

**Ticker:** GXU CN      **Cash:** C\$10m      **Project:** Madaouela/Mutanga  
**Market cap:** C\$225m      **Price:** C\$0.39/sh      **Country:** Niger  
**RECOMMEND.** (unc.): BUY      **TARGET** (unc.): C\$0.70/sh      **RISK RATING:** HIGH

Recall our thesis on GoviEx: In a time of rising uranium prices and a lack of actionable new supply, GoviEx has actionable projects that can be developed quickly, significant resource tail and operating margin torque to higher prices, and well-connected management that can advance discussions with utilities, governments and potential M&A. With the flagship Madaouela project (Niger) well advanced towards feasibility study and permits in place, we think GoviEx can surface value at Mutanga (Zambia, 60Mlbs at 283ppm U3O8), and this year's infill, resource upgrade and DFS study program should do just that, advancing the project to a stage where the market can value it more fully and potential partners can evaluate taking a project stake. **We maintain our BUY rating and C\$0.70/sh PT based on.** Stepping back, we think uranium is still a trade with significant upside with macro positive catalysts including contracting supporting the US\$60/lb base case but new reactor builds and energy security in mature US/EU/developed APAC serving as a source of additional demand. We think permitted Australian and US assets, while logically the first movers, are now well valued, and see greater value in lower head grade African projects, or world-class Athabasca development assets. Of these we like GoviEx's combination of actionable projects, connected management and attractive valuation.

**Figure 1. Mutanga resource estimate by deposit**

Property	Type	Measured			Indicated			Inferred			Resources (Total Contained)			Strip Ratio (x)	In-situ @US\$60/lb	
		Tonnes (Mt)	U3O8 grade (ppm)	U3O8 (Mlbs)	Tonnes (Mt)	U3O8 grade (ppm)	U3O8 (Mlbs)	Tonnes (Mt)	U3O8 grade (ppm)	U3O8 (Mlbs)	Tonnes (Mt)	U3O8 grade (ppm)	U3O8 (Mlbs)		(\$/t)	\$m
Mutanga	UG	1.9	481	2.0	8.4	314	5.8	7.2	206	3.3	17.5	288	11.1	1.4	38.1	666
Dibwe	OP	--	--	--	--	--	--	17.0	239	9.0	17.0	239	9.0	2.9	31.6	537
Dibwe East	UG	--	--	--	--	--	--	43.1	304	28.9	43.1	304	28.9	4.2	40.2	1,733
Gwabe	UG	1.3	237	0.7	3.6	313	2.5	0.7	178	0.3	5.6	278	3.4	1.9	36.8	206
Njame	UG	2.7	350	2.1	3.7	252	2.1	2.1	225	1.0	8.5	276	5.2	6.0	36.6	311
Njambe South	UG	--	--	--	--	--	--	4.4	250	2.4	4.4	250	2.4		33.1	146
<b>Total</b>		<b>5.9</b>	<b>367</b>	<b>4.8</b>	<b>15.7</b>	<b>299</b>	<b>10.4</b>	<b>74.5</b>	<b>273</b>	<b>44.9</b>	<b>96.1</b>	<b>283</b>	<b>60.0</b>	<b>3.4</b>	<b>37.5</b>	<b>3,599</b>

Source: Goviex, as at 20 November 2017, Resources not pit constrained by within 125m of surface, c/o 100ppm, strip ratio based on PEA mine inventory rather than total MRE tonnes

## Mutanga update: Infill drilling to support reserves on low capex 2.6Mlbs pa heap leach

GoviEx reported commencement of 2022 fieldwork at its Mutanga uranium heap leach project in Zambia. 15,500m of infill percussion drilling to 120m x 50m spacing to a depth of 120m is planned, primarily at the Dibwe East (MRE: 28.9Mlbs at 304ppm U<sub>3</sub>O<sub>8</sub>, PEA inventory) to upgrade inferred to indicated for the planned DFS. Other planned work includes 9,000m of DD for core samples, a hydrogeological study to confirm water supply, and an update of the ESIA and relocation action plan. The 2017 PEA scoped an 11-year 2.6Mlb U<sub>3</sub>O<sub>8</sub> production per year heap leach operation with US\$123m initial capex and US\$31.1/lb operating costs with LOM 3.4 strip ratio.

## Why we like Goviex

- Large, permitted, well drilled flatship with 20-year 2.5Mlb DFS @ US\$60/lb at Madaouela
- Low strip, on infrastructure 2.6 Mlb pa heap leach second project at Mutanga (Zambia)
- Experienced and well connected management to advance portfolio

## Catalysts

- 2022: Madaouela DFS, offtake and finance
- 2023: SCPE Madaouela construction start (price dependent)
- 1H25: SCPE first production at Madaouela
- 1H27: SCPE first production at Mutanga

## Research

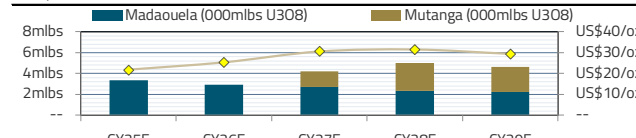
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Ticker: GXU CN		Price / mkt cap: C\$0.39/sh, C\$225m		Market P/NAV: 0.51x		Assets: Madaoela		
Chan / B Gaspar / E Magdzinski		Rec / PT: BUY / C\$0.70		1xNAV <sub>2020</sub> FD: C\$0.77/sh		Country: Niger		
<b>Group-level SOTP valuation</b>				<b>Share data</b>				
		4Q21	1Q22		Basic shares (m): 576.1		FD + options (m): 737.6	FD + FF: 1053.2
			US\$m	O/ship	NAVx	C\$/sh		
Madaoela NPV 1Q22		129	80%	1.0x	0.22			
Mutanga NPV 1Q22		118	100%	1.0x	0.20			
Falea (US\$1.5/lb)		66	80%	1.0x	0.11			
Central SG&A & fin costs 1Q22		(88)	--	1.0x	(0.15)			
Lbs outside mine plan (\$1.50/lb)		171	100%	1.0x	0.29			
Exploration		25	100%	1.0x	0.04			
Cash and restr. cash 4Q21		10	--	1.0x	0.02			
Debt 4Q21 excl convert		(6)	--	1.0x	(0.01)			
ITM options		32	--	1.0x	0.05			
<b>1xNAV8% US\$60/lb</b>		<b>455</b>			<b>0.77</b>			
Assumed build equity issuance		100			0.09			
<b>1xNAV fully funded8% US\$60/lb</b>		<b>555</b>			<b>0.66</b>			
P/NAV (x):					<b>0.59x</b>			
<b>Target multiples</b>		<b>Multiple</b>		<b>C\$/sh</b>				
<b>Target P/NAV Multiple</b>		<b>1.00x</b>		<b>0.70</b>				
<b>Target price</b>				<b>0.70</b>				
<b>Sources</b>		<b>Uses</b>						
Madaoela PFS capex US\$330m		SCPe 3Q20 cash + ITM options US\$106m						
SCPe contingency US\$103m		Mine debt @ 60% gearing US\$200m						
SCPe G&A + fin. cost to first Au US\$56m		Build Equity US\$100m						
SCPe working capital US\$17m		Offtake US\$100m						
Total uses US\$506m		Total proceeds US\$506m						
<b>1xNAV sensitivity to gold price and discount / NAV multiple</b>								
<b>1xNAV Mines (C\$m)</b>	\$40/lb	\$50/lb	\$60/lb	\$70/lb	\$80/lb			
10% discount	-211	-7	156	317	477			
9% discount	-214	10	188	364	539			
8% discount	-216	30	<b>224</b>	417	610			
7% discount	-219	54	266	478	690			
6% discount	-221	81	313	547	780			
5% discount	-223	112	368	626	884			
<b>Valuation (C\$/sh)</b>	\$40/lb	\$50/lb	\$60/lb	\$70/lb	\$80/lb			
0.50xNAV	neg	0.10	0.35	0.55	0.75			
0.75xNAV	neg	0.15	0.50	0.85	1.15			
1.00xNAV	neg	0.20	<b>0.70</b>	1.10	1.55			
1.25xNAV	neg	0.25	0.85	1.40	1.90			
1.50xNAV	neg	0.30	1.00	1.65	2.30			
<b>Valuation over time</b>								
	1Q22E	1Q23E	1Q24E	1Q25E	1Q25E			
Mines NPV (US\$m)	240	261	454	686	672			
Cntrl G&A & fin costs (US\$m)	(88)	(89)	(85)	(70)	(29)			
Net cash at 1Q (US\$m)	10	55	(146)	(131)	(128)			
Other Assets + Options	293	293	293	293	293			
1xNAV (US\$m)	455	520	516	778	809			
P/NAV (x):	0.5x	0.6x	0.6x	0.4x	0.4x			
1xNAV share px FD (C\$/sh)	0.74	0.68	0.66	0.96	0.96			
ROI to equity holder (% pa)	89%	32%	19%	25%	20%			
<b>Resource / Reserve</b>								
	Mt	ppm U3O8	Mlbs	EV/lb				
Measured, ind. & inf. - Madaoela	46	1,351	138.4	1.31				
Measured, ind. & inf. - Total Attr	149	614	201.6	0.90				
Group 2P Reserves	25	845	46.4	3.90				
<b>Production (100%)</b>								
	CY25E	CY26E	CY27E	CY28E	CY29E			
Madaoela (000mlbs U3O8)	3.3	2.9	2.7	2.3	2.2			
Mutanga (000mlbs U3O8)	--	--	1.5	2.6	2.4			
Group cash cost (US\$/lb)	21.72	25.33	30.65	31.62	29.46			
Group AISC (US\$/lb)	28.83	30.49	34.19	37.67	43.39			
<b>Balance sheet</b>								
	CY23E	CY24E	CY25E	CY26E	CY27E			
Cash (US\$m)	155	54	69	72	64			
Accounts receivable (US\$m)	--	--	8	7	10			
Inventories (US\$m)	--	--	22	20	30			
PPE & exploration (US\$m)	231	412	462	498	453			
Other (US\$m)	0	0	0	0	0			
<b>Total assets (US\$m)</b>	<b>386</b>	<b>466</b>	<b>561</b>	<b>596</b>	<b>557</b>			
Debt (US\$m)	100	200	200	200	100			
Other liabilities (US\$m)	108	141	136	121	111			
Shareholders equity (US\$m)	407	408	418	421	421			
Retained earnings (US\$m)	(241)	(262)	(173)	(139)	(83)			
Minority int. & other (US\$m)	12	12	12	12	12			
<b>Liabilities+equity (US\$m)</b>	<b>386</b>	<b>499</b>	<b>594</b>	<b>615</b>	<b>561</b>			
Net Cash	55	(146)	(131)	(128)	(36)			
Net Debt to NTM EBITDA (x)	nmf	1.3x	1.4x	1.0x	0.3x			



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BUY:	55
HOLD:	1
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	56

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