$0.02) by using the Black-Scholes option pricing model assuming an expected volatility of 75%, a risk-free interest rate of 0.50%, an estimated forfeiture rate of 0%, a dividend yield of 0%, and an expected term of two years (March 31, 2017 – 0.58 years, December 31, 2016 – 0.83 years).

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

	Number of warrants	Amount
Balance as January 1, 2015		\$
Warrants issued on September 28, 2015	16,228,177	645
Warrants issued on November 3, 2015	5,707,119	50
Change in fair value estimates	-	(640)
Balance as December 31, 2015	21,935,296	55
Change in fair value estimates	-	448
<b>Balance as December 31, 2016</b>	21,935,296	503
Change in fair value estimates	-	915
<b>Balance as March 31, 2017</b>	21,935,296	1,418

### 7. Share capital

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

During the three months ended March 31, 2017, the Company issued 6,517,250 common shares for gross proceeds of \$782,070 from warrants exercised at a price of \$0.12.

# GoviEx Uranium Inc.

## Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2017

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

### 8. Share-based payments

#### a) Stock Options

A continuity summary of the stock option granted under the Company's stock option plan is listed as follows:

	March 31, 2017	
	Number of options	Weighted average exercise price (\$)
Outstanding, beginning of period	23,883,333	0.24
Granted	6,780,000	0.32
Outstanding, end of period	30,663,333	0.24
Exercisable, end of period	12,067,083	0.36

The following table lists the stock options outstanding and exercisable at March 31, 2017 with a weighted average remaining life of 3.9 years:

Exercise price	Expiry date	March 31, 2017		December 31, 2016	
		Outstanding	Exercisable	Outstanding	Exercisable
\$ 2.15	June 4, 2017	250,000	250,000	250,000	250,000
\$ 2.15	August 27, 2017	333,333	333,333	333,333	333,333
\$ 2.15	June 19, 2019	1,040,000	780,000	1,040,000	780,000
CAD 0.30	January 28, 2020	2,450,000	1,837,500	2,450,000	1,225,000
CAD 0.10	November 19, 2020	6,475,000	3,237,500	6,475,000	3,237,500
CAD 0.11	December 31, 2017	2,800,000	1,400,000	2,800,000	-
CAD 0.12	June 20, 2021	10,535,000	2,633,750	10,535,000	2,633,750
CAD 0.27	April 1, 2018	500,000	-	-	-
CAD 0.32	March 17, 2019	300,000	100,000	-	-
CAD 0.32	March 17, 2022	5,980,000	1,495,000	-	-
		30,663,333	12,067,083	23,883,333	8,459,583

The Company applies the fair value method of accounting for stock options. The weighted average fair value of options granted during the three months ended March 31, 2017 was \$0.12 using the Black-Scholes model with the following assumptions (no options were granted during the three months ended March 31, 2016):

	March 31, 2017
Annualized volatility	83%
Expected life in years	5
Estimated forfeiture rate	0%
Risk free interest rate	0.94%
Dividend rate	Nil

# GoviEx Uranium Inc.

## Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2017

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

### b) Common Share Purchase Warrants

Common share purchase warrants outstanding are listed below:

Exercise price (\$)	Expiry date	Number of warrants		Acceleration price (CAD\$)
		March 31, 2017	December 31, 2016	
CAD 0.18	September 28, 2017	16,228,177	16,228,177	≥0.216
CAD 0.18	November 3, 2017	6,026,879	6,026,879	≥0.216
0.15 / 0.18	June 10, 2019	22,420,180	22,420,180	≥0.24
0.12 / 0.14*	June 10, 2019	34,780,072	41,297,322	≥0.20
0.075	December 19, 2019	2,018,400	2,018,400	NA
0.15	December 19, 2021	47,429,856	47,429,856	NA
0.15	December 23, 2021	2,570,144	2,570,144	NA
		131,473,708	137,990,958	

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

All the warrants issued prior to December 2016 are subject to an acceleration clause 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.

With respect to the warrants expiring on June 10, 2019 with \$0.15 exercise price, if not exercised after the acceleration notice is received, the exercise price will increase to \$0.18 with an expiry date of December 10, 2018.

Subsequent to March 31, 2017, 132,900 share purchase warrants were exercised at an exercise price of \$0.075 for gross proceeds of \$9,967.

## 9. Exploration and evaluation

Exploration and evaluation expenses for the Company are summarized as follows:

	Three months ended March 31,	
	2017	2016
	\$	\$
Salaries	222	115
Permit & license fees	146	50
Office expenses	156	109
Consultants	106	58
Camp supplies & repairs	32	45
Drilling	32	-
Travel	18	1
	712	378

Exploration expenditures of \$386,762, \$231,828, and \$93,191 were incurred for Madaouela, Mutanga and Falea properties, respectively for the three months ended March 31, 2017. All exploration expenditures were incurred for the Madaouela property only in same period of 2016.

# GoviEx Uranium Inc.

## Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2017

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

### 10. Administrative expenses

Administrative expenses for the Company are summarized as follows:

	Three months ended March 31,	
	2017	2016
	\$	\$
Salaries	195	149
Investor relations	105	9
Office expenses	42	46
Professional fees	39	52
Travel	32	13
Regulatory fees	15	3
	428	272

### 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.

#### Key management compensation

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

	Three months ended March 31,	
	2017	2016
	\$	\$
Salaries	139	131
Share-based payments	239	62
	378	193

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

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

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

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

# GoviEx Uranium Inc.

## Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2017

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

	Three months ended March 31,	
	2017	2016
Personnel	77	30
Corporate overhead	21	4
	<b>98</b>	<b>34</b>

As of March 31, 2017, \$34,779 (December 31, 2016 – \$23,627) was owed to GMM and included in the accounts payable and accrued liabilities of the Company.

### 12. Financial instruments

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.

The fair value of financial instruments which trade in active markets is based on quoted market closing prices at the balance sheet date, thus are level 1 fair value measurement. The derivative liability is measured at fair value and categorized in level 3.

### 13. Segmented information

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

	March 31, 2017			December 31, 2016		
	Long-term Deposits (\$)	Plant and Equipment (\$)	Mineral Properties (\$)	Long-term Deposits (\$)	Plant and Equipment (\$)	Mineral Properties (\$)
Canada	140	-	-	140	-	-
Mali	-	-	1,449	-	-	1,449
Niger	160	37	57,147	160	39	57,147
Zambia	-	48	2,315	-	49	2,315
	<b>300</b>	<b>85</b>	<b>60,911</b>	<b>300</b>	<b>88</b>	<b>60,911</b>

### 14. Commitments and contingencies

- The Company is required to incur certain amounts of exploration expenditures over the validity period of certain of its exploration licenses in Niger and Mali in order to maintain the licenses in good standing.
- The Company has received requests for payment of area taxes from the Niger government. The Company believes that the area tax of \$2.0 million per annum will become payable only once the Nigerien mining company is incorporated, which includes the conclusion of negotiation of the percentage shareholding of the Nigerien government.
- 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 condensed interim consolidated net earnings, cash flow or financial positions.



## Management's Discussion and Analysis

### Quarterly Highlights

As of May 17, 2017

Management's Discussion and Analysis ("MD&A") for GoviEx Uranium Inc., together with its wholly subsidiaries ("GoviEx" or the "Company") is prepared as of May 17, 2017 and relates to its financial condition and results of operations for the three months March 31, 2017. It is intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward looking statements relating to its potential future performance.

This MD&A should be read in conjunction with the condensed interim consolidated financial statements March 31, 2017 as well as its audited annual consolidated financial statements December 31, 2016.

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. References to C\$ are to Canadian dollars. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4" respectively.

### Description of Business

GoviEx is a company focused on the acquisition, exploration and development of uranium projects in Africa. The Company holds a 100% interest individually in its Madaouela project in Niger, Mutanga project in Zambia, Falea project in Mali and 90% interest in Dome project in Namibia. 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 also trades on the OTC Markets under the symbol "GVXXF".

Additional information related to GoviEx is available on the Company's website [www.goviex.com](http://www.goviex.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### African Energy Transaction

The Company announced the execution of a definitive agreement (the "**Purchase Agreement**") with African Energy Resources Ltd. ("**African Energy**") to acquire African Energy's uranium mineral interests in Zambia (the "**Transaction**"). The Transaction is intended to unify prospective uranium properties adjacent to, and contiguous with, GoviEx's Mutanga mine permit in Zambia.

Under the terms of the Purchase Agreement, GoviEx will acquire African Energy's wholly owned Zambian subsidiaries, Muchinga Energy Resources Limited, and Chirundu Joint Ventures Zambia Ltd., in exchange of 3.0 million common shares of GoviEx and 1.6 million common share purchase warrants of GoviEx.

Each share purchase warrant will be convertible, for a period of three (3) years from the closing date of the Transaction, into one common share of GoviEx at a price per share equal to the United States dollar equivalent of 160% of the ten (10) day VWAP of GoviEx's common shares on the TSX-V calculated from the last trading day before the closing date of the Transaction. The Consideration Warrants shall include an acceleration clause which will provide that, if the closing price of GoviEx common shares on the TSX-V is equal to or greater than

# GoviEx Uranium Inc.

## Management's Discussion & Analysis

For the three months ended March 31, 2017

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190% of the closing market price of GoviEx common shares on the TSX-V on the closing date of the transaction, for a period of fifteen (15) consecutive trading days, GoviEx may accelerate the expiry date of the Consideration Warrants to a date that is sixty (60) days from the date of delivery of the written acceleration notice to African Energy, failing which the Consideration Warrants will expire unexercised.

The Transaction is subject to regulatory approval and expected to close by the second half of July 2017.

### Results of Operations

During the three months ended March 31, 2017, the Company recorded a net loss of \$3.5 million compared to a \$0.5 million net income for the same period in 2016. Quarterly fluctuation in loss and comprehensive loss figures have mainly been driven by non-cash fair value on the uranium loan, derivative liability and share-based payments.

#### Uranium loan

Interest expenses and the balance of the uranium loan vary based on fluctuations in uranium price. Uranium price closed at \$24.5 on March 27, 2017 (December 26, 2016 - \$20.25) comparing to \$29.15 on March 31, 2016 (December 31, 2015 - \$34.5 per pound). As a result, \$1.45 million loss was recognized in Q1 2017 vs \$1.63 million gain in Q1 2016.

#### Exploration and evaluation expenses

Exploration and evaluation expenditures can vary depending on the stages and priorities of the exploration program. The scale and nature of the Company's exploration activities have remained relative consistent over the periods presented.

The \$0.6 million increase in exploration and evaluation in Q1 2017 reflects costs in Zambia and Mali operations as a result of the Rockgate acquisition closed on June 10, 2016 with Denison Mines Corp.

#### General and administrative expenses

The \$0.16 million increase in general and administrative expenses is predominately due to an implementation of the Company's marketing strategy and commitment to investor relations, with the Company maintaining its non-essential cost reductions.

Effective February 1, 2017, the Company had engaged Palisade Global Investments Ltd. ("**Palisade**") to assist the Company's efforts to expand liquidity and investor awareness through focused marketing, distribution and research. The retainer fee is CAD\$10,500 per month for an initial period of seven months and thereafter on a monthly basis until terminated by either party. 500,000 incentive stock options were granted on February 1, 2017 for a period of 14 months at an exercise price of CAD\$0.27.

#### Share-based payments

On March 17, 2017, the Company granted 6,280,000 stock options to its directors, officers, employees and one consultant exercisable at CAD\$0.32 until March 17, 2022. 25% of the granted options were vested on the grant date, with 25% on each anniversary until fully vested.

Share-based payments for the three months ended March 31, 2016 represents the fair value of stock options previously granted that was recognized during the period.



# GoviEx Uranium Inc.

## Management's Discussion & Analysis

For the three months ended March 31, 2017

### Loss on derivative liability

Increases and decreases in the Company's stock price can have a significant impact on the value of the derivative liabilities issued by the Company in conjunction with a private placement closed in tranches in September and November 2015.

The Company's share price closed at CAD\$0.26 on March 31, 2017 comparing to CAD\$0.15 at December 31, 2016, a \$0.915 million loss was recorded in Q1 2017 using Black-Scholes model.

### Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with March 31, 2017:

<i>(in thousands of U.S. dollars except for per share)</i>	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15	Q2'15
Exploration and evaluation	(712)	(546)	(424)	(258)	(378)	(459)	(490)	(862)
General and administrative	(428)	(462)	(293)	(397)	(272)	(321)	(273)	(346)
Depreciation	(3)	(13)	(7)	(8)	(16)	(59)	(51)	(55)
Foreign exchange gain (loss)	(6)	(86)	39	(24)	43	(59)	(8)	8
Gain (loss) on derivative liability	(915)	(283)	59	(111)	(113)	640	-	-
Gain on disposal of equipment	-	-	-	-	-	21	-	-
Other income	512	33	4	2	2	3	-	1
Interest expense	(232)	(191)	(224)	(250)	(246)	(280)	(307)	(302)
Gain (loss) on uranium loan	(1,450)	1,161	1,048	673	1,630	582	-	838
Share-based payments	(312)	(208)	(119)	(256)	(90)	(161)	(106)	(181)
(Loss) income for period	(3,546)	(595)	83	(629)	560	(93)	(1,235)	(899)
(Loss) income per share	(0.01)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.01)	(0.01)

### Liquidity and Capital Resources

The Company is dependent on raising funds by the issuance of shares and debt arrangements in order to finance further development of its uranium properties and meet general and administrative expenses in the immediate and long term. Unless there is a significant financing transaction, total cash is expected to decrease from one period to the next.

Please refer to Note 1, Nature of Operations and Going Concern in the condensed interim consolidated financial statements for the three months ended March 31, 2017 for details.

During the three months ended March 31, 2017, the Company spent \$1.23 million towards operating activities (Q1 2016 - \$0.0454 million), and received \$0.782 million from warrant exercises.

# GoviEx Uranium Inc.

## Management's Discussion & Analysis

For the three months ended March 31, 2017

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The ability of the Company to continue its exploration and development activities is dependent on the continuing success of its uranium project development coupled with its ability to secure additional funding through equity, debt, joint venture or other means of financing.

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

### Transactions with Related Party

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 board of directors, Executive Chairman, CEO and CFO.

### Outstanding Share Capital

As of May 17, 2017, the Company has

- a) 321,587,488 common shares issued and outstanding;
- b) 30,663,333 stock options outstanding with exercise prices ranging from CAD\$0.10 to CAD\$0.32 and \$2.15.
- c) 131,340,808 share purchases warrants exercisable ranging \$0.075 to \$0.18 and CAD\$0.18 expiring from September 28, 2017 through December 23, 2021.

### Contractual Obligations

The Company has no off-balance sheet arrangements, no capital lease agreements and no long-term obligations other than those contained in Note 14, Commitments and Contingencies to the condensed interim consolidated financial statements.

### Changes in Accounting Policies

The Company has not made any changes to its significant accounting policies, as described in Note 2 of the financial statements for the year ended December 31, 2016. The adoption of narrow scope amendments to IFRS 12 - *Disclosure of Interests in Other Entities*, IAS 7 - *Statement of Cash Flows* and IAS 12 - *Income Taxes*, which were effective for annual periods beginning on or after January 1, 2017 did not have any material impact on the Company's condensed interim consolidated financial statements.

# GoviEx Uranium Inc.

## Management's Discussion & Analysis

For the three months ended March 31, 2017

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### 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 regularly reviews the estimates and judgments made that affect the financial statements, actual results may be materially different. Please refer to Note 2 of the Company's 2016 audited consolidated financial statements for a description of the critical accounting estimates and judgment.

### Financial Instruments

During the three months ended March 31, 2017, there has been no change in the Company's financial instruments risks or its management approach to those risks.

### 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.