January 9, 2017

2016: Year of Consolidation and Progress

Dear Friends of GoviEx Uranium Inc.,

As the Holiday Season closes, we wanted to take this time to reflect on the events of 2016 that affected GoviEx and share our vision for the future.

Commodity Price: The last few years have been extraordinarily difficult for the uranium industry, and 2016 was no exception. The spot price fell from US$34.70/lb U_3O_8 in January to US$18.00/lb in November, a drop of nearly 50%. This price decline was against a background of sizeable inventories, covered contracts and excess enrichment capacity.

In December, however, we started to see the first signs of the long expected uranium price recovery. The spot price closed the year at US$20.44/lb U_3O_8, a 20% increase off the year's low.

Producers cannot make money at the current uranium spot price, and we see long-term demand for uranium expected to grow, with annual demand forecast to rise from about 180Mlb U_3O_8 in 2016 to between 220Mlb and 260Mlb in 2025 based on the lower and upper case scenarios. In China and India, the forecast is for a planned increase in nuclear capacity from 35 gigawatts (GWe) to 190GWe in 2020[1].

Nuclear Revival: The US and Europe have also sent clear signals that nuclear energy will be part of their respective long-term clean energy strategies, and most importantly must be commercially recognized for this in a way that is similar to the heavily subsidized renewable energy sources. While Japan has been slow in its restarts, they are moving forward with some 20 reactors currently undergoing the approval process. Also, it is becoming more evident that while there are sizeable inventories, they are not liquid, with the utilities holding them for expected future demand[1].

On the supply side, mined uranium is expect to decline from current 160Mlb U_3O_8 to approximately 145Mlb during the same period, unless new mines are developed. With the all-in breakeven cost for uranium mines estimated at between US$40 and US$50/lb U_3O_8 in this period, it is clear the uranium price must be significantly higher to incentivize this new required production.

These vectors point to a looming supply gap coming in the next 3-5 years, and as an industry the uranium miners and developers will be challenged to respond[1].

Company Developments: GoviEx has closely followed these market, commodity and demand dynamics in 2016 with a view to positioning itself as a major producer for the next development cycle. One of our main priorities for 2016 was conserving capital while uranium prices hit a 13-year low. We cut expenditures across the board while adopting a strategy to be the consolidator of what we view as the most viable projects in Africa. We also continued to focus on initiatives aimed at reducing the incentive price required for the development of our Flagship Madaouela Project in Niger.

Looking back on the year, in January 2016, the Company attained a major milestone with the issuance of a Mining Permit for its Madaouela 1 tenement covering 243km^2. The Madaouela Project is essentially development ready yet we continuously work to optimize the cost structure for this asset.

The same month our Company was also issued the exploration license for the Eralrar tenement, and was granted renewal approval of the Madaouela II, III, IV and Anou Melle exploration tenements covering a combined 912km^2. Given the difficulty in permitting uranium assets worldwide, this was a significant achievement for the Company.

Project & Political Diversification: In March we announced a transaction with Denison Mines (TSX:DML) which saw GoviEx acquire Denison's high quality portfolio of African assets in exchange for Denison acquiring a 25% strategic stake in our company. Denison also provided a lead order in the concurrent financing that raised CDN $2.8 million of equity. As a result of this acquisition GoviEx increased the size of its uranium resource to combined Measured resources of 28.59Mlbs U_3O_8, Indicated resources of 95.70Mlbs U_3O_8, and Inferred resources of 73.11Mlbs U_3O_8, giving us a second permitted asset and the fifth largest total uranium resource of any public company in the world, behind Cameco, AREVA, Paladin and NexGen.

We welcome Denison as another important strategic shareholder that joins Ivanhoe Industries, Cameco and Toshiba as major shareholders. We also welcomed David Cates, Denison's CEO as a director. David has more than proven his value and made a very significant contribution to our board with his depth of experience and ability to stay focused on the big picture while keeping an eye on detail.

Listing & Liquidity Upgrade: In July, we took the important step to up-list our shares from the Canadian Securities Exchange (CSE) to the Toronto Stock Exchange (TSX-V) in order to increase our exposure and to provide for a more visible and liquid market for our equity. Following our change of listing, we've seen our share price increase and trading volumes now average in excess of 300,000 shares traded per day, and sometimes 2-3 million shares per day, a more than 10-fold increase from our trading when we were listed on the CSE. Recently, we added a listing on the over-the-counter market in the US where we trade under the symbol GVXXF. Volume there is now picking up as well and we have recently seen several days in December where we traded over 100,000 shares on that exchange. Our shares also now trade in Europe under the ticker 7GU:GR in the Frankfurt exchange.

In September, we engaged Medea Capital Partners as a financial adviser with the mandate to seek out debt financing for the construction of our first uranium mine, projected to be built at Madaouela in Niger towards 2020. Medea has taken the approach of first seeking to engage one or more Export Credit Agencies (ECAs) to provide cover and guarantees to bankers for our project. So far we have seen a favorable response to Medea's approach and we remain in positive detailed discussions with a number of ECAs.

Exploration & Development: During October and November, we commissioned RadonEx to conduct a radon gas survey on a part of Madaouela 1 mining permit to assess the continuity of the uranium resource adjacent to the planned open-pit mine site. The survey involves measuring the existence of radon gas that rises to the surface. Radon gas is released by uranium as it decays.

The key findings from the RadonEx program were:

- The exploration method was successful in outlining the known drilled deposits. The existing Miriam Deposit was accurately identified by the study as a control;
- The existence of a substantial exploration target approximately 1km wide by 5km long adjacent to and parallel with GoviEx's existing Miriam Deposit at Madaouela in Niger, and;
- The potential for the continued extension of the Marianne Deposit, also at GoviEx's Madaouela project with two zones defined to the north west and south west of the Marianne Deposit extending towards the Cominak Mine, operated by Areva.

If future planned drilling of the targets identified by RadonEx are successful, we may add to our total number of pounds in the ground and could potentially extend the life of our open-pit mine, which would have a positive impact by significantly reducing project risk, and improving the project economics.

Financing: In December, GoviEx completed a twice oversubscribed financing demonstrating high level of support from the investor community and our stakeholders. We raised CDN$5 million in the offering. The financing was led by pre-eminent natural resource-focused investment firm Sprott Global, which is a testament to GoviEx's long-term value in the face of a challenging market. Sprott clients were allocated half of the issue and the balance being sold by the Company.

As we worked on attaining these milestones, we kept a keen eye on our costs. We have closed out 2016 on budget. We have benchmarked this level of expenditure against publicly-traded peers, based on their public disclosure records, and our costs generally come in on the same level as these comparables. This is a significant accomplishment as we now have assets in four countries.

We have placed a priority on keeping costs low in 2017 while increasing the value or "beneficiating" our portfolio of uranium assets and positioning them for development. In Niger, planned drilling at Miriam, based on the RadonEx results, will focus on increasing the resources amenable to open-pit mining. If successful, this is forecast to reduce capital costs in first five years, reduce mining costs and considerably simplify the project to a Phase 1 open pit, further reducing risk for debt providers and potential off-take and equity partners.

In Zambia, we are working to re-examine the project economics to better understand the commercial requirements to incentivize the future development of our Matunga Project as it is already issued the mining permitted.

In 2016, GoviEx enhanced its portfolio of mineral projects and lay the groundwork to position itself for an improving uranium market we see in the years to come. These accomplishments are only possible because of the tremendous effort of our employees and the dedication of our board of directors.

In particular, we would like to thank the respective African governments for the support they have provided in enabling the ongoing development of the projects despite the continued weakness in the uranium price cycle. We look forward to their continued support as the uranium market fundamentals improve.

We are most grateful for the trust that you, our stakeholders, have placed in our company. We look forward to rewarding that trust by continuing to work hard on your behalf to keep GoviEx a leading developer within the uranium mining space. We look forward to the New Year with anticipation and with confidence.

Wishing you all a Happy and Prosperous New Year for 2017

Govind Friedland, Executive Chairman and Daniel Major, Chief Executive Officer

[1]Based on information available from World Nuclear Association, OECD and Ux Consulting we derive the view of the uranium industry.