Consolidated Financial Statements of

GoviEx Uranium Inc.

Years Ended December 31, 2017 and 2016

(In U.S. Dollars)

GoviEx Uranium Inc.

Consolidated financial statements
December 31, 2017 and 2016

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Independent Auditor’s Report

To the Shareholders of
GoviEx Uranium Inc.

We have audited the accompanying consolidated financial statements of GoviEx Uranium Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GoviEx Uranium Inc. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $6.1 million during the year ended December 31, 2017 and as at December 31, 2017 current liabilities exceed current assets by $3.2 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

/s/ Deloitte LLP

Chartered Professional Accountants
April 20, 2018
Vancouver, British Columbia

GoviEx Uranium Inc.

Consolidated statements of financial position

(Stated in thousands of U.S. dollars)

	Notes	**December 31, 2017**	December 31, 2016
		$	$
Assets			
Current assets			
Cash		**5,998**	4,308
Amounts receivable		**9**	47
Marketable securities	**3**	**243**	-
Prepaid expenses and deposit		**31**	72
		6,281	4,427
Non-current assets			
Long-term deposits		**140**	300
Plant and equipment		**71**	88
Mineral properties	**5**	**61,504**	60,911
		61,715	61,299
Total assets		**67,996**	65,726
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**372**	381
Uranium loan	**6**	**9,077**	6,910
		9,449	7,291
Non-current liabilities			
Share purchase warrants liability	**7**	**-**	503
Total liabilities		**9,449**	7,794
Equity			
Share capital	**8**	**234,384**	228,320
Contributed surplus		**2,278**	2,204
Share-based payment reserve		**16,208**	15,418
Investment revaluation reserve		**(259)**	-
Deficit		**(194,064)**	(188,010)
		58,547	57,932
Total equity and liabilities		**67,996**	65,726

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

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 13)

Approved and authorized for issue on behalf of the Board of Directors on April 20, 2018.

/s/ "Daniel Major"	*/s/ "Christopher Wallace"*
Director	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	For the years ended December 31, 2017	2016
		$	$
Expenses			
Exploration and evaluation	**10**	**(2,452)**	(1,606)
General and administrative	**11**	**(1,721)**	(1,424)
		(4,173)	(3,030)
Other income and (expenses)			
Depreciation		**(28)**	(44)
Gain (loss) on derivative liability	**7**	**503**	(448)
Foreign exchange gain (loss)		**244**	(28)
Unrealized (loss) gain on uranium loan	**6**	**(1,262)**	4,512
Interest on uranium loan	**6**	**(905)**	(911)
Interest and other income	**3**	**535**	41
Share-based payment	**9(a)**	**(808)**	(673)
Write-off of asset		**(160)**	-
		(1,881)	2,449
Net loss for the year		**(6,054)**	(581)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of marketable securities	**3**	**(259)**	-
Loss and comprehensive loss for the year		**(6,313)**	(581)
Net loss per share, basic and diluted		**(0.01)**	(0.00)
Weighted average number of common shares outstanding		**322,999,471**	224,255,496

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

GoviEx Uranium Inc.

Consolidated statements of changes in equity

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

	Notes	Number of Shares	Share capital	Contributed surplus	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
			$	$	$	$	$	$
Balance, January 1, 2016		168,151,349	218,743	1,775	14,761	-	(187,429)	47,850
Shares issued for cash, net of share issue costs	8	90,568,871	5,600	108	-	-	-	5,708
Shares issued on acquisition of Rockgate Capital Corp.	4	56,050,450	3,961	-	-	-	-	3,961
Warrants issued on acquisition of Rockgate Capital Corp.	4	-	-	321	-	-	-	321
Shares issued for services		166,668	16	-	-	-	-	16
Share-based payments		-	-	-	657	-	-	657
Net loss for the year		-	-	-	-	-	(581)	(581)
Balance, December 31, 2016		314,937,338	228,320	2,204	15,418	-	(188,010)	57,932
Shares issued for cash, net of share issue costs	8	21,541,880	4,156	-	-	-	-	4,156
Shares issued on acquisition of African Energy Assets	4	3,000,000	444	-	-	-	-	444
Warrants issued on acquisition of African Energy Assets	4	-	-	74	-	-	-	74
Shares issued for warrants exercised		11,187,706	1,405	-	-	-	-	1,405
Shares issued for stock options exercised		484,222	59	-	(18)	-	-	41
Share-based payments		-	-	-	808	-	-	808
Net loss for the year		-	-	-	-	-	(6,054)	(6,054)
Other comprehensive loss		-	-	-	-	(259)	-	(259)
Balance, December 31, 2017		351,151,146	234,384	2,278	16,208	(259)	(194,064)	58,547

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

GoviEx Uranium Inc.

Consolidated statements of cash flow

(Stated in thousands of U.S. dollars)

	Note	For the years ended December 31, 2017	2016
		$	$
Operating activities			
Loss for the year		**(6,054)**	(581)
Adjustments for non-cash items			
Depreciation		**28**	44
(Gain) loss on derivative liability		**(503)**	448
Interest expense		**905**	911
Share-based payment		**808**	673
Unrealized loss (gain) on uranium loan		**1,262**	(4,512)
Unrealized foreign exchange (gain) loss		**(256)**	30
Other income	3	**(502)**	-
Write-off of assets		**160**	-
Changes in non-cash operating working capital items			
Amounts receivable		**38**	46
Prepaid expenses and deposit		**41**	18
Accounts payable and accrued liabilities		**(9)**	(6)
Cash used in operating activities		**(4,082)**	(2,929)
Investing activities			
Plant and equipment		**(11)**	-
Net cash (used in) received from acquisitions	4	**(75)**	526
Cash (used in) provided by investing activities		**(86)**	526
Financing activities			
Net proceeds from share issuance		**5,620**	5,708
Cash provided by financing activities		**5,620**	5,708
Effect of foreign exchange on cash		**238**	(36)
Increase in cash		**1,690**	3,269
Cash, beginning of year		**4,308**	1,039
Cash, end of year		**5,998**	4,308

The accompanying notes are an integral part of these 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 Company was originally incorporated in British Virgin Islands as a private investment company and continued under the *Business Corporation Act* (British Columbia) in Canada on March 1, 2011. The Company's 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 Company's shares are listed on the TSX Venture Exchange (the "**TSX-V**") under the symbol GXU.

The Company capitalizes initial acquisition costs as "Mineral properties" and expenses all other exploration and evaluation costs related to the projects on which it is conducting exploration. The underlying value and the recoverability of the amounts recorded as mineral properties is dependent upon the Company's ability to demonstrate the existence of economically recoverable mineral reserves, obtain mining permits and necessary finance and to complete the development of the uranium assets. As a result the carrying value of the mineral properties may not reflect current or future values.

The 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. During the year ended December 31, 2017 the Company incurred a net loss of $6.1 million (2016 - $0.6 million). At December 31, 2017, the Company has working capital deficiency of $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 payment ($8.4 million) in connection with the receipt of a mining permit relating to its Madaouela I Project as described in Note 5, and the ability of the Company to obtain further financing to continue exploration activities and develop its mineral properties. Subsequent to year end, the Company reached an agreement with Toshiba Corporation ("**Toshiba**") to terminate the uranium loan as described in Note 6. 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 casts 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 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

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.

Significant accounting estimates and judgments

In order to provide timely financial information to users, the Company makes estimates and uses judgment when determining the assets, liabilities and expenses reported in these consolidated financial statements. These estimates and judgments are 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.

Critical accounting estimates

a) Impairment of mineral properties

Mineral properties are carried at cost. At each reporting date, management determines whether any impairment indicators exist such as changes in status of exploration licenses or plans for the mineral projects and/or negative results from exploration and evaluation to date. Based on management's assessment there were no impairment indicators as at December 31, 2017.

Probable mineral reserves are the economically mineable parts of the Company's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Company estimates its mineral resources and reserves based on information compiled by appropriately qualified persons. The information relating to the geological data on the size, depth and nature of the ore body requires complex geological judgments to interpret the data.

b) Share-based payments and fair value of warrants classified as derivative liabilities

The Company follows accounting guidelines in determining the fair value of share-based payments, warrants and the fair value gain or loss on the revaluation of the derivative liability. The computed amount is not based on historical costs, but is derived based on subjective assumptions input into a pricing model. Certain inputs to the model are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control.

c) Rehabilitation provision

A provision for environmental rehabilitation was not recognized as at December 31, 2017, since site disturbances have not been significant to date and land rehabilitation has been an ongoing process during the exploration phase.

Critical accounting judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the determination of whether or not a group of assets acquired and liabilities assumed constitute the acquisition of a business, the determination of functional currency for the Company and its subsidiaries and the assumption that the Company will continue as a going concern.

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.

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 change in future conditions could require a material change in the recognized amount.

Exploration and evaluation expenditure

Exploration and evaluation expenditure, including but not limited to geological and geophysical evaluation, surveying, exploratory drilling and sampling, and evaluating the technical feasibility of extracting a mineral resource, is 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.

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:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in the taxation and regulatory environment;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

If any such indication exists, an estimate of the recoverable amount is undertaken, being the higher of an asset's fair value less costs of disposal and value in use. If the asset's carrying amount exceeds its recoverable amount then an impairment loss is recognized in the consolidated statement of loss and comprehensive loss. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

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.

Financial instruments

Financial instruments are classified as one of the following: fair value through profit and loss ("**FVTPL**"), held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in the consolidated statement of changes in equity.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss accordingly. The Company has classified cash and amounts receivable as loans and receivables; the uranium loan at fair value through profit and loss and accounts payable and accrued liabilities are classified as other financial liabilities.

Share purchase warrants issued with an exercise price denominated in a currency other than the 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).

Share-based payments

Share-based payments 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 payments 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.

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, 2017 and 2016.

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.

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.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("**IFRIC**") that are mandatory for accounting periods starting after December 31, 2017. Pronouncements that are not applicable to the Company have been excluded from this note.

The following pronouncements have been issued but are not yet effective:

a) IFRS 9, *Financial Instruments,* replaces the current standard, IAS 39 *Financial Instruments*, classification and measurement in its entirety. The standard incorporates a number of improvements: a) includes a logical model for classification and measurement (IFRS 9 provides for principle-based approach to classification which is driven by cash flow characteristics and the business model in which an asset is held); b) includes a single, forward-looking "expected loss" impairment model (IFRS 9 will require entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timely basis); and c) includes a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity (IFRS 9's new model aligns the accounting treatment with risk management activities).The standard permits early adoption.

   The new standard is effective for annual reporting periods beginning January 1, 2018 for public entities. The Company will adopt IFRS 9 at the effective date and anticipates that the adoption will have no material impact on its consolidated financial statements given the extent of its current use of financial instruments.

b) IFRS 16, *Leases,* specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring lessees to recognize assets and liabilities for leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

   The Company has not yet adopted this new standard, and is currently assessing the impact of adoption.

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 for which the amounts were previously written off during the year ended December 31, 2010. These shares were valued at $502,033 (CAD$678,146) on the date received. Kincora is a Canadian publicly listed company on TSX-V under the symbol 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 year ended December 31, 2017, $502,033 was recorded as other income and $258,865 was recognized as the net change in fair value of marketable securities in the consolidated statements of loss and comprehensive loss. The fair value of these marketable securities at December 31, 2017 was $243,168 (CAD$302,744).

4. African uranium assets acquisitions

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**").

Under the terms of the acquisition, GoviEx acquired a 100% interest in African Energy's wholly-owned Zambian subsidiaries, Muchinga Energy Resources Limited and Chirundu Joint Ventures Zambia Ltd., by issuing 3,000,000 commons shares and 1,600,000 warrants. Each warrant is exercisable at $0.23 for one common share until October 30, 2020, subject to certain acceleration provisions.

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

On June 10, 2016, the Company completed the acquisition of Rockgate Capital Corp. ("**Rockgate**"), formerly a wholly owned subsidiary of Denison Mines Corp. ("**Denison**") by issuing 56,050,450 common shares and 22,420,180 share purchase warrants. Each warrant is exercisable at $0.15 for one common share until June 10, 2019 subject to an acceleration clause.

The Company concluded that these acquired assets and assumed liabilities did not constitute a business under IFRS 3, *Business Combinations*, and accordingly the transactions were accounted for as the acquisition of an asset.

The purchase price was allocated to the assets acquired and liabilities assumed on a relative fair value basis as follows:

African Energy Assets acquisition completed on October 30, 2017:

Purchase price:	**$**
3.0 million common shares issued (1)	**444**
1.6 million warrants issued (2)	**74**
Transaction costs	**75**
	593
Net assets acquired:	
Mineral properties	**593**
Net asset acquired	**593**

(1) The common shares were valued at the October 30, 2017 closing price of GoviEx shares on the TSXV CAD$0.19 converted to USD at foreign exchange rate of 0.7790.
(2) The fair value of the warrants issued was calculated using a Black-Scholes option pricing model with the following average assumptions and inputs: (i) expected life – 2 years, (ii) weighted average expected volatility – 80%, (iii) risk-free interest rate – 1.4%, and (iv) forfeiture rate - nil.

Rockgate acquisition completed on June 10, 2016:

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

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

5. Mineral properties

The Company has following mineral property interests in Africa:

a) Madaouela Project - a 100% interest, located in north central Niger includes one mine permitted 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 mine permits, two exploration license one of which is pending;
c) Falea Project – a 100% interest, located in Mali, includes one exploration license and two renewal applications pending for approval of Malian government.

Madaouela Project

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 Niger mining code and the Company's mineral conventions, the Company will be required to transfer 10% of the share of a Nigerien operating company that holds the mine permit to Niger government free of charges, and make a one-time payment of Euro 7 million ($8.4 million) upon the publication of the official decree awarding the mining permit issued.

The Niger government has the option to purchase an additional 30% equity interest at fair market value subject to certain conditions upon incorporation of the Nigerien operating company. Such additional equity interest purchase must be made when the Niger operating company is incorporated and when the Niger government receives its initial 10% free carried interest.

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.

Mutanga Project

In October 2017, the Company acquired a 100% interest in African Energy's Zambian assets, known as Chirundu and Kariba Valley properties, for a fair value of $0.6 million. The Chirundu and Kariba Valley properties include a mining permit and two exploration licenses.

As a result of the Rockgate acquisition as described in Note 4, the Company acquired a 100% interest in Mutanga property in Zambia with a fair value of $2.3 million.

Falea Project

On June 10, 2016, the Company acquired a 100% interest in Falea project in Mali described in Note 4 for a fair value of $1.4 million. The Falea project includes three exploration licenses, two of which expired in February 2018 and have been reapplied for in March 2018.

6. Uranium loan

The Company entered into a bond purchase agreement with Toshiba in April 2012 that was subsequently amended, whereby 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.

Concurrent with the bond purchase agreement, the Company entered into an off-take agreement with Advance Uranium Asset Management Limited ("**AUAML**") and Toshiba whereby AUAML has the right and obligation to purchase up to 600,000 pounds of U_3O_8 per year for a period of 14 years commencing as early as January 1, 2019. AUAML may terminate the off-take agreement if the Company does not deliver a final investment notice to AUAML to put the Madaouela Project into commercial production by the last day of 2019.

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

Subsequent to the year ended December 31, 2017, the Company signed a termination and mutual release agreement to settle the bond for $4.5 million and end the off-take agreement by April 30, 2018 subject to certain conditions.

The spot U_3O_8 price, published by Ux Consulting Company, LLC on a weekly basis, was $23.75 and $20.25 per pound on December 25, 2017 and December 26, 2016:

	U_3O_8	**December 31, 2017**	U_3O_8	December 31, 2016
	Pounds	**$**	Pounds	$
Balance, beginning of year	**341,244**	**6,910**	304,682	10,511
Unrealized loss (gain)	**-**	**1,262**	-	(4,512)
Net principal balance	**341,244**	**8,172**	304,682	5,999
Accrued interest	**40,949**	**905**	36,562	911
Balance, end of year	**382,193**	**9,077**	341,244	6,910

7. Share purchase warrants derivative liability

Share purchase warrants issued with an exercise price denominated in a currency other than the Company's functional currency are considered derivative instruments. As such they were 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 2015, the Company issued 22.25 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.

During the year ended December 31, 2017, 550,556 warrants were exercised for gross proceeds of $77,646 (CAD$99,100); the remaining warrants expired unexercised.

8. 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 December 22, 2017, the Company closed a private placement by issuing 21.54 million 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.

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

b) 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 (Note 4).

c) 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.

d) On December 23, 2016, the Company closed a private placement in tranches by issuing 50 million units at a price of CAD$0.10 for gross proceeds of $3.7 million (CAD$5 million). Each unit consists of one common share and one common share purchase warrant exercisable at $0.15 per share for five years from the date of issuance, until December 19, 2021 or December 23, 2021, as applicable.

   The Company paid $150,324 (CAD$201,840) finders' fees and issued 2,018,400 agent's warrants exercisable at $0.075 until December 19, 2019.

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

e) On June 10, 2016, the Company issued 56,050,450 common shares and 22,420,180 share purchase warrants to acquire Rockgate (Note 4).

f) On June 10, 2016, the Company closed a non-brokered private placement by issuing 40.57 million units at a price of CAD$0.07 for gross proceeds of $2.2 million (CAD$2.8 million). Each unit consists of one common share and one common share purchase warrant exercisable at $0.12 per share until June 10, 2018 and $0.14 per share thereafter. Those warrants are subject to certain acceleration clause as described in Note 9(b).

The Company paid $40,394 (CAD$52,177) in finders' fees and issued 728,451 agent's warrants at the same term of those issued in the private placement.

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

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

9. Share-based payments

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, 2017		December 31, 2016	
	Number of options	Weighted average exercise price ($)	Number of options	Weighted average exercise price ($)
Outstanding, beginning of year	23,883,333	0.24	14,607,083	0.44
Granted	6,780,000	0.24	10,535,000	0.09
Exercised	(484,222)	(0.08)	-	-
Expired	(1,733,333)	(0.49)	(700,000)	(2.15)
Forfeited	(700,000)	(0.87)	(558,750)	(0.30)
Outstanding, end of year	27,745,778	0.22	23,883,333	0.24
Exercisable, end of year	15,620,778	0.26	8,547,083	0.44

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

The following table lists the stock options outstanding and exercisable at December 31, 2017 with a weighted average remaining life of 3 years:

Exercise price		Expiry date	December 31, 2017 Outstanding	December 31, 2017 Exercisable	December 31, 2016 Outstanding	December 31, 2016 Exercisable
$	2.15	June 4, 2017	-	-	250,000	250,000
$	2.15	August 27, 2017	-	-	333,333	333,333
CAD	0.11	December 31, 2017*	1,120,778	1,120,778	2,800,000	-
$	2.15	June 19, 2019	1,040,000	1,040,000	1,040,000	817,500
CAD	0.30	January 28, 2020	2,215,000	1,661,250	2,450,000	1,275,000
CAD	0.10	November 19, 2020	6,125,000	4,593,750	6,475,000	3,237,500
CAD	0.12	June 20, 2021	10,475,000	5,237,500	10,535,000	2,633,750
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	5,970,000	1,492,500	-	-
			27,745,778	15,620,778	23,883,333	8,547,083

* December 31, 2017 expiry has been extended due to blackout restriction.

The Company applies the fair value method of accounting for stock options. The weighted average fair value of options granted during the year 2017 was $0.12 (2016 - $0.05). The weighted average fair value was estimated on the date of grant using the Black-Scholes model with the following assumptions:

	December 31, 2017	December 31, 2016
Annualized volatility	83%	83%
Expected life in years	5	5
Estimated forfeiture rate	0%	0%
Risk free interest rate	0.94%	0.66%
Dividend rate	Nil	Nil

The fair value of share options recognized as an expense during the year ended December 31, 2017 was $807,899 (December 31, 2016 - $672,673).

Subject to the year ended December 31, 2017, 900,000 stock option were forfeited at an average exercise price of CAD$0.29.

b) Common Share Purchase Warrants

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

	December 31, 2017 Number of warrants	December 31, 2017 Weighted average exercise price ($)	December 31, 2016 Number of warrants	December 31, 2016 Weighted average exercise price ($)
Outstanding, beginning of year	137,990,958	0.14	22,255,056	0.13
Warrants granted	23,141,880	0.28	115,735,902	0.14
Warrants exercised	(11,187,706)	(0.13)	-	-
Warrants expired	(21,704,500)	(0.14)	-	-
Outstanding, end of year	128,240,632	0.16	137,990,958	0.14

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

Common share purchase warrants outstanding are listed below:

Exercise price ($)		Expiry date	Number of warrants December 31, 2017	December 31, 2016	Acceleration price (CAD$)
CAD	0.18	September 28, 2017	-	16,228,177	≥0.216
CAD	0.18	November 3, 2017	-	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	33,015,072	41,297,322	≥0.20
	0.075	December 19, 2019	1,753,500	2,018,400	NA
	0.28 / 0.31*	December 22, 2019	21,541,880	-	NA
	0.23	October 30, 2020	1,600,000	-	≥0.36
	0.15	December 19, 2021	45,339,856	47,429,856	NA
	0.15	December 23, 2021	2,570,144	2,570,144	NA
			128,240,632	137,990,958	

* Exercise price till the end of the first anniversary and then thereafter

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 the year ended December 31, 2017, 100,000 warrants were exercised for a gross proceed of $12,000.

10. Exploration and evaluation

Exploration and evaluation expenses for the Company are summarized as follows, certain 2016 numbers have been reclassified to conform to those used in the current year's presentation:

	Year ended December 31, 2017				Year ended December 31, 2016			
	Madaouela (Niger)	Mutanga (Zambia)	Falea (Mali)	**Total**	Madaouela (Niger)	Mutanga (Zambia)	Falea (Mali)	Total
	$	$	$	$	$	$	$	$
Salaries & benefits	459	275	177	**911**	431	141	105	677
Office expenses	200	112	73	**385**	272	79	28	379
Consulting	196	110	-	**306**	226	5	5	236
Drilling & survey	180	-	90	**270**	-	-	-	-
License and taxes	100	130	-	**230**	126	-	-	126
Camp	107	66	35	**208**	74	23	8	105
Professional fees	80	15	11	**106**	39	19	6	64
Travel	30	2	4	**36**	19	-	-	19
	1,352	**710**	**390**	**2,452**	1,187	267	152	1,606

Exploration expenditures for Mutanga (Zambia) and Falea (Mali) are included since acquisition on June 10, 2016.

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

11. Administrative expenses

Administrative expenses for the Company are summarized as follows:

	Years ended December 31,	
	2017	2016
	$	$
Salaries	**842**	747
Investor relations	**243**	147
Office expenses	**207**	187
Travel	**186**	62
Professional fees	**169**	200
Regulatory fees	**74**	81
	1,721	1,424

12. Related party disclosures

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

Key management compensation

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:

	Years ended December 31,	
	2017	2016
	$	$
Salaries	**560**	520
Bonus	**-**	77
Committees' fees	**80**	16
Share-based payments	**560**	481
	1,200	1,094

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.

As of December 31, 2017 and 2016, the Company had $140,000 (CAD$175,000) long term deposit at GMM.

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

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

	Years ended December 31,	
	2017	2016
Personnel	**291**	208
Corporate overhead	**80**	57
	371	265

As of December 31, 2017, $33,118 (December 31, 2016 – $23,627) was owed to GMM and included in the accounts payable and accrued liabilities of the Company.

13. Commitments and contingencies

a) In addition to the Euro 7 million ($8.4 million) payment relating to its Madaouela I Project described in Note 1, the Company is required to incur following exploration expenditures over the life of the licenses:

	2018	2019	2020	Total
	$	$	$	$
Mali	2,067	N/A	N/A	2,067
Niger	7,558	5,392	404	13,353
	9,625	5,392	404	15,420

b) The Company has received requests for payment of area taxes from the Niger government. Under Niger's Mining Code an area tax of $2.2 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.

c) 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.

14. Capital risk management

The Company's objective in managing its capital is to ensure sufficient financial flexibility to continue develop 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, 2017.

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

15. 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.

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

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

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 13, the Company requires additional funds from shareholders or lenders to meet its obligations as they come due in 2018. 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.

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.

A 10% change in the exchange rate between the Canadian and U.S. dollars would have an effect on the loss before income taxes for the year ended December 31, 2017 of approximately $0.69 million.

The table below summarizes the net monetary assets and liabilities held in foreign currencies:

	December 31, 2017	December 31, 2016
	$	$
Canadian dollar	**5,508**	3,582
CFA franc	**(66)**	(51)
Zambian Kwacha	**12**	(7)
	5,454	3,524

Price risk

Price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices other than those arising from currency or interest rate risks. The Company's uranium loan is carried at market value and is therefore directly affected by fluctuations in the uranium market price. A 10% change in the uranium price would have an effect of $0.9 million on the value of the uranium loan as of December 31, 2017.

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.

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 cash which is held in large, federally insured, commercial financial institutions and amounts receivable and long-term deposits. The Company believes this credit risk is not significant.

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

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 below:

	December 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	**-**	**36**	**57,147**	160	39	57,147
Zambia	**-**	**35**	**2,908**	-	49	2,315
	140	**71**	**61,504**	300	88	60,911

17. Income taxes

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision for fiscal 2017 and 2016 is provided as follows:

	2017	2016
	$	$
Loss before income tax	**(6,054)**	(581)
Canadian statutory income tax rate	**26%**	26%
Income tax recovery at statutory rate	**(1,574)**	(151)
Foreign tax rates different from statutory rates	**20**	(4)
Permanent differences	**79**	287
Foreign exchange gains or losses	**(202)**	-
Tax rate change	**(425)**	-
Change in unrecognized tax benefits	**2,102**	(132)
Income tax recovery	**-**	-

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

	2017	2016
Deferred tax liabilities	**$**	$
Uranium loan and interest	**(1,806)**	(2,068)
Deferred tax liabilities	**(1,806)**	(2,068)
Deferred tax assets		
Compound interest	**335**	226
Non-capital losses	**1,471**	1,842
Deferred tax assets	**1,806**	2,068
Net deferred tax assets (liabilities)	**-**	-

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.

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

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, 2017 and 2016, 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:

	2017	2016
	$	$
Non-capital loss carry forwards	**52,361**	46,997
Tax value over book value loans	**3,736**	3,736
Share issue costs and others	**592**	191
Tax value over book value of mineral properties	**76,647**	74,414
Unrecognized temporary differences	**133,336**	125,338

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 $57.8 million that may be available for tax purposes, if not utilized, will expire between 2026 and 2037.

As of December 31, 2017, the Company has unrecognized deferred tax liabilities of $0.9 million (2016 – $0.7 million) and unrecognized deferred tax assets of $3.0 million (2016 - $3.0 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. (see Note 4).

During the year ended December 31, 2017, the Company identified certain adjustments to its prior year deferred income tax estimates. As a result the unrecognized temporary differences have been restated 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.

Management's Discussion and Analysis

For the year ended December 31, 2017

Introduction

GoviEx Uranium Inc. ("**GoviEx**" or the "**Company**") is a company focused on the acquisition, exploration and further development of uranium projects in Africa. The Company holds 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 also trades on the OTC Markets under the symbol "GVXXF".

This Management's discussion and analysis ("**MD&A**"), dated April 20, 2018, 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 years ended December 31, 2017 and 2016, 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.

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

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 of the results for any 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 differ materially from actual results or events.

Highlights

a) On April 5, 2018, the Company announced significant positive results of a membrane separation review study focused on optimizing the capital and operating costs of the Madaouela project.
b) On March 2, 2018 and March 28, 2018, the Company announced a termination and mutual release agreement with Toshiba Corporation ("**Toshiba**") to settle the uranium loan and end the off-take agreement by April 30, 2018.
c) On December 22, 2017, the Company closed a non-brokered private placement for gross proceeds of $4.3 million (CAD$5.4 million).
d) On November 21, 2017, the Company announced encouraging results of a Preliminary Economic Assessment ("**PEA**") for the Mutanga project.
e) On November 15, 2017, the Company announced the grant of the Agaliouk exploration license in Niger.
f) On October 30, 2017, the Company acquired African Energy's Zambia uranium assets.
g) On June 8, 2017, the Company's common shares started trading on the OTCQB Venture Market.
h) On February 15, 2017, the Company announced appointment of Houlihan Lokey EMEA, LLP as off-take advisors.

Mineral Properties

Niger – Madaouela Project

The Madaouela Project, located in the heart of a historically prolific uranium producing district, originally consists of seven contiguous tenements, known as Madaouela I, II, III, IV, Anou Melle, Eralrar and Agaliouk (the "**Madaouela Project**"), was initially acquired in June 2007 for Euro 25 million pursuant to mining conventions between the Republic of Niger and the Company.

Under Niger's Mining Code, upon expiry the exploration licenses may be (i) renewed for a second and third period of validity, provided that each time the license is renewed, the area covered by the license will be reduced by half, (ii) extended for an additional year in order to finalize a feasibility study, or (iii) converted to a mining permit.

In May 2010, Niger Ministry formally extended the expiry of the first validity period to September 2012 with no reduction in the area covered by the license in order to compensate for interruptions caused by a government imposed state of alert between August 2007 and November 2009.

On November 2, 2012, Niger Ministry granted a 2nd renewal on the basis of a 50% reduction of the surface areas for those licenses. The Company submitted an application covering certain portions of the original Madaouela I and Madaouela IV tenements surface areas that were excluded from this renewal, known as Agaliouk and Eralrar.

In March 2015, the Company completed and filed its Environmental Social Impact Assessment ("**ESIA**") for the Madaouela Project with the Niger Minister in charge of the environment. The ESIA, included the area covered by the Agaliouk licenses, was approved in July 2015.

In June 2015, the Company submitted a mine permit application for its Madaouela I and renewed the 3rd validity period for exploration licenses for Madaouela II, III, IV and Anou Melle which renewal was granted on January 29, 2016.

On January 26, 2016, the 10-year mine permit was granted, along with the ESIA, the Madaouela I is fully permitted for construction and production. Under the terms of the 2007 Niger mining code and the Company's mineral conventions, the Company will be required to transfer 10% of the share of a Nigerien operating company that holds the mine permit to Niger government free of charges, and make a one-time payment of Euro 7 million ($8.4 million) upon the publication of the official decree awarding the mining permit issued.

The Niger government has the option to purchase an additional 30% equity interest at fair market value subject to certain conditions upon incorporation of the Nigerien operating company. Such additional equity interest purchase must be made when the Niger operating company is incorporated and when the Niger government receives its initial 10% free carried interest.

The Eralrar and Agaliouk tenements, applied in November 2012, were granted in January 2016 and November 2017, respectively.

As of December 31, 2017, the Company had one mine permit and six exploration licenses for the Madaouela project. These exploration licenses and mine permit are currently held by GoviEx Niger Holdings Ltd., a wholly owned subsidiary of the Company.

The Company's resources are mainly located on six deposits on the Madaouela I tenement where the majority of the Company's exploration and development drilling to date has been conducted, and contain 111 million pounds (**Mlb**) eU_3O_8 as drill measured and indicated resources with an average grade of 1.36 kg/t eU_3O_8, and an additional 28 Mlb as drill Inferred resources with an average grade of 1.33 kg/t eU_3O_8. Additionally, the Madaouela Project contains numerous prospective exploration targets worthy of continued exploration drilling on each of its licenses. The Madaouela Project's current resource estimates are derived from a resource estimation update prepared by SRK Consulting (UK) Limited ("**SRK**") on March 2, 2016.

On April 5, 2018 the Company announced the results of a review study ("**Review**") performed by Synexus (Pty) Limited to identify and assess opportunities to use membrane separation technologies to reduce the capital and operating expenses, as well as increase efficiency in the recovery of uranium and molybdenum, at the Madaouela Project.

The Review highlighted that membrane separation could contribute to both capital and operating cost savings because of one or a combination of the following possibilities:

- Smaller hydraulic capacity of downstream circuit(s) as membrane separation may reduce the volumetric flowrate advancing downstream by between 85% and 90%.
- More efficient management of solution chemistry may optimize separation of uranium and molybdenum from the acid leach solution and from each other in the membrane concentration step.
- The required capacity of the sulfuric acid plant may be reduced, directly because of acid recovery and reuse, and indirectly because of the reduction in acid used for pH correction.
- Reagent consumption may be reduced, in addition to consumption of sulfuric acid, because of recovery and reuse, or because of the reduction in use for pH correction.

The results of the Review indicate that the inclusion of membrane separation in the Madaouela Project process design, as set out in the Technical Report, could potentially reduce operating and capital costs and hence improve project economics. The results in the Review, while based on the Technical Report inputs, are preliminary in nature and require further technical studies; however, these initial results are of a significant enough scale as to support the inclusion of membrane separation in the next-stage feasibility study for the Madaouela Project.

Zambia – Mutanga Project

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

In October 30, 2017, the Company acquired two Zambian subsidiaries of African Energy Resources Ltd., Muchinga Energy Resources Limited, and Chirundu Joint Ventures Zambia Limited., for 3.0 million common shares and 1.6 million common share purchase warrants of GoviEx. This acquisition is to unify prospective uranium properties adjacent to, and contiguous with, GoviEx's Mutanga mine permit in Zambia, (collectively the "Mutanga project").

Each share purchase warrant is exercisable at a price of $0.23 until October 30, 2020. The exercise price is determined based on the equivalent United States dollar of 160% of the 10 day volume weighted average price of GoviEx's common shares on the TSX-V calculated from October 29, 2017. These warrants include an acceleration clause whereby if the closing price of GoviEx common shares on the TSX-V is equal to or greater than C$0.36 for a period of 15 consecutive trading days, GoviEx may accelerate the expiry date of these warrants to a date that is 60 days from the date of delivery of the written acceleration notice to African Energy, failing which these warrants will expire unexercised.

November 30, 2017, the Company filed the "NI 43-101 Technical Report on a PEA of the Mutanga Uranium Project in Zambia, dated November 30, 2017. The PEA was prepared by Qualified Persons from. Highlights of the PEA include the following:

- The project development plan envisions an average annual production rate of 2.4 million pounds of U_3O_8 yellowcake over an initial 11-year mine life, with an 88% ultimate uranium recovery rate.
- Initial capital costs are estimated at US$123 million, with estimated cash operating costs of US$31.1/lb U_3O_8, excluding royalties. Total life-of-mine ("**LoM**") costs are forecast at US$37.9/lb U_3O_8.
- The Mutanga Project consists of three contiguous, fully-permitted mining licences.
- The PEA is based on Measured and Indicated Mineral Resources of 15 Mlb U_3O_8 and 45 Mlb of Inferred Mineral Resources.

- At a long-term uranium price of US$58/lb U_3O_8, the base case project economics for this project are positive, and indicate an after-tax net present value of US$112 million (at 8% discount rate) with an internal rate of return ("**IRR**") of 25% and total life-of-mine net free cash of US$268 million.

The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves have not yet demonstrated economic viability. Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration or Mineral Reserves once economic considerations are applied; therefore, there is no certainty that the production profile concluded in the PEA will be realized.

Mali – Falea Project

Falea, owned 100% by the Company, is a uranium, silver and copper deposit located approximately 250km west of Bamako, near the Senegal and Guinea borders.

Namibia – Dome Project

The Dome project is located in the Erongo Region of Namibia, in the country's uranium producing district, with infrastructure nearby. The project is owned 90% by GoviEx and 10% by Manica Minerals Limited. The exploration licenses covering the project expired in November 2015 and license renewal applications were submitted by Denison in September 2015. GoviEx has decided to return the Dome licenses to the government.

Results of Operations

During the year ended December 31, 2017, the Company recorded a loss of $6.1 million compared to $0.6 million in the prior year. The increase is mainly due to the change in fair value on the uranium loan, partially offset by the change in fair value of the derivative liability.

A comparison of expenses for the year in 2017 and 2016 is listed below:

	Three months ended December 31,		Years ended December 31,	
(in thousands of U.S. dollars)	2017	2016	**2017**	2016
	$	$	$	$
Exploration and evaluation	**(584)**	(546)	**(2,452)**	(1,606)
General and administrative	**(504)**	(462)	**(1,721)**	(1,424)
	(1,088)	(1,008)	**(4,173)**	(3,030)
Gain (loss) on derivative liability	**112**	(283)	**503**	(448)
Depreciation	**(12)**	(13)	**(28)**	(44)
Foreign exchange gain (loss)	**45**	(86)	**244**	(28)
(Loss) gain on uranium loan	**(1,301)**	1,161	**(1,262)**	4,512
Interest on uranium loan	**(251)**	(191)	**(905)**	(911)
Other income	**6**	33	**535**	41
Share-based payment	**(60)**	(208)	**(808)**	(673)
Write-off of asset	**(160)**	-	**(160)**	-
Net loss	**(2,709)**	(595)	**(6,054)**	(581)

Uranium loan

In April 2012, the Company and Toshiba entered into a bond purchase agreement in a principal amount of 200,000 pounds of U_3O_8. Under the terms of the bond agreement, the principal amount owing bears interest at a rate of 12% per annum, stated in pounds of U_3O_8, which is compounded annually. Based on the uranium price at the time the bond agreement was executed, the principal amount owing (200,000 pounds) was estimated to be valued at $10.25 million.

The uranium loan is fair valued at each reporting date based on the weekly spot uranium price published by Ux Consulting Company, LLC. Thus interest expenses and the balance of the uranium loan vary based on fluctuations in uranium price. As of December 31, 2017, the amount owing under the loan, including accrued interest, is $382,193.17 pounds of U_3O_8, with a value of $9.1 million (2016 - $6.9 million for 341,243.9 pounds).

During the year ended December 31, 2017, $0.9 million in interest from 40,949 pounds of U_3O_8 has been accrued (2016 – $0.9 million for 36,562 pounds), representing an average uranium price of $26.1 per pound (2016 - $24.9). In addition, a $1.3 million loss was recognized in the year ended December 31, 2017 versus a $4.5 million gain in 2016, to reflect the fluctuation in the fair value of the uranium owing

On March 2, 2018, the Company announced it had reached a mutually acceptable agreement to settle the amount owing under the loan, including all accrued interest, in exchange for $4.5 million which is to be paid in cash by April 30, 2018.

Exploration and evaluation expenses

Exploration and evaluation expenditures can vary depending on the stages and priorities of the exploration program.

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.

For the year ended December 31, 2016, the Company expanded its operations in Zambia and Mali through the Rockgate acquisition since June 2016, and retrenched some of its Nigerien personnel in January 2016.

	Three months ended December 31,		Years ended December 31,	
(in thousands of U.S. dollars)	**2017**	2016	**2017**	2016
	$	$	$	$
Wages and benefits	**289**	207	**911**	677
Office expenses	**(19)**	22	**385**	379
Consulting	**(16)**	96	**306**	236
Drilling and survey	**46**	-	**270**	-
Licenses and taxes	**84**	76	**230**	126
Camp	**88**	65	**208**	105
Professional fees	**106**	64	**106**	64
Travel	**6**	16	**36**	19
	584	546	**2,452**	1,606

General and administrative expenses

During the year ended December 31, 2017, the Company implemented its marketing strategy and engaged Palisade Global Investments Ltd. (“**Palisade**”) to assist its efforts to expand liquidity and investor awareness through focused marketing, distribution and research.

The Company paid Palisade a monthly retainer fee of CAD$10,500 and granted 500,000 incentive stock options on February 1, 2017 exercisable at CAD$0.27 until April 1, 2018. The agreement was terminated on February 28, 2018.

On June 8, 2017, the Company's common shares started trading on the OTCQB under the symbol GVXXF.

	Three months ended December 31,		Years ended December 31,	
(in thousands of U.S. dollars)	**2017**	2016	2017	2016
			$	$
Wages and benefits	**190**	160	**842**	747
Investor relations	**63**	52	**243**	147
Office expenses	**73**	90	**207**	187
Travel	**111**	15	**186**	62
Professional fees	**37**	115	**169**	200
Regulatory	**30**	30	**74**	81
	504	462	**1,721**	1,424

Share-based payments

The Company issues stock options to certain directors, officers and employees. The board of directors grants such options for periods up to 5 years at market price, with vesting periods determined at its sole discretion.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized as an expense with a corresponding increase in equity over the vesting period. The amount recognized as an expense is adjusted to reflect the number of stock options expected to vest.

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.

On June 20, 2016, the Company granted 10,535,000 stock options exercisable at CAD$0.12, with the same vesting schedule as above until June 20, 2021.

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.

As of December 31, 2017, all these warrants were expired except for 550,556 warrants that were exercised.

Three months ended December 31, 2017

For the three months ended December 31, 2017, the Company closed a private placement by issuing 21,541,880 units at a price of CAD$0.25 per unit for gross proceeds of CAD$5.4 million. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.28 until December 22, 2018 and $0.31 until December 22, 2019.

For the three months ended December 31, 2016, the Company closed a private placement financing in two tranches and issued aggregate of 50 million units at a price of CAD$0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 for five years until either December 19, 2021 or December 23, 2021 as applicable.

Certain reclassifications were made in the fourth quarter of 2017 resulting negative office expense and consulting in the exploration and evaluation expenses of 2017.

Selected Annual Information

(in thousands of U.S. dollars except for per share amounts)	December 31, 2017	2016	2015
	$	$	$
Total revenue	-	-	-
Net loss for the year	(6,054)	(581)	(5,254)
Basic and diluted loss per share	(0.01)	-	(0.03)
Total assets	67,996	65,726	58,740
Non-current liabilities	-	503	10,566
Loss per share	(0.01)	(0.00)	(0.03)
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:

- Interest expenses and the balance of the uranium loan vary based on timing and fluctuations in uranium price.
- Increases and decreases quarter to quarter in the Company's stock price can have a significant impact on the value of the derivative liabilities issued by the Company in conjunction with debt and equity instruments.
- Exploration and evaluation expenditures can vary widely from quarter to quarter depending on the stages and priorities of the exploration program.
- Share-based payments are 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 ending with December 31, 2017:

(in thousands of U.S. dollars except for per share)	Q4'17	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16
	$	$	$	$	$	$	$	$
Exploration and evaluation	(584)	(511)	(645)	(712)	(546)	(424)	(258)	(378)
General and administrative	(504)	(261)	(528)	(428)	(462)	(293)	(397)	(272)
	(1,088)	(772)	(1,173)	(1,140)	(1,008)	(717)	(655)	(650)
Foreign exchange gain (loss)	45	85	120	(6)	(86)	39	(24)	43
Gain (loss) on derivative liability	112	309	997	(915)	(283)	59	(111)	(113)
Other (expenses) income	(6)	4	-	509	20	(3)	(6)	(14)
Interest expense	(251)	(214)	(208)	(232)	(191)	(224)	(250)	(246)
Gain (loss) on uranium loan	(1,301)	(54)	1,543	(1,450)	1,161	1,048	673	1,630
Share-based payment	(60)	(116)	(320)	(312)	(208)	(119)	(256)	(90)
Write-off of assets	(160)	-	-	-	-	-	-	-
Net (loss) income for period	(2,709)	(758)	959	(3,546)	(595)	83	(629)	560
(Loss) income per share	(0.01)	(0.00)	0.00	(0.01)	(0.00)	(0.00)	(0.00)	0.00

Liquidity and Capital Resources

The Company is an advanced exploration state company and has been dependent on raising funds through the issuance of shares and debt arrangements.

In respect of the Madaouela 1 mining permit, the Company will be required to make a one-time payment of Euro 7 million ($8.4 million) upon the publication of the official decree; the Company is also required to incur certain exploration expenditures over the validity period when exploration licenses are granted or renewed.

The Company has not accrued for any amounts related to the above on the basis that whether any of the above amounts are currently payable is subject to certain conditions to be met and decision of the Nigerien government for its relative partake in the new Nigerien company that is to be incorporated to hold the Madaouela I mine permit.

Please refer to Note 1, Nature of operations and going concern and Note 13, Commitments and contingencies in the 2017 consolidated financial statements for details.

Unless there is a significant financing transaction, total cash is expected to decrease from one period to the next. Cash as of March 31, 2018 was approximately $4.9 million.

During the year ended December 31, 2017, the Company spent $4.1 million towards operating activities (2016 - $2.9 million), raised $4.2 million through equity financing and received $1.5 million from warrants and stock option exercises. The net proceeds from the private placement will be used to settle the uranium loan. The Company is raising additional funds to finance further development of its uranium properties and meet general and administrative expenses in the immediate and long term maintain its operations.

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 the Board of Directors, Executive Chairman, CEO and CFO.

Outstanding Share Capital

As of April 20, 2018, the Company has:

- 351,251,146 common shares issued and outstanding;
- 26,845,778 stock options outstanding with exercise prices ranging from CAD$0.10 to $2.15; and
- 128,140,632 share purchases warrants exercisable ranging $0.075 to $0.23 expiring from June 10, 2019 through December 23, 2021.

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 13, 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. 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 Company has not made any changes to its significant accounting policies, as described in Note 2 of the consolidated financial statements for the year ended December 31, 2017. The adoption of IFRS 9 – *Financial Instruments*, which is effective for annual periods beginning on or after January 1, 2018 will not have any material impact on the Company's consolidated financial statements.

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 2017 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 Republic of Niger has the right to acquire an interest in the Company's projects that would dilute the Company's interest in its projects.

In accordance with the Mining Code, the Republic of Niger is entitled to a mandatory non-dilutable 10% participation in the Company's operating subsidiaries in Niger, free of any charge and contributions of any kind. In addition, the Republic of Niger has the option to purchase up to an additional 30% interest in the Company's operating subsidiaries (for fair market value), for which the Republic of Niger shall bear all corresponding charges and contributions. In total, the Niger government may participate in the Company's projects in Niger up to a maximum of 40%. The Company's ownership in its operating subsidiaries may therefore be diluted by the Republic of Niger, which would indirectly dilute shareholders and which may negatively affect the market price of the Company's securities.

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.

Because the Company incurs expenses in West African CFA Francs, Zambian Kwacha and Canadian dollars, it is subject to changes 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 be required to redeem the Tranche B Bond early.

Toshiba is entitled upon notice to the Company, such notice not to take effect prior to December 31, 2017, to have the Company repay the Tranche B Bond in full if: (i) the Company has not completed a feasibility study on the Madaouela Project prior to December 31, 2017; or (ii) the total production and capital costs per pound of U_30_8, as estimated in a feasibility study prepared in respect of the Madaouela Project, is not lower than $44.

On March 2, and March 28, 2018, the Company announced a termination and mutual agreement was reached to settle the bond for $4.5 million cash payment and end the off-take agreement by April 30, 2018 subject to certain conditions.

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 Operations in Niger

Niger has experienced political instability and uncertainty in the past, and as such, future political stability and certainty cannot be assured.

Since obtaining its independence from France in 1960, Niger has had a succession of governments and experienced a military coup d'état in February 2010 after the previously elected president refused to leave office at the expiration of his term. See "*Republic of Niger – Geopolitical Issues*". Since the coup d'état, a new constitution has been adopted by round of elections held on March 2011 and resulted in a victory for Mahamadou Issoufou. The handover of power from the military junta to the elected government took place in April 2011, and stable government has remained in place since. President Mahamadou Issoufou was inaugurated for a second term on April 2, 2016 following a peaceful election process.

Notwithstanding the political uncertainties described above, all government ministries, including the Ministry of Mines and Industrial Development, have continued to operate normally under the direction of their respective Ministers. The Company's operations were largely unaffected by the February 2010 coup d'état and the institution of the transitional government. Furthermore, there has been little or no disruption to the supply of uranium from Niger. However, there can be no assurance that future unrest or any new government will continue to support uranium mining in Niger by the Company or any other party. In addition there can be no certainty that a duly elected government will remain in power and not be removed from power by undemocratic means. If any future government of Niger adopts policies that do not support mining activities in the country, or the activities of the Ministry of Mines and Industrial Development are disrupted or deviate from past practice, such events could have a negative impact on the Company's business, results of operations, financial condition and prospects.

Safety and security concerns may force the Company to curtail or cease exploration operations.

Niger has had to respond to the threat posed by regional terrorist organizations, primarily Al-Qaeda in the Islamic Maghreb which operates across the Sahara desert. In January 2011, two French citizens were kidnapped from a diplomatic neighbourhood in Niamey and later found dead. AQIM later claimed responsibility for the kidnappings, which makes it the third kidnapping by AQIM in Niger since April 2010. According to the press, AQIM was holding four French citizens, employees and contractors of the French company Areva, who were taken from Arlit in September 2010 and released in October 2013. In May 2013, suicide bombers staged separate attacks on a military barracks and at the Somiar uranium mining site near Arlit. The Niger Ministry of Defence minister says al-Qaeda-linked militants are suspected of carrying out the attacks.

In the past, the security situation in Niger has been unstable and may worsen with an increasing threat of kidnapping, an unpredictable political and security situation, a risk of armed banditry and clashes between Niger's security forces and rebel groups. Foreigners have in the past been targeted by militant groups operating in Niger, and attacks by such groups may have an adverse impact on the Company's operations, including its exploration activities. If the situation escalates and poses a risk to the health and safety of the Company's personnel operating in the area, then the Company may be forced to curtail or cease exploration activities in some or all areas, which may result in 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 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).