

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

### Part I Reporting Issuer

1 Issuer's name  <b>Azarga Uranium Corp.</b>		2 Issuer's employer identification number (EIN)  <b>None</b>	
3 Name of contact for additional information  <b>Investor Relations</b>	4 Telephone No. of contact  <b>1 (604) 536-2711</b>	5 Email address of contact  <b>info@azargauranium.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact  <b>Unit 1 - 15782 Marine Drive</b>		7 City, town, or post office, state, and Zip code of contact  <b>White Rock, BC, Canada V4B 1E6</b>	
8 Date of action  <b>July 5, 2018</b>		9 Classification and description  <b>Common Shares</b>	
10 CUSIP number  <b>05477Y108</b>	11 Serial number(s)  <b>N/A</b>	12 Ticker symbol  <b>TSX: AZZ</b>	13 Account number(s)  <b>N/A</b>

### Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On July 5, 2018, Azarga Uranium Corp. ("Azarga") acquired all of the issued and outstanding common shares of URZ Energy Corp. ("URZ") pursuant to an Arrangement Agreement and Plan of Arrangement (the "Arrangement"). Immediately thereafter, URZ became a wholly-owned subsidiary of Azarga. Each former URZ shareholder not exercising dissent rights in connection with the Arrangement received solely two (2) shares of Azarga common stock in exchange for each URZ share of common stock surrendered in exchange therefor pursuant to the Arrangement.**

**The Arrangement is described in the Notice of Meetings and Joint Management Information Circular of Azarga and URZ dated as of May 31, 2018 (the "Circular"), which is available on www.sedar.com. Former URZ shareholders should review the "Certain United States Federal Income Tax Considerations" section of the Circular.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The Arrangement is intended to qualify as a tax-deferred "reorganization" within the meaning of Code Section 368(a). As a result, provided the Arrangement qualifies as a tax-deferred "reorganization", each former URZ shareholder should have a tax basis in its shares of Azarga common stock received pursuant to the Arrangement equal to such URZ shareholder's aggregate tax basis in the shares of URZ common stock surrendered in exchange therefor.**

**Certain former URZ shareholders may recognize gain under Code Section 367. Former URZ shareholders that recognized gain should have a tax basis in the Azarga common shares received pursuant to the Arrangement equal to their fair market value at the time of the Arrangement. Even if the Arrangement qualifies as a tax-deferred "reorganization" under Code Section 368(a), certain special rules would apply if URZ was a passive foreign investment company, as defined under Code Section 1297 (a "PFIC"), for any tax year during which a shareholder held URZ common shares. Former URZ shareholders should review the Circular and consult with their own tax advisors regarding the U.S. federal income tax consequences of the Arrangement.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **In the event the Arrangement is taxable, for purposes of calculating fair market value, the fair market value of a share of common stock of Azarga on July 5, 2018 is estimated at U.S.\$0.20, which was the closing price for Azarga common shares on the TSX on July 5, 2018 converted to U.S. dollars using the Daily Noon Exchange Rate as published by the Bank of Canada.**

**Former URZ shareholders should consult with their own tax advisors to determine whether they are required to recognize any gain in connection with the Arrangement and what measure of fair market value is appropriate.**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► The Arrangement is intended to qualify as a tax-deferred "reorganization" under Code Section 368(a). Provided the Arrangement so qualifies, the consequences of the Arrangement to URZ shareholders should be determined under Code Sections 354, 358, 367 and 1221.

As stated in the Circular, URZ expects that it will be classified as a PFIC for the tax year including the effective date of the Arrangement and believes that it was a PFIC in prior tax years. As a result, the PFIC rules and Code Sections 1291-1298 may also apply to former URZ shareholders. Former URZ shareholders should consult their own tax advisors regarding the PFIC classification of URZ and the potential application of the PFIC rules to them in light of their particular circumstances.

18 Can any resulting loss be recognized? ► Provided the Arrangement qualifies as a tax-deferred "reorganization", then, in general, each former URZ shareholder who received shares of Azarga common stock pursuant to the Arrangement should not recognize any loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► In general, any gain recognized should be reported by former URZ shareholders for the taxable year which includes July 5, 2018 (e.g., a calendar-year shareholder would report the transaction on his or her federal income tax return filed for the 2018 calendar year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ► /s/ DAN O'BRIEN Date ► AUGUST 7, 2018

Print your name ► Dan O'Brien Title ► Chief Financial Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if Self-employed	PTIN
	<u>John D. Hollinrake Jr.</u>	<u>/s/ JOHN D. HOLLINRAKE, JR.</u>	<u>AUG 7/2018</u>		<u>P01568530</u>
	Firm's name ► <u>Dorsey &amp; Whitney LLP</u>	Firm's EIN ► <u>41-0223337</u>		Phone no. <u>(206) 903-8812</u>	
	Firm's address ► <u>Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104</u>				