Azarga Uranium Corp.
MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018
(Expressed in U.S. Dollars)

The following management discussion and analysis ("MD&A") of the results of operations and financial condition of Azarga Uranium Corp. ("Azarga Uranium") for the three months ended March 31, 2018 and up to the date of this MD&A, has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management discussion and analysis for the fiscal year ended December 31, 2017 (the "Annual MD&A").

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended December 31, 2017, together with the notes thereto, and the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the three months ended March 31, 2018.

All financial information in this MD&A is derived from the Company's condensed consolidated interim financial statements for the three months ended March 31, 2018 prepared in accordance with International Financial Reporting Standards ("IFRS"). All references to $ in this MD&A refer to the United States dollar and all references to C$ refer to the Canadian dollar.

The effective date of this MD&A is May 10, 2018.

Additional information relating to the Company, including the Annual Information Form, is available under the Company's profile on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Azarga Uranium was incorporated under the laws of the Province of British Columbia, Canada. Azarga Uranium's common shares are publicly traded on the Toronto Stock Exchange ("TSX") (Symbol: AZZ) and the Frankfurt Stock Exchange (Symbol: P8AA). Azarga Uranium, together with its subsidiaries (collectively referred to as the "Company"), is an integrated uranium exploration and development company.

The Company controls uranium properties located in the United States of America ("USA") and in the Kyrgyz Republic. The Company's Dewey Burdock Project, located in South Dakota, is the Company's initial development priority. The Company also owns the Centennial Project in Colorado, the Aladdin Deposit in Wyoming, two uranium exploration properties in Wyoming and 70% of the Kyzyl Ompul Project in the Kyrgyz Republic.

PROPOSED TRANSACTION

On May 4, 2018, the Company and URZ Energy Corp. (TSX-V: URZ, OTCQB: URZZF) ("URZ Energy") entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which Azarga Uranium and URZ Energy will merge to form a new US-focused in-situ recovery ("ISR") uranium development company (the "Transaction"). The combination will be effected by way of a plan of arrangement completed under the Business Corporations Act (British Columbia) (the "Plan of Arrangement") wherein Azarga Uranium will acquire all of the issued and outstanding shares of URZ Energy for consideration of 2.0 Azarga Uranium shares for each URZ Energy share held (the "Exchange Ratio").

Upon completion of the Transaction, the board of directors of the new combined entity will include three appointees from each company, with Glenn Catchpole, current CEO & Director of URZ Energy, to be appointed as Chairman. Blake Steele, current President & CEO of Azarga Uranium, will continue in his role as President & CEO of the new combined entity.

All outstanding options and warrants of URZ Energy will be adjusted in accordance with their terms such that the number of Azarga Uranium shares received upon exercise and the exercise price will reflect the Exchange Ratio.

The combination will be carried out by way of a court-approved Plan of Arrangement and will be subject to the approval of at least 66 2/3% of the votes cast at a special meeting of URZ Energy shareholders. Azarga Uranium shareholder approval will also be required in accordance with the requirements of the TSX. Shareholder meetings of both companies are expected to be held in late June 2018. The Transaction is also subject to the conversion of certain liabilities of Azarga Uranium into shares prior to closing, including Azarga Uranium's $1,776,000 loan payable to certain shareholders, which the shareholders have agreed to convert at C$0.25 per share, subject to completion of the Transaction, as well as applicable regulatory approvals and the satisfaction of other closing conditions customary for transactions of this nature.

On May 9, 2018, URZ Energy advanced the Company $465,000 (the "URZ Loan"). The URZ Loan accrues interest at 5% per annum, matures three months after completion or termination of the Arrangement Agreement, and is secured by the common shares of Powertech (USA) Inc., the Company's wholly owned subsidiary which holds the Company's principal asset being the Dewey Burdock Project.

The Arrangement Agreement includes customary provisions, including reciprocal non-solicitation, right to match and fiduciary-out provisions, as well as standard representations, covenants and conditions for a transaction of this nature. Both parties have agreed to pay a termination fee of $825,000 upon the occurrence of certain terminating events.

Certain shareholders, including directors and officers, of each of Azarga Uranium and URZ Energy, holding a total of 37.7% and 8.2% respectively, have entered into voting and support agreements to, amongst other things, vote their shares held in favour of the Transaction. In addition, these shareholders have agreed to lock-up their shareholdings for a period of time extending until 180 days after closing of the Transaction.

The boards of directors of both Azarga Uranium and URZ Energy have each determined that the proposed Transaction is in the best interest of their respective shareholders, having taken into account advice from their financial and legal advisors, as applicable, and have each unanimously approved the Transaction and recommend that their respective shareholders vote in favour of the Transaction.

Full details of the arrangement will be included in management information circulars to be filed by each of Azarga Uranium and URZ Energy with regulatory authorities and mailed to each party's respective shareholders in accordance with applicable securities laws. It is expected that the management information circulars for each party will be mailed to shareholders by late May 2018.

The Transaction is expected to be completed in July 2018 or such other date as the parties may agree.

OPERATIONAL HIGHLIGHTS

The Company's significant events and highlights for the three months ended March 31, 2018 and to the date of this MD&A are as follows:

- **Dewey Burdock – growth potential identified –** on February 8 and 26, 2018, the Company announced new uranium mineralization identified at both the Dewey and the Burdock areas of the Dewey Burdock Project through the review and analysis of historical data owned by the Company and the evaluation of revised ISR cutoff criteria, consistent with other producing ISR projects in nearby Wyoming.

- **Kyzyl Ompul Project – earn-in agreement –** on April 19, 2018, the Company announced that its 70% controlled subsidiary, UrAsia in Kyrgyzstan Limited Liability Company ("UrAsia"), had executed a replacement earn-in agreement (the "Replacement Agreement") with Central Asian Uranium Company Limited Liability Company ("Central") to replace the previous earn-in agreement which was terminated in accordance with the terms provided for therein. The Replacement Agreement provides Central with an option to earn a 100% interest in UrAsia's Kyzyl Ompul Project in the Kyrgyz Republic. To maintain the option and earn the 100% interest, Central is required to pay UrAsia $5,850,000 in cash payments and fund $1,500,000 of exploration and development expenditures by December 1, 2020.

INDUSTRY TRENDS AND OUTLOOK

The Company believes that the following key elements will contribute to further improvements in the uranium sector:

- **Global reactor pipeline exceeds pre-Fukushima total** – The global reactor pipeline consists of 994[1] nuclear reactors that are operable, under construction, planned or proposed compared to 983[2] before the Fukushima incident in 2011. Of the 994 nuclear reactors, 449 reactors are operable[1]. A total of 212[1] nuclear reactors are under construction or planned, which represents an increase of approximately 47% of the current operating fleet. China, Russia and India lead the world in terms of the number of nuclear power plants under construction, with twenty, six and six, respectively[1]. China continues to accelerate their nuclear growth plans and intends to have 58 GWe of installed capacity by 2020-21 and 150 GWe by 2030[3] (currently 35 GWe[4]). According to the 13th Five Year Plan, China is forecasting the approval and construction of 6-8 units per year between 2016 and 2020, increasing to 10 units per year thereafter[3].

- **Current prices will constrain supply** – Low prices are forcing producers to curtail mining, development and exploration. In 2016, Cameco Corp. ("Cameco") announced the shut-down of its Rabbit Lake Mine, which produced 4.2 million pounds of uranium in 2015[5], curtailed its United States operations and announced production halts at its McArthur River and Cigar Lake mines for periods in 2017. In 2017, Cameco announced production suspensions at its McArthur River/Key Lake operation, which Cameco expects will remove 18 million pounds of uranium from the market in 2018[6]. Further, Kazatomprom announced a 10% production cut commencing in 2017, which equates to approximately 3% of the global uranium supply[7].

Despite the Company's belief that a uranium sector turnaround has commenced, its strategies are focused on making prudent plans to progress its business, whilst conserving its financial resources. At this time, the Company's strategy involves the following key elements:

- **Continue with the advancement of the Dewey Burdock Project** – Receiving the NRC license for the Dewey Burdock Project in April 2014 and the draft EPA permits in March 2017 were significant milestones for the Dewey Burdock

[1] World Nuclear Association – *World Nuclear Power Reactors & Uranium Requirements (April 2018)*
[2] Haywood Securities Inc. – *Target & Commodity Price Revisions (January 25, 2017)*
[3] World Nuclear Association – *Nuclear Power in China (September 2017)*
[4] The Business Times – *China had 20 nuclear reactors under construction at end-March: nuclear association (April 27, 2017)*
[5] Saskatoon Star Phoenix – *Rabbit Lake closure 'right economic decision' given tough market: Cameco VP (April 26, 2016)*
[6] Cameco Corp. Management Discussion & Analysis for the quarter ended March 31, 2018
[7] World Nuclear News – *Oversupply prompts Kazakh uranium production cut (January 10, 2017)*

Project. The Company is now working to resolve the remaining contention on the NRC license and to receive the final EPA permits. In parallel with advancing the Dewey Burdock Project on the permitting front, the Company will continue to evaluate project-financing options, with a view to having a funding solution in place prior to or concurrent with the finalization of permits.

- **Expand uranium resources at the Dewey Burdock Project and identify uranium resources at the Dewey Terrace Project** – The Company will continue the evaluation and analysis of historical data at the Dewey Burdock Project with the goal of publishing a resource update and revised preliminary economic assessment ("PEA") and the Dewey Terrace Project with the goal of identifying additional uranium mineralization.

- **Future uranium production off-take** – The Company will continue the process of engaging with potential customers for future uranium production off-take. Although the Company plans to continue these discussions, in parallel with the advancement of the Dewey Burdock Project, the level of these activities will be dependent on the market environment.

- **Minimize activities in the Kyrgyz Republic** – The execution of the Replacement Agreement with Central should alleviate the Company's need to fund future exploration and development expenditures at the Kyzyl Ompul Project and is expected to provide the Company with significant cash payments over the next three years, which can be deployed towards core strategic initiatives, such as the advancement of the Dewey Burdock Project. The Company also retains upside from the Kyzyl Ompul Project through the net smelter return ("NSR") royalty.

The Company expects to successfully execute its strategy, as the Company believes that:

- uranium prices will move higher in the near to medium term;
- the PEA demonstrates that the Dewey Burdock Project is one of the world's leading undeveloped uranium deposits in terms of its low initial capital expenditure and post start-up operating cash costs;
- on completion of permitting the Company will be able to attract financing and move into the construction phase;
- the Company's asset suite includes mineral properties at various stages of development, providing a pipeline for continued growth; and
- management and the Board of Directors have extensive experience in uranium, the broader mining sector and financial markets.

OVERALL PERFORMANCE

Dewey Burdock permitting advanced

The Dewey Burdock Project (100% interest) – South Dakota, USA

The Company's 100% owned Dewey Burdock Project is an ISR uranium project located in the Edgemont uranium district, in South Dakota, USA. The project is held through property purchase agreements, mining leases and/or mining claims. The Dewey Burdock Project is the Company's initial development priority.

In April 2015, the Company filed an updated NI 43-101 compliant independent resource estimate and PEA for the Dewey Burdock Project prepared by TREC Inc. and Rough Stock Mining Services (the "Dewey Burdock PEA") with an effective date of January 29, 2015. The Dewey Burdock Project contains measured uranium resources of 4,122,000 pounds at 0.33% U_3O_8 and indicated uranium resources of 4,460,000 pounds at 0.21% U_3O_8 at a 0.5 grade-thickness ("GT") cut-off and inferred uranium resources of 3,528,000 pounds at 0.05% U_3O_8 at a 0.2 GT cut-off in the ISR mineral resource estimate. The mineral resource estimate includes an additional 940,000 pounds of non-ISR (located above the water table) inferred resources at 0.17% U_3O_8. The non-ISR resources are not included in the resources presented in the economic analysis of the Dewey Burdock PEA.

Details of the assumptions and parameters used with respect to the Dewey Burdock PEA, including information on data verification, are set out in the Dewey Burdock Technical Report dated April 21, 2015, a copy of which is available under the Company's profile at www.sedar.com. The Dewey Burdock PEA is preliminary in nature; it 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. There is no certainty that the Dewey Burdock PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Dewey Burdock PEA resulted in a pre-federal income tax net present value of $149.4 million at a discount rate of 8% and an internal rate of return of 67% compared to a post-federal income tax net present value of $113.8 million at a discount rate of 8% and an internal rate of return of 57%. The Dewey Burdock PEA post-federal income tax calculations do not include a corporate level assessment of federal income tax liabilities; taxes have only been calculated at the Dewey Burdock Project level. The estimate of federal income tax at the corporate level is subject to a number of additional considerations that have not been factored in when calculating federal taxes at the project level, including but not limited to, the capital structure to finance the Dewey Burdock Project, which has not yet been determined and loss carry forwards available at the corporate level. Further, in December 2017, the US government enacted the Tax Cuts and Jobs Act of 2017, which reduced the statutory tax rate from 34% to 21%.

The Dewey Burdock PEA assumed uranium prices of $65/lb U_3O_8, cash operating costs of $18.86/lb U_3O_8, which included $6.33/lb of local taxes and royalties, and initial capital expenditures of $27.0 million. Total cash operating costs and capital expenditures are assumed to be $35.66/lb U_3O_8 (pre-federal income tax). Over its 16-year mine life, the Dewey Burdock Project is forecast to produce 9.7 million lbs of U_3O_8 with a pay-back period in the third quarter of the second year of production. The estimated federal income tax is equal to $6.53/lb of estimated U_3O_8 production.

The Company's immediate objective is to obtain the necessary permits and licenses to advance the Dewey Burdock Project to the construction phase.

Permit, License or Approval Name	Agency	Status
UIC Class III Permit UIC Class V Permit	EPA	• Draft permits issued March 2017 • Public comment period closed June 2017 • Working with EPA to obtain final permits
Final Source and Byproduct Materials License	NRC	• Issued April 2014 and in good standing • Final contention, which pertains to identification and protection of historic and cultural resources, has path to completion
Groundwater Discharge Plan Water Rights Permit Large Scale Mine Permit	DENR	• Applications complete and recommended for conditional approval by DENR staff • Hearings for final approval commenced in late-2013, continuance ordered until completion of federal regulatory approvals (NRC and EPA)
Plan of Operations	BLM	• Approval anticipated on successful resolution of final NRC contention

DENR South Dakota Department of Environment and Natural Resources
EPA United States Environmental Protection Agency
NRC United States Nuclear Regulatory Commission

BLM	Bureau of Land Management

The NRC issued the final Supplemental Environment Impact Statement ("SEIS") for the Dewey Burdock Project in the first quarter of 2014. The Section 106 programmatic agreement ("PA") was executed on April 7, 2014 by the Advisory Council on Historic Preservation, the NRC, the South Dakota State Historic Preservation Office and the BLM. Subsequent to the PA being executed, the NRC issued a final Safety Evaluation Report and the Company's Dewey Burdock Project received its Source and Byproduct Materials License SUA-1600 on April 8, 2014, covering 10,580 acres. In the fourth quarter of 2016, the Company received approval from the NRC for the first amendment to the NRC license, which completed certain NRC license conditions. The Company controls the mineral and surface rights for the area pertaining to the NRC license.

In August 2014, the evidentiary hearing was held with the ASLB in regards to the contentions raised with respect to the Dewey Burdock Project. These ASLB hearings are normal practice and are undertaken after the NRC license has been granted to determine whether or not the NRC staff has considered all issues related to the NRC license. In April 2015, the ASLB ruled on seven contentions raised by the consolidated intervenors and the Oglala Sioux Tribe (collectively, the "Intervenors") regarding the NRC license for the Dewey Burdock Project. For five contentions, including those related to groundwater usage, groundwater quality, ability to contain fluid migration, mitigation measures, and connected actions, the ASLB ruled in favor of the NRC staff and the Company. For the remaining two contentions, which relate to identification and protection of historic and cultural resources, the ASLB requested additional consultation between the NRC staff and the Oglala Sioux Tribe. The ASLB also ruled inadmissible two new contentions that were filed by the Intervenors after the evidentiary hearing.

Subsequent to the ASLB partial initial decision in April 2015, the Company and the NRC staff filed petitions for review of the ASLB decision to the NRC Commission with respect to their ruling that additional consultation efforts were required between the Oglala Sioux Tribe and the NRC staff regarding the two contentions relating to the identification and protection of historic and cultural resources. The Intervenors filed petitions for review of the ASLB decision to the NRC Commission covering most of the contentions heard by the ASLB. Upon consideration of the information presented, the NRC Commission denied the party's petitions for review of the ASLB decision, with the exception of 1) the NRC staff's and the Company's petition for review with respect to the ASLB's direction to the NRC staff regarding the resolution of the outstanding two contentions relating to the identification and protection of historic and cultural resources, in which the NRC Commission ultimately affirmed the ASLB's decision and 2) a petition for review filed by the Oglala Sioux Tribe claiming that the draft SEIS had been issued without the requisite scoping process, in which the NRC Commission affirmed the ASLB's decision and dismissed the contention.

In August 2017, the Company received notice that the NRC staff filed a motion for summary disposition before the ASLB to resolve the remaining two contentions from the ASLB partial initial decision. The Company filed a brief in support of the NRC staff motion, while the Intervenors filed briefs opposing the motion. In October 2017, the ASLB issued a memorandum and order pertaining to this motion. With respect to the outstanding contention requiring additional consultation between the NRC staff and the Oglala Sioux Tribe under the National Historic Preservation Act, the ASLB granted the motion for summary disposition in favor of the NRC staff and the Company. With respect to the outstanding contention pertaining to the identification and protection of historic and cultural resources for the purposes of compliance with the National Environmental Policy Act ("NEPA"), the ASLB did not grant the motion for summary disposition.

However, in 2018, the Company, the NRC staff and the Oglala Sioux Tribe agreed, in principal, to a process for resolving the remaining contention by the second quarter of 2019. In addition, the Company has filed an appeal with the NRC Commission in an effort to resolve the remaining contention earlier.

In February 2017, the Oglala Sioux Tribe filed an appeal of the decision made by the NRC Commission to the United States Court of Appeals for the District of Columbia Circuit (the "DC Circuit"). Subsequently, the NRC staff filed a motion to dismiss the Oglala Sioux Tribe's appeal. The Company supported the motion to dismiss filed by the NRC staff, while the Oglala Sioux Tribe opposed this motion. The DC Circuit ruled that the motion to dismiss would be referred to the merits panel and the parties were directed to address the motion to dismiss in their briefs. The Oglala Sioux Tribe has filed their brief to the DC Circuit and their brief covers the majority of issues previously heard by the ASLB and the NRC Commission. The NRC staff and the Company have filed their briefs refuting the issues raised by the Oglala Sioux Tribe. On March 20, 2018, the DC Circuit heard oral arguments from the parties.

The NRC license for the Dewey Burdock Project continues to remain in good standing.

The Company continues to be in compliance with the existing conditions of the NRC license and other permitting/licensing requirements. Prior to commencing construction and operations at the Dewey Burdock Project, the Company requires regulatory approvals from two other major agencies, the EPA and the DENR. These approvals include the final Class III and Class V Underground Injection Control ("UIC") permits from the EPA and three state permits to be issued by the DENR. Additional requirements that need to be addressed prior to commencing construction and operations at the Dewey Burdock Project include the satisfaction of pre-operational conditions under the NRC license and the development and implementation of mitigation plans for protection of cultural resources under the PA, including resolution of the one outstanding contention related to NEPA. In March 2017, the Company received notice that the EPA issued draft Class III and Class V UIC permits completing a major regulatory milestone.

The Company submitted applications to the DENR in 2012 for its Groundwater Discharge Plan ("GDP"), Water Rights ("WR") and Large Scale Mine Plan ("LSM") permits. All permit applications have been deemed complete and have been recommended for conditional approval by the DENR staff. The GDP and WR permits are subject to hearing with public participation. The hearing commenced on October 28, 2013 and continued through November 25, 2013, at which point it was determined that the hearing will resume once the NRC and EPA have ruled and set the federal surety. The LSM permit has been finalized subject to continuation of a hearing before the Board of Minerals and Environment, which commenced the week of September 23, 2013 and continued through November 5, 2013, at which point it was determined that the hearing will resume once the NRC and EPA have ruled and set the federal surety. Subject to improved market conditions, the Company plans to re-commence the regulatory process with the DENR once the final EPA Class III and Class V UIC permits have been issued.

On July 8, 2014, the BLM requested additional information on the Company's plan of operations for the Dewey Burdock Project. The Company submitted the requested information and anticipates that the BLM will approve the plan of operations subsequent to the successful resolution of the remaining contention on the NRC license, at which point it is also anticipated that the BLM will prepare an environmental assessment and issue its Record of Decision.

Dewey Burdock – growth potential identified from reviewing and analyzing historical data

On February 8 and 26, 2018, the Company announced newly identified uranium mineralization at the Dewey Burdock Project through the analysis of historical data owned by the Company (the "Data Set") and the evaluation of revised ISR cutoff criteria, consistent with other producing ISR projects in nearby Wyoming.

Highlights of the new uranium mineralization at the Dewey Burdock Project includes:

- Dewey resource area: 107 mineralized drill holes with 111 intercepts equal to or exceeding a 0.20 GT cutoff using a 0.02% grade cutoff with an average eU_3O_8 grade of 0.105% and an average thickness of 5.5 feet
- Burdock resource area: 706 mineralized drill holes with 787 intercepts equal to or exceeding a 0.20 GT cutoff using a 0.02% grade cutoff with an average eU_3O_8 grade of 0.139% and an average thickness of 5.1 feet
- Falls within the existing NRC license boundary for the Dewey Burdock Project
- Contiguous with ISR resources already identified at the Dewey Burdock Project
- Indicates the potential to significantly expand the Dewey Burdock Project resource estimate within the NRC license boundary
- Larger and more continuous resource areas within the Dewey Burdock Project could achieve certain cost reductions compared to the existing preliminary economic assessment

The Data Set includes historical drilling information that has been reviewed by the Company's geological team, as well as 91 exploratory drill holes completed by the Company in a previous exploration campaign. The Company's review of the records and information within the Data Set reasonably substantiate the validity of this information; however, the Company cannot directly verify the accuracy of the historical data, including the procedures used for sample collection and analysis. Therefore, the Company encourages investors not to place undue weight on these results.

The objective of the Company is to use this additional information to complete a resource update and revised PEA for the Dewey Burdock Project.

Dewey Terrace – adjacent to Dewey Burdock, further growth potential identified

Dewey Terrace Project (100% interest) – Wyoming, USA

The Company's 100% owned Dewey Terrace Project is located in the Weston and Niobrara Counties of Wyoming. The Company acquired this project primarily through the staking of federal mining claims, along with the acquisition of lease agreements. Through mining leases and/or mining claims, the Dewey Terrace Project is comprised of approximately 1,834 acres of surface rights and approximately 7,514 acres of mineral rights. The Dewey Terrace Project is located adjacent to the Company's NRC licensed Dewey Burdock Project.

The Company has identified uranium mineralization at the Dewey Terrace Project through the review and analysis of historical data in the Data Set. The Data Set identified 259 mineralized drill holes indicating significant potential for a new resource area at the Dewey Terrace Project. Further, deposition is consistent with sand channel systems categorized within the Dewey Burdock Project and conditions that indicate possible ISR amenability. Several drill holes encountered multiple intercepts demonstrating a vertically stacked group of separate mineralized zones similar to those at the Dewey Burdock Project. The uranium mineralization covers seven separate mineralized zones over a trend of approximately 2.5 miles.

As announced on October 31, 2017, the Data Set analysis has identified 91 mineralized drill holes with 129 intercepts equal to or exceeding a 0.2 GT cutoff using a 0.02% grade cutoff with an average eU308 grade of 0.062% and an average thickness of 7.4 feet. The Company also identified 93 drill holes with 112 intercepts that had GT values ranging from 0.1 to 0.2 GT based on review of the Data Set. These intercepts had an average thickness of 4.1 feet with an average grade of 0.041% eU_3O_8. The remaining 187 drill holes reviewed range from barren to an average GT of 0.1.

The Data Set includes historical drilling information that has been reviewed by the Company's geological team, as well as 20 exploratory drill holes completed by the Company in a previous exploration campaign. The exploratory drill holes completed by the Company confirm the presence of uranium mineralization at the Dewey Terrace Project. The Company's review of the records and information within the Data Set reasonably substantiate the validity of this information; however, the Company cannot directly verify the accuracy of the historical data, including the procedures used for sample collection and analysis. Therefore, the Company encourages investors not to place undue weight on these results.

The objective of the Data Set analysis is to identify uranium mineralization in a cost-effective manner in the vicinity of the Company's Dewey Terrace and Dewey Burdock Projects. The Company is continuing its review of the Data Set with the objective of identifying additional uranium mineralization.

Kyzyl Ompul Project – earn-in agreement

Kyzyl Ompul Project (70% interest) – Kyrgyz Republic

The uranium deposit/prospects of the Kyzyl Ompul Project are located in the Kyrgyz Republic, approximately 125 kilometers ("km") east of the capital of Bishkek. More specifically, the Kyzyl Ompul Project is located in the Kochkor region of the Naryn Oblast and the Issyk-Kul region of the Issyk-Kul Oblast. The Kyzyl Ompul Project is 100% owned and operated by UrAsia, in which the Company owns a 70% interest, and consists of one exploration license with an area of 42,379 hectares. The license is valid until December 31, 2020 and permits exploration for uranium.

On April 19, 2018, the Company announced that UrAsia had executed a Replacement Agreement with Central whereby Central has an option to earn a 100% interest in UrAsia's Kyzyl Ompul Project. To maintain the option and earn the 100% interest, Central is required to pay UrAsia $5,850,000 in cash payments and fund $1,500,000 of exploration and development expenditures by December 1, 2020.

Under the terms of the Replacement Agreement, the cash payments are expected to be received as follows: $120,000 by April 23, 2018, of which $30,000 has been received to date, $60,000 per month commencing September 1, 2018, increasing to $229,000 per month commencing January 1, 2019, and a final payment of $223,000 on December 1, 2020. The Company expects to receive the remaining $90,000 that was due April 23, 2018 imminently. Cash payments received from Central over the course of the Replacement Agreement are not repayable if Central does not exercise its purchase option. Aggregate exploration and development expenditures are expected to be incurred as follows: $400,000 by December 31, 2018, $1,000,000 by December 31, 2019 and $1,500,000 by December 1, 2020.

Subject to Central completing funding and exercising its option to acquire a 100% interest in the Kyzyl Ompul Project, UrAsia will retain a two percent NSR royalty. The NSR royalty is payable on the commencement of commercial production and is subject to a minimum NSR royalty of $2,500,000 and a maximum NSR royalty of $5,000,000.

If Central fails to make any of the payments under the Replacement Agreement, UrAsia will retain its 100% interest in the Kyzyl Ompul Project.

In April 2014, Ravensgate Mining Industry Consultants ("Ravensgate") prepared a maiden NI 43-101 compliant independent resource estimate for the Kok Moinok deposit located within the Kyzyl Ompul Project. Ravensgate estimated that the Kok Moinok deposit contained inferred uranium resources of 7.51 million pounds at 225.2 parts per million U_3O_8 using a cut-off of 100 parts per million as at December 31, 2013, the effective date of the resource estimate. Details of the assumptions and parameters used for the resource estimate at Kyzyl Ompul, including information on data verification, are set out in the Kyzyl Ompul Technical Report dated April 14, 2014, a copy of which is available under the Company's profile at www.sedar.com. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In 2018, the Company expects to minimize activities on the Kyzyl Ompul Project due to the execution of the Replacement Agreement.

Other mineral property interests

The Company continues to maintain its interests in the Centennial and Aladdin Projects and to analyse various scenarios in order to maximize their values.

The Centennial Project (100% interest) – Colorado, USA

The Company's 100% owned Centennial Project is located in the western part of Weld County in northeastern Colorado. Through property purchase and/or lease agreements, the Centennial Project is comprised of 1,365 acres of surface rights and 6,238 acres of mineral rights.

Historical exploration work included drilling, recovery tests, water well tests and environmental studies. At the request of the Colorado Division of Reclamation, Mining and Safety, the Company prepared and submitted an updated Site Characterization Plan in April 2009. All the required environmental surveys and studies have been completed and the draft reports have been received. The Company completed its application to the EPA for a Class I UIC Permit in November 2010. In December 2010, the EPA informed the Company that the application was deemed complete. The majority of the major mine permit applications for the Centennial Project have not been prepared or submitted to date.

In August 2010, a NI 43-101 compliant independent PEA (the "Centennial PEA") was prepared by SRK Consulting (U.S.), Inc. and Lyntek Incorporated with an effective date of June 2, 2010. The Centennial PEA indicated that the Centennial Project can be developed using the ISR method and resulted in a pre-tax net present value of $51.8 million at a discount rate of 8% and an internal rate of return of 18%. The Centennial PEA assumed uranium prices of $65/lb U_3O_8, cash operating costs of $34.95/lb U_3O_8 and capital costs of $71.1 million. The Centennial PEA included indicated uranium resources of 10,371,571 pounds at 0.09% U_3O_8 and inferred uranium resources of 2,325,514 pounds at 0.09% U_3O_8 at a 0.20 GT cut-off and annual production of 700,000 lbs per annum, which resulted in a 14-year mine life.

Details of the assumptions and parameters used with respect to the Centennial PEA, including information on data verification, are set out in the Centennial PEA dated August 6, 2010, a copy of which is available under the Company's profile at www.sedar.com. The Centennial PEA is 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. There is no certainty that the Centennial PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Subsequent to the Centennial PEA being completed, certain lease agreements with respect to the Centennial Project were not renewed and certain parcels of redundant land at the Centennial Project were sold; however, the impact to the Centennial PEA is immaterial.

The Aladdin Deposit (100% interest) – Wyoming, USA

The Aladdin Deposit is comprised of 5,166 acres of surface rights and 4,618 acres of mineral rights located in Wyoming along the Wyoming/South Dakota border on the northwestern flank of the Black Hills Uplift, within sandstones of the Lower Cretaceous-age Inyan Kara Group. The Aladdin Deposit is 80 miles northwest of the Dewey Burdock Project. Uranium resources at the Aladdin Deposit have developed within the same host rocks that contain the Dewey Burdock uranium resources.

In June 2012, the Company completed a NI 43-101 compliant technical report for the Aladdin Deposit, with an effective date of June 21, 2012, describing the results of the Company's confirmation drilling program and continued evaluation of the historic exploration drilling data from the Teton Exploration Company. The Aladdin Deposit contains indicated uranium resources of 1,038,023 pounds at 0.111% U_3O_8 and inferred uranium resources of 101,255 pounds at 0.119% U_3O_8 at a 0.20 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In addition, using the same cut-off, the quantity of mineralization for the exploration target was determined to be 5.0 to 11.0 million pounds of uranium, averaging 0.11% - 0.12% U_3O_8. In over 80% of the project area, the density of exploration drilling is light and insufficient to calculate resources. In these lightly explored areas, there is sufficient drill hole control for subsurface geochemical mapping and thirteen mineralized trends were identified. This estimation used a range of i) mineralized trend lengths, ii) widths of mineralization and iii) grades of mineralization. The grade and quantity of this exploration target is conceptual in nature and there has been insufficient exploration work performed with respect to the exploration target to define a NI 43-101 compliant resource. It is uncertain whether further exploration of the exploration target will result in the delineation of a NI 43-101 compliant resource.

Details of the assumptions and parameters used with respect to the Aladdin NI 43-101 Technical Report, including quality estimates and information on data verification, are available under the Company's profile on SEDAR at www.sedar.com.

Subsequent to the NI 43-101 compliant technical report being completed, certain lease agreements/claims were not renewed; however, the impact to the Aladdin NI 43-101 Technical Report is immaterial.

QUALIFIED PERSON

Disclosure of a scientific or technical nature in this MD&A has been reviewed and approved by John Mays, P.E., Chief Operating Officer and a "qualified person" as defined under NI 43-101.

RESULTS OF OPERATIONS – THREE MONTHS ENDED MARCH 31, 2018 AND 2017

The consolidated net loss for the three months ended March 31, 2018 was $625,992 compared to $277,442 for the three months ended March 31, 2017.

The significant changes between the current period and the comparative period are discussed below:

Administrative expenses totaled $437,725 for the three months ended March 31, 2018 compared to $290,590 for the three months ended March 31, 2017. The overall increase in administrative expenses primarily relates to increased consulting and professional fees and corporate administration expenses offset by decreased salaries and benefits.

Finance costs totaled $74,388 for the three months ended March 31, 2018 compared to $46,603 for the three months ended March 31, 2017 and primarily relates to interest expense on the $1,776,000 convertible loan agreement with certain shareholders of the Company, which interest rate increased from 10% to 15% in June 2017 when the Company exercised its option to extend the term of the loan.

The Company recognized an unrealized loss of $56,695 for the three months ended March 31, 2018 compared to an unrealized gain of $74,829 for the three months ended March 31, 2017. The unrealized loss in the three months ended March 31, 2018 related to losses on the revaluation of the warrant liability. The unrealized gain for the three months ended March 31, 2017 related to gains on the revaluation of the warrant liability and the Company's investments.

SUMMARY OF QUARTERLY RESULTS

The following tables provide selected quarterly financial information for the most recent eight quarters.

	3 Months Ended March 31, 2018	3 Months Ended December 31, 2017	3 Months Ended September 30, 2017 *	3 Months Ended June 30, 2017
Total revenues	$Nil	$Nil	$Nil	$Nil
Net income (loss)	$(625,992)	$1,782,760	$(6,438,864)	$(347,086)
Net income (loss) per share, basic and diluted	$(0.01)	$0.02	$(0.08)	$(0.01)

	3 Months Ended March 31, 2017	3 Months Ended December 31, 2016	3 Months Ended September 30, 2016	3 Months Ended June 30, 2016
Total revenues	$Nil	$Nil	$Nil	$Nil
Net loss	$(277,442)	$(996,351)	$(382,491)	$(655,688)
Net loss per share, basic and diluted	$(0.00)	$(0.01)	$(0.01)	$(0.01)

* The Company recorded an impairment adjustment on its Kyzyl Ompul Project of $6,346,899 in the three months ended September 30, 2017.

LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal year with cash of $432,192. During the three months ended March 31, 2018, the Company expended $358,202 on operating activities, net of working capital changes, $186,350 on investing activities and received $157,366 from financing activities, to end at March 31, 2018 with cash of $44,908.

In January 2018, the Company closed the second and final tranche of its non-brokered private placement of $157,366 (C$195,000) through the issuance of 780,000 units at a price of C$0.25 per unit. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of C$0.35 per share until December 22, 2020.

Under the terms of the Replacement Agreement on the Kyzyl Ompul Project, cash payments are expected to be received as follows: $120,000 by April 23, 2018, of which $30,000 has been received to date, $60,000 per month commencing September 1, 2018, increasing to $229,000 per month commencing January 1, 2019, and a final payment of $223,000 on December 1, 2020. The Company expects to receive the remaining $90,000 that was due April 23, 2018 imminently. Cash payments received from Central over the course of the Replacement Agreement are not repayable if Central does not exercise its purchase option. Aggregate exploration and development expenditures are expected to be incurred as follows: $400,000 by December 31, 2018, $1,000,000 by December 31, 2019 and $1,500,000 by December 1, 2020.

The Company's capital risk management objectives have been established to safeguard the Company's ability to continue as a going concern in order to support the Company's permitting and exploration and development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, progress on permitting, results from the exploration and development of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The condensed consolidated interim financial statements for the three months ended March 31, 2018 were prepared on a going concern basis, which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they fall due. To date, the Company has not generated revenues from operations and is currently in the exploration and development stage. As at March 31, 2018, the Company had a working capital deficit of $1,770,440 and an accumulated deficit of $17,216,597 and will continue incurring losses in the foreseeable future. In May 2018, the Company borrowed $465,000 from URZ Energy as described in the "Proposed Transaction" above. Additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing, at terms that are acceptable to the Company, will be available. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company has successfully raised financing in the past and will continue to assess available alternatives; however, there is no assurance that the Company will be able to raise additional funds in the future.

Shareholders' Loan Agreement

On July 31, 2012, as amended, the Company entered into a convertible loan agreement with certain shareholders of the Company (the "Shareholders' Loan"). Pursuant to the agreement, the Shareholders' Loan accrues interest at 15% per annum payable on each anniversary of the agreement, is unsecured, is convertible into shares of the Company at the shareholders' option at C$1.23, and matures July 31, 2020. The annual interest that was due on July 31, 2017 was deferred until July 31, 2018. The annual interest that would have otherwise been due on July 31, 2017 was deferred until July 31, 2018.

As at March 31, 2018 and December 31, 2017, the Company owed a total of $2,131,199 and $2,057,805, respectively, under the Shareholders' Loan, of which $1,776,000 was principal and $355,199 was accrued interest.

In May 2018, the shareholders agreed to convert the Shareholders' Loan into common shares of the Company at C$0.25 per share, subject to completion of the Transaction with URZ Energy.

Other Loans Payable

At March 31, 2018 and December 31, 2017, the Company owed a total of $47,867 and $46,873, respectively, related to purchase agreements for the Company's Centennial and Dewey Burdock Projects. The loans are payable $30,000 in May 2018 and $20,000 in September 2018.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at March 31, 2018, the Company's commitments that have not been disclosed elsewhere in the condensed consolidated interim financial statements were as follows:

	Within 1 year	2-4 years	Over 4 years	Total
Operating lease	$ 34,500	$ 7,667	$ -	$ 42,167
Exploration and evaluation	522,974	4,069,292	3,431,828	8,024,094
	$ 557,474	$ 4,076,959	$ 3,431,828	$ 8,066,261

As at March 31, 2018, exploration and evaluation commitments include lease, mineral claim, exploration license and property purchase agreement payments. Certain of the Company's exploration and evaluation commitments may provide the Company with the ability to avoid funding those commitments; however, the Company discloses the contractual maturities of the Company's exploration and evaluation commitments based on management's intent.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); fair value through other comprehensive income (loss) ("FVTOCI"); or, at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial assets		As at March 31, 2018		December 31, 2017
Amortized cost				
Cash	$	44,908	$	432,192
Restricted cash		39,274		39,176
	$	84,182	$	471,368

Financial liabilities		As at March 31, 2018		December 31, 2017
Amortized cost				
Trade and other payables	$	1,450,664	$	1,525,906
Loan payable to shareholders		2,131,199		2,057,805
Other loans payable		47,867		46,873
Fair value through profit or loss				
Warrant liabilities		328,814		258,116
	$	3,958,544	$	3,888,700

Fair value

The fair value of financial assets and financial liabilities measured at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities measured at amortized cost approximates their fair value.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The fair value of the Company's warrant liabilities are recorded at fair value using Level 2 of the fair value hierarchy. The carrying value of warrant liabilities is determined using the Black-Scholes Option Pricing model.

The carrying values of cash, restricted cash, trade and other payables and other loans payable approximate their fair values because of the short-term nature of these financial instruments. The carrying value of the Shareholders' Loan approximates its fair value as a market rate of interest has been applied to the loan and the credit risk has not changed. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

Financial risk management objectives and policies

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2017.

RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

During the three months ended March 31, 2018 and 2017, the Company had related party transactions with the Company's directors, management and shareholders including:

- Interest accruing to certain shareholders of the Company on the Shareholders' Loan; and
- The issuance of common shares to certain shareholders of the Company to settle trade and other payables.

Key management personnel compensation

The remuneration of the Company's directors and other key management personnel, being those who have the authority and responsibility for planning, directing and controlling the activities of the Company, consist of the following amounts:

	Three months ended March 31, 2018		2017	
Salaries and benefits	$	199,164	$	181,707
Consulting and professional fees		29,948		-
Share-based compensation		36,059		15,085
	$	265,171	$	196,792

Related party liabilities

	As at March 31, 2018		December 31, 2017	
Loan payable to shareholders	$	2,131,199	$	2,057,805
Trade and other payables for key management personnel		757,238		716,838
	$	2,888,437	$	2,774,643

Included in trade and other payables as at March 31, 2018 is $757,238 (December 31, 2017 - $716,838) owing to related parties of the Company of which $527,500 (December 31, 2017 - $512,500) was owed to a director of the Company, being $340,000 (December 31, 2017 - $325,000) related to a severance agreement and $187,500 (December 31, 2017 - $187,500) related to a deferred compensation agreement. On February 14, 2018, the Company entered into an amended severance agreement with this director to defer the remaining severance payments over 48 months, whereby the amount payable was increased to $370,000. The Company and this director have agreed to settle the deferred compensation of $187,500 by the issue of up to 578,822 common shares of the Company before June 30, 2018.

OUTSTANDING SHARE DATA AS AT THE DATE OF THIS MD&A

Authorized: an unlimited number of common and preferred shares with no par value.

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance, March 31, 2018	85,134,476	7,523,133	5,903,762
Balance as at the date of this MD&A	85,134,476	7,523,133	5,903,762

USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company to establish accounting policies and to make estimates and judgments that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses.

A detailed summary of the Company's significant accounting policies is included in Note 3 to the Company's consolidated annual financial statements for the year ended December 31, 2017. Information regarding judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are included in Note 3.23 to the Company's December 31, 2017 consolidated annual financial statements. There were no material changes to the significant accounting judgments and estimates from December 31, 2017.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has adopted the new and revised standards and interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee effective January 1, 2018. The adoption of these standards did not have a material impact on the Company's condensed consolidated interim financial statements.

Refer to the discussion of "Standards issued but not yet effective" in Note 2.4 to the condensed consolidated interim financial statements. The Company has not applied any of the new and revised IFRS detailed therein, all of which have been issued, but are not yet effective at the date of this MD&A.

DISCLOSURE CONTROLS AND PROCEDURES

There has been no significant change in the Company's disclosure controls and procedures that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There has been no significant change in the Company's internal controls over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that the Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by the Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed elsewhere in this MD&A, the Annual MD&A, those listed under "Risk Factors" in the Company's Annual Information Form and the documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, of the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Unless otherwise required by law, the Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and the Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.