

GoviEx Uranium

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GoviEx Uranium, the Africa-focused uranium company, continues to de-risk its large resource base

- Aims to become a significant producer and supplier to the nuclear energy industry
- Considerable exploration potential at each of its projects
- The group already enjoys one of the largest NI 43-101 uranium resources compared to peers

What GoviEx Uranium does:

GoviEx Uranium Inc (CVE:GXU) (OTCMKTS:GVXXF) is an Africa-focused group which aims to become a significant producer and supplier of the commodity used in the nuclear energy industry.

The Vancouver-based firm has two mine-permitted projects: The flagship Madaouela project in Niger - the fourth-largest uranium-producing country in the world - and the Mutanga project in Zambia. It is also advancing the Falea project in Mali.

The group already enjoys one of the largest NI 43-101 uranium resources compared to peers and over 60% of its resources is in the higher confidence measured and indicated category.

The measured resource across its assets is 36.2 million pounds of contained uranium (U3O8). The indicated resource stands at 107.3 million pounds.

At Madaouela, there are 79.4 million pounds of indicated contained uranium and 31.4 million pounds in the measured category. The project boasts good infrastructure and access to skilled labor. The Niger government has a 25% stake in the project, so they have an interest in seeing it get off the ground.

A preliminary economic assessment (PEA) pegged the initial mine life at 21 years, while pre-production capital was US\$359 million, with total life-of-mine-costs pegged at US\$36.4 per pound of uranium.

Meanwhile, at Mutanga, a PEA was completed in 2017. The initial mine life of the open pit, heap leach operation was put at 11 years, with pre-production capital required put at US\$121 million. The firm has said it aims to put Madaouela into production in 2023 and Mutanga in 2025.

Falea, a planned underground mine, consists of three licenses - Bala, Madini and Falea - and lies around 80 kilometres (km) from Areva's Saraya East uranium deposit, with only 5% of the 225 square km land package having been explored. It has 17.4 million pounds of contained indicated uranium. The firm wants to bring Falea into production by 2023 at the earliest.

The firm has pointed out that nuclear is a clean and secure energy source, with low carbon dioxide emissions, which is why several major countries are looking to replace and maintain their reactor fleet.

Price: 0.285

Market Cap: \$144.45 m

1 Year Share Price Graph



Share Information

Code: GXU

Listing: TSX-V

52 week High Low
0.39 0.075

Sector: Exploration & Production

Website: www.goviex.com

Company Synopsis:

GoviEx Uranium Inc. (TSX-V: GXU; OTCQB: GVXXF) is a mineral resource company focused on the exploration and development of its African uranium properties. GoviEx's principal objective is to become a significant uranium producer through the continued exploration and development of its mine-permitted Madaouela Project in Niger, its mine-permitted Mutanga Project in Zambia, and its exploration Falea Project in Mali.

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Cameco, one of the globe's largest uranium producers, which generates around 18% of world supply, holds 2.6% of GoviEx shares, while Denison Mines - focused on the famous Athabasca Basin region in northern Saskatchewan, Canada - also has nearly 14% of its shares. Ivanhoe Industries holds 3.8% of GoviEx.

How is it doing:

On February 18 this year, the company posted an updated pre-feasibility study (PFS) for Madaouela, which showed reduced capital and operating costs, and, which it said, will allow the firm to fast-track to full feasibility.

Operating cash costs over the first four years of the mine life were reduced by 20% (or US\$4.70 per pound) to US\$18.30 per pound of uranium, and capital costs shrank by 8% or US\$29 million.

Based on a uranium price of US\$55 per pound of uranium (U₃O₈) over the life of mine, the project is forecast to produce a US\$525 million in free cash flow, including capital expenditure, and is forecast to produce an annual average of US\$70 million earnings before interest, tax, depreciation and amortization (EBITDA).

The company is planning to begin with an open-pit to at the Miriam deposit to improve cash flows in the early years, while achieving it at a much lower uranium price with potential for attractive debt financing.

The project also includes a series of other deposits that are anticipated to be mined by either open-pit or underground methods.

In late January, the group completed a placing to raise gross proceeds of C\$8 million to fund advancing its properties in Africa and for working capital. That came a few weeks after it released encouraging exploration results from its polymetallic Falea project in Mali.

A core sampling and geophysics program has been undertaken, with sampling assays including 1.16 grams per ton (g/t) gold, the company revealed.

On February 22, GoviEx reported that it had welcomed Salma Seetaroo and Eric Krafft to its board of directors, replacing Matthew Lechtzier and the Hon. Robert Hanson, who have retired.

The firm said the new recruits complemented the existing GoviEx team and brought with them "particular skillsets and considerable experience in commodities, financing, investment banking and Africa".

Inflection points:

- Feasibility study completed on Madaouela project
- More exploration results from its projects
- Uranium and gold price moves

What the boss says:

CEO Daniel Major spoke to Proactive in February, 2021 and explained the aim of updating the previous pre-feasibility study was to simplify the operation and to get a 'result', namely, to demonstrate a project to have confidence in (for potential funding) and one which can be built.

"We were able to simplify the whole process design," he said. "Big drop in Opex at the front. We also moved the underground development further out, again looking at it from a debt optic and being able to say you don't want to be trying to develop an underground when you are still paying down your debt so let's spread that out a bit and that helped push a lot of the capital out from the early years as well, as well as the cost reduction right at the front."

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