



Azarga Uranium Corp.
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018
(Expressed in U.S. Dollars)

AZARGA URANIUM CORP.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2018

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Azarga Uranium Corp. ("Azarga Uranium") for the three and nine months ended September 30, 2018 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management's 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 and nine months ended September 30, 2018.

All financial information in this MD&A is derived from the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 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.

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

The effective date of this MD&A is November 8, 2018.

DESCRIPTION OF THE BUSINESS

Azarga Uranium was incorporated on February 10, 1984 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), the Frankfurt Stock Exchange (Symbol: P8AA), and the OTCQB (Symbol: AZZUF). Azarga Uranium, together with its subsidiaries (collectively referred to as the "Company"), is an integrated uranium exploration and development company.

The Company controls ten uranium projects and prospects in the United States of America (the "US"), located in South Dakota, Wyoming, Utah and Colorado, and in the Kyrgyz Republic, with a primary focus of developing in-situ recovery ("ISR") uranium projects in the US. The Dewey Burdock ISR uranium project in South Dakota (the "Dewey Burdock Project") is the Company's initial development priority and has received its Nuclear Regulatory Commission license and draft Class III and Class V Underground Injection Control ("UIC") permits from the Environmental Protection Agency (the "EPA"). The Company also owns the Gas Hills, Juniper Ridge, Dewey Terrace and Aladdin Projects in Wyoming, the Centennial Project in Colorado, two uranium exploration properties in Wyoming, one exploration property in Utah/Colorado and 70% of the Kyzyl Ompul Project in the Kyrgyz Republic.

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ACQUISITION OF URZ ENERGY

On July 5, 2018, the Company completed the acquisition of URZ Energy Corp. ("URZ Energy") pursuant to a court ordered plan of arrangement for consideration of 57,920,716 common shares. Each URZ Energy shareholder received two Azarga Uranium shares for each URZ Energy share (the "Exchange Ratio").

Sandra MacKay, Glenn Catchpole and Todd Hilditch joined Joseph Havlin, Delos Cy Jamison and Matthew O'Kane to make up the Azarga Uranium Board of Directors, with Glenn Catchpole acting as Non-Executive Chairman. Blake Steele continues in his role as President & CEO of Azarga Uranium.

The acquisition brings together two companies with a similar goal of developing US-focused, ISR uranium production at a time when US domestic supply has emerged as a critical factor in the push for energy security. Transaction highlights include:

- **Consolidation of uranium assets with a focus on the US** – combined measured & indicated ("M&I") resources of 30.7 million pounds of U₃O₈, plus additional inferred resources of 8.7 million pounds of U₃O₈, all located in the United States, including high grade M&I resources of 8.6 million pounds of U₃O₈ at an average grade of 0.25% within the Dewey Burdock Project.
- **Advanced-stage permitting at the Dewey Burdock Project** – the Dewey Burdock Project has already received several key licenses/permits and is in the process of obtaining final regulatory approvals required for project construction. A National Instrument 43-101 ("NI 43-101") preliminary economic assessment for ISR production at the Dewey Burdock Project was completed in 2015 with estimated annual production of approximately 1 million pounds of U₃O₈ per year.
- **Pipeline of growth assets with continued exploration potential** – the Gas Hills Project, which has been the subject of historical mining, has recently been reinterpreted for its potential to be mined via ISR methods. A pipeline of other assets, including the Juniper Ridge, Dewey Terrace and Aladdin Projects located in Wyoming and the Centennial Project located in Colorado; provide further uranium optionality.
- **Amalgamation of sector-leading ISR development and production experience** – through its management, directors and advisors, Azarga Uranium now collectively possesses over 100 years of experience in the exploration, development, permitting, operation and post-mining groundwater restoration of ISR uranium mines.
- **Strategic platform for further consolidation** – strengthened platform through which to continue to evaluate and consolidate additional low-cost, domestic ISR uranium projects in the United States.

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- **Enhanced market positioning** – a more diversified shareholder base, along with an increased market capitalization to broaden investor and analyst appeal. On August 23, 2018, the Company's common shares were listed for trading on the OTCQB in the United States to supplement the Company's listings on the Toronto and Frankfurt stock exchanges.
- **Strengthened balance sheet** – concurrent with the acquisition, the Company issued 11,269,243 common shares to settle the \$1.8 million shareholders loan plus accrued interest (the "Shareholders' Loan"). In addition, on completion of the acquisition, the Company acquired cash reserves of \$570,525 and \$1,827,078 of cash was generated through the exercise of share purchase warrants prior to their expiry on August 15, 2018.

OPERATIONAL HIGHLIGHTS

In addition to the acquisition of URZ Energy and the settlement of the Shareholders' Loan, the Company's significant events and highlights for the three months ended September 30, 2018 and to the date of this MD&A are as follows:

- **Dewey Burdock Project permitting update** – on November 1, 2018, the Company announced that the Atomic Safety and Licensing Board (the "ASLB") denied the Oglala Sioux Tribe's motion for summary disposition and its request to stay or revoke the Company's Dewey Burdock Project United States Nuclear Regulatory Commission ("NRC") license. The Company's NRC license for the Dewey Burdock Project remains in good standing. In addition, the ASLB denied the NRC staff's summary disposition motion to resolve the final contention, which pertains to the National Environmental Policy Act ("NEPA"), for the Dewey Burdock Project NRC license. However, the ASLB established procedures for resolution of the final remaining contention and provided the NRC staff with two options to conclude the final remaining contention. The ASLB has requested a response from the NRC staff on the preferred option by November 30, 2018. On July 23, 2018, the Company announced that the United States Court of Appeals for the District of Columbia (the "DC Circuit Court") issued an order with respect to an appeal filed by the Oglala Sioux Tribe on certain items pertaining to the Dewey Burdock Project NRC license. Refer to the Mineral Properties section of this MD&A for further details.
 - **Gas Hills Project, favorable permeability suitable for ISR mining** – on July 20, 2018, the Company announced positive results of a hydrologic study of the permeability of the Wind River formation confined aquifer, the primary host of uranium mineralization at the Company's Gas Hills Uranium Project. The favorable permeability, coupled with the favorable piezometric surface conditions, confirms that these two important hydrologic parameters are suitable for ISR uranium mining.
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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 995¹ nuclear reactors that are operable, under construction, planned or proposed compared to 983² before the Fukushima incident in 2011. Of the 995 nuclear reactors, 452 reactors are operable¹. A total of 209¹ nuclear reactors are under construction or planned, which represents an increase of approximately 46% of the current operating fleet. China, Russia and India lead the world in terms of the number of nuclear power plants under construction, with seventeen, seven and seven, respectively¹. China continues to accelerate their nuclear growth plans and intends to have 58 GWe of installed capacity by 2020-21 and 150 GWe by 2030³ (currently 40.7 GWe¹). According to China's 13th Five Year Plan, it is forecasting the approval and construction of 6-8 units per year between 2016 and 2020, increasing to 10 units per year thereafter³.
- **Current prices will constrain supply** – low prices are forcing producers to curtail mining, development and exploration. In 2016, Cameco Corp. ("Cameco") suspended production and transitioned its Rabbit Lake Mine to care and maintenance, which produced 4.2 million pounds of uranium in 2015⁴, 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 temporary production suspensions at its McArthur River/Key Lake operation, which Cameco expects will remove 18 million pounds of uranium from the market in 2018⁵. In July 2018, Cameco announced the decision to continue the shutdown of McArthur River/Key Lake indefinitely. Further, Kazatomprom announced a 20% production cut over a period of three years commencing in January 2018, which equates to approximately 7.5% of global uranium production for 2018 as forecast by UxC (UMO Q4)⁶.

Despite the Company's belief that a uranium sector turnaround has commenced, its strategies are focused on making prudent plans to progress its business, while 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** – the Company is 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

¹ World Nuclear Association – *World Nuclear Power Reactors & Uranium Requirements (September 2018)*

² Haywood Securities Inc. – *Target & Commodity Price Revisions (January 25, 2017)*

³ World Nuclear Association – *Nuclear Power in China (August 2018)*

⁴ Cameco 2016 Annual Information Form dated March 23, 2017

⁵ Cameco Corp. Management Discussion & Analysis for the quarter ended June 30, 2018

⁶ NAC Kazatomprom JSC news release December 4, 2017

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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 expects to publish a resource update and revised preliminary economic assessment (“PEA”) at the Dewey Burdock Project and to continue the evaluation and analysis of historical data at the Dewey Terrace Project with the goal of identifying additional uranium mineralization.
- **Focus on ISR amenability at the Gas Hills Project** – the Company has completed hydrological studies which indicate that permeability and piezometric surface conditions are suitable for ISR uranium mining. The Company will continue to evaluate future ISR development options at Gas Hills, consistent with the Company’s strategy of developing US-focused ISR uranium projects.
- **Future uranium production off-take** – the Company will continue 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.

The Company expects to successfully execute its strategy because 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 expects to 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.
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MINERAL PROPERTIES

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

The Dewey Burdock Project is an ISR uranium project located in the Edgemont uranium district, in South Dakota, USA. The Company's 100% interest in 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.

Summary of Mineral Resources

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% U₃O₈ and indicated uranium resources of 4,460,000 pounds at 0.21% U₃O₈ at a 0.5 grade-thickness ("GT") cut-off and inferred uranium resources of 3,528,000 pounds at 0.05% U₃O₈ 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% U₃O₈. 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 US federal tax rate from 35% to 21%.

The Dewey Burdock PEA assumed uranium prices of \$65/lb U₃O₈, cash operating costs of \$18.86/lb U₃O₈, which included \$6.33/lb of local taxes and royalties, and initial capital

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expenditures of \$27.0 million. Total cash operating costs and capital expenditures are assumed to be \$35.66/lb U₃O₈ (pre-federal income tax). Over its 16-year mine life, the Dewey Burdock Project is forecast to produce 9.7 million lbs of U₃O₈ with a pay-back period in the third quarter of the second year of production. The estimated US federal income tax is equal to \$6.53/lb of estimated U₃O₈ production.

Summary of Permitting

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 | <ul style="list-style-type: none">• Draft permits issued March 2017• Public comment period closed June 2017• Working with EPA to obtain final permits |
| Final Source and By-product Materials License | NRC | <ul style="list-style-type: none">• Issued April 2014 and in good standing• Final contention pertaining to identification and protection of historic and cultural resources, has path to completion |
| Ground Water Disposal Plan Water Rights Permit Large Scale Mine Plan Permit | DENR | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• Approval anticipated on successful resolution of final NRC contention |

DENR
EPA
NRC

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

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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, an 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,

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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 NEPA, the ASLB did not grant the motion for summary disposition. As a result, the Company filed an appeal with the NRC Commission in an effort to resolve the remaining contention; however, the appeal was not successful.

In 2018, the Company, the NRC staff and the Oglala Sioux Tribe agreed, in principle, to a process for resolving the remaining contention, however due to differences in approach between the Oglala Sioux Tribe and the NRC staff, both parties filed motions for summary disposition. The Company filed a brief in support of the NRC staff motion. The ASLB denied the Oglala Sioux Tribe's motion for summary disposition and its request to stay or revoke the Company's Dewey Burdock Project NRC license and the NRC staff's summary disposition motion to resolve the remaining contention. However, the ASLB established procedures for resolution of the remaining contention and provided the NRC staff with two options to conclude the remaining contention. The ASLB has requested a response from the NRC Staff on the preferred option by November 30, 2018.

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 Court"). On July 23, 2018, the Company reported that the DC Circuit Court issued an order dismissing most of the rulings challenged by the Oglala Sioux Tribe due to lack of jurisdiction; however, the DC Circuit Court remanded the decision to keep the Company's NRC license in effect to the NRC Commission due to the unresolved NEPA contention. The Company is seeking direction from the NRC Commission as to what action, if any, they will take as a result of the DC Circuit Court decision. However, the matter raised by the DC Circuit Court decision will remedy itself on resolution of the outstanding NEPA contention. Thus, the Company remains focused on working with the NRC staff and other stakeholders to ensure that the only remaining contention, which pertains to NEPA, is resolved in a timely manner.

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 and 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 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,

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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.

Potential to increase resources estimate within NRC license boundary

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
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- 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.

Gas Hills Project (100% interest), Wyoming, USA

The Gas Hills Project, located in the historic Gas Hills uranium district, is situated 45 miles east of Riverton, Wyoming. The Gas Hills Project consists of approximately 11,000 acres of unpatented lode mining claims, State of Wyoming mineral leases, and private mineral leases, within a brownfield site which has experienced extensive development including mine and mill site production.

Summary of Mineral Resources

In June 2017, a technical report was prepared by BRS Inc. on the Gas Hills Project titled "Amended and Restated Gas Hills Uranium Project, Mineral Resource and Exploration Target NI 43-101 Technical Report, Fremont and Natrona Counties, Wyoming, USA" (the "Gas Hills Report") with an effective date of June 9, 2017. The Gas Hills Project contains indicated uranium resources of 4.7 million pounds U_3O_8 (2.4 million tons at an average grade of 0.098% U_3O_8) and inferred uranium resources of 2.5 million pounds U_3O_8 (2.3 million tons at an average grade of 0.054% U_3O_8) at a 0.1 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The uranium mineralization is contained in roll-front deposits hosted by arkosic sandstone beds of the Eocene Wind River Formation. The deposits are stratabound and occur from the surface to depths of approximately 450 feet in areas amenable to open-pit mining, and to depths in excess of 1,200 feet, which may be amenable to ISR. Based on areas of wide-spaced limited historical drilling and areas of past mine production, the Company believes that there is sufficient geological evidence to interpret that mineralization may extend from current mineral resource areas along identified trends. Based on a detailed review of previous work, the Company has outlined five high priority

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exploration targets within the project for follow-up including Day Loma, Day Loma/Loco-Lee, Loco-Lee, George-Ver, and Bullrush.

Details of the assumptions and parameters used with respect to the Gas Hills Report, including quality estimates and information on data verification, are available under the SEDAR profile of URZ Energy at www.sedar.com.

Subsequent to issuing the Gas Hills Report, the Company commenced detailed ISR studies on the Gas Hills Project. These studies focused on piezometric surface conditions and permeability of the Wind River formation confined aquifer, the primary host of uranium mineralization at the Company's Gas Hills Uranium Project. The first study, announced by URZ Energy on May 1, 2018, focused on piezometric surface conditions and demonstrated that three of the primary deposits at URZ's Gas Hills property, being Day Loma, George-Ver and Loco-Lee, were principally located within a confined aquifer that contains current hydrostatic head well above the minimum requirements to allow for the successful use of ISR mining techniques.

The second study focused on permeability (also referred to as hydraulic conductivity). A comprehensive review of pump test data for the Gas Hills Project and pump test data for other mining operations and planned mining operations in Wyoming proximal to the Gas Hills Project was conducted by Hydro-Engineering L.L.C ("Hydro-Engineering"). A summary of the review is presented below for each project:

| Project Name and Owner | Hydraulic Conductivity Range (feet/day) | Permeability Range (darcy) |
|---------------------------|---|----------------------------|
| Gas Hills; Azarga Uranium | 1.0 to 5.7 | 0.8 to 2.7 |
| Gas Hills (Peach); Cameco | 0.5 to 6.0 | 0.3 to 2.89 |
| Lost Creek; Ur-Energy | 0.27 to 2.78 | 0.13 to 1.3 |

Hydro-Engineering concluded that the hydraulic conductivity at the Gas Hills Project is comparable to hydraulic conductivity values at other ISR mining operations and planned mining operations in Wyoming proximal to the Gas Hills Project. Thus, the permeability of the mineralized Wind River formation confined aquifer at Gas Hills is suitable for ISR uranium mining.

The favorable report on permeability coupled with the favorable piezometric surface conditions confirms that these two important hydrologic parameters are suitable for ISR uranium mining. The Company will continue to evaluate future ISR development options at the Gas Hills Project.

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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 U₃O₈, cash operating costs of \$34.95/lb U₃O₈ and capital costs of \$71.1 million. The Centennial PEA included indicated uranium resources of 10,371,571 pounds at 0.09% U₃O₈ and inferred uranium resources of 2,325,514 pounds at 0.09% U₃O₈ 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 Company is currently analyzing alternatives for the Centennial Project in an effort to maximize its value.

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Juniper Ridge Project (100% interest), Wyoming, USA

The Juniper Ridge Project is located in the southwest portion of Wyoming, approximately 10 miles west of the town of Baggs. The Juniper Ridge Project consists of approximately 3,300 acres of unpatented lode mining claims and State of Wyoming mineral leases and is located within a brownfield site which has experienced extensive exploration, development, and mine production.

In June 2017, a technical report was prepared by BRS Inc. and T.P. McNulty and Associates Inc. on the Juniper Ridge Project titled "Juniper Ridge Uranium Project, Amended and Restated 43-101 Mineral Resource and Preliminary Economic Assessment Technical Report" (the "Juniper Ridge PEA") with an effective date of June 9, 2017. The Juniper Ridge Project contains indicated uranium resources of 6.0 million pounds U₃O₈ (5.1 million tons at an average grade of 0.058% U₃O₈) and inferred uranium resources of 0.2 million pounds U₃O₈ (0.1 million tons at an average grade of 0.085% U₃O₈) at a 0.1 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Details of the assumptions and parameters used with respect to the Juniper Ridge PEA, including quality estimates and information on data verification, are available under the SEDAR profile of URZ Energy at www.sedar.com.

The Juniper Ridge 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 Juniper Ridge PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Juniper Ridge PEA resulted in a pre-tax net present value of \$27.3 million at a discount rate of 8% and an internal rate of return of 26% compared to a post-tax net present value of \$19.9 million at a discount rate of 8% and an internal rate of return of 22% based on open pit mining and heap leach extraction of uranium. The Juniper Ridge PEA assumed uranium prices of \$65/lb U₃O₈, total direct operating costs of \$39.77/lb U₃O₈ and capital expenditures of \$36.7 million.

While local mineralization displays some of the characteristics of known uranium deposits in the Gas Hills uranium district and in the Powder River Basin of Wyoming, the mineralization at the Juniper Ridge Project is sandstone hosted. Data sources for the estimation of uranium mineral resources for the Juniper Ridge Project consists of 2,716 drill holes including radiometric equivalent data for 2,167 drill holes completed before 2011, Uranium Spectral Analysis Tool assay data for 400 drill holes completed during the 2011 drilling program, and radiometric equivalent and PFN assay data for 149 drill holes completed in 2012.

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

The Aladdin Project 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 Project is 80 miles northwest of the Dewey Burdock Project. Uranium resources at the Aladdin Project 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 Project, 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 Project contains indicated uranium resources of 1,038,023 pounds at 0.111% U₃O₈ and inferred uranium resources of 101,255 pounds at 0.119% U₃O₈ 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% U₃O₈. 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.

The Company is currently evaluating the Aladdin Deposit in order to determine how to maximize the value that can be extracted from this deposit.

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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 eU_3O_8 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.

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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 east of the capital of Bishkek. The Kyzyl Ompul Project is 100% owned and operated by UrAsia in Kyrgyzstan Limited Liability Company ("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 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. 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 through December 1, 2020.

Under the terms of the agreement, Central will make cash payments to the Company as follows: \$120,000 by April 23, 2018 (received), \$60,000 per month commencing September 1, 2018 (September and October payments received), increasing to \$229,000 per month commencing January 1, 2019, and a final payment of \$223,000 on December 1, 2020. Cash payments received from Central over the course of the Replacement Agreement are not refundable 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. Central has commenced an exploration program to be completed by December 31, 2018 that is expected to exceed the minimum program required pursuant to the Replacement Agreement.

Subject to Central completing all required funding and exercising its option to acquire a 100% interest in the Kyzyl Ompul Project, UrAsia will retain a two percent net smelter return ("NSR") royalty. The NSR royalty is payable on the commencement of commercial production and is subject to a minimum of \$2,500,000 and a maximum 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 U₃O₈ 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

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under the Company's profile at www.sedar.com. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

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 SEPTEMBER 30, 2018 AND 2017

The consolidated net loss for the three months ended September 30, 2018 was \$557,452 compared to \$6,438,864 for the three months ended September 30, 2017. The significant changes between the current period and the comparative period are discussed below:

Administrative expenses totaled \$628,282 for the three months ended September 30, 2018 compared to \$391,877 for the three months ended September 30, 2017. The increase in administrative expenses primarily related to increased consulting and professional fees and corporate administration from the URZ Energy acquisition and the OTCQB listing and increased share-based compensation.

Finance costs totaled \$6,599 for the three months ended September 30, 2018 compared to \$66,799 for the three months ended September 30, 2017 and primarily related to interest expense on the Shareholders' Loan. The decrease in interest expense related to the settlement of the Shareholders' Loan in July 2018.

The Company recognized an unrealized gain of \$24,681 for the three months ended September 30, 2018 compared to an unrealized gain of \$272,588 for the three months ended September 30, 2017. The unrealized gain for the three months ended September 30, 2018 and 2017 related to gains on the revaluation of the warrant liability.

The Company recognized a realized gain of \$80,126 for the three months ended September 30, 2018 compared to a realized gain of \$3,832 for the three months ended September 30, 2017. The realized gain for the three months ended September 30, 2018 related to the gain of \$124,313 on the expiry of unexercised warrants issued as part of the acquisition of URZ Energy off-set by the the loss on settlement of trade and other payables of \$44,187. For the three months ended September 30, 2017, the realized gain related to the forgiveness of trade and other payables.

For the three months ended September 30, 2017, the Company recognized an impairment charge of \$6,346,899 for the Kyzyl Ompul Project on execution of an earn-in

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agreement as the recoverable amount of the project was determined to be less than its carrying value.

RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

The consolidated net loss for the nine months ended September 30, 2018 was \$1,421,886 compared to \$7,063,392 for the nine months ended September 30, 2017. The significant changes between the current period and the comparative period are discussed below:

Administrative expenses totaled \$1,439,664 for the nine months ended September 30, 2018 compared to \$1,150,182 for the nine months ended September 30, 2017. The increase in administrative expenses primarily related to increased consulting and professional fees and corporate administration from the URZ Energy acquisition and the OTCQB listing and increased share-based compensation.

Finance costs totaled \$154,488 for the nine months ended September 30, 2018 compared to \$161,679 for the nine months ended September 30, 2017 and primarily related to interest expense on the Shareholders' Loan. The decrease in interest expense related to the settlement of the Shareholders' Loan in July 2018.

The Company recognized an unrealized loss of \$6,474 for the nine months ended September 30, 2018 compared to an unrealized gain of \$534,985 for the nine months ended September 30, 2017. The unrealized loss in the nine months ended September 30, 2018 related to losses on the revaluation of the warrant liability. The unrealized gain for the nine months ended September 30, 2017 related primarily to gains on the revaluation of the warrant liability.

The Company recognized a realized gain of \$158,798 for the nine months ended September 30, 2018 compared to a realized loss of \$3,938 for the nine months ended September 30, 2017. The realized gain for the nine months ended September 30, 2018 related to a gain on the settlement of trade and other payables of \$34,485 and to the expiry of unexercised warrants issued of \$124,313 as part of the acquisition of URZ Energy. For the nine months ended September 30, 2017, the realized loss primarily related to the sale of the Company's investment in Westwater Resources, Inc. (formerly Uranium Resources Inc.).

During the nine months ended September 31, 2017, the Company recognized an impairment charge of \$6,346,899 for the Kyzyl Ompul Project on execution of an earn-in agreement as the recoverable amount of the project was determined to be less than its carrying value.

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SUMMARY OF QUARTERLY RESULTS

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

| | 3 Months Ended September 30, 2018 | 3 Months Ended June 30, 2018 | 3 Months Ended March 31, 2018 | 3 Months Ended December 31, 2017 ⁽¹⁾ |
|--|--|---------------------------------------|--|--|
| Total revenues | \$Nil | \$Nil | \$Nil | \$Nil |
| Net income (loss) | \$(557,452) | \$(238,442) | \$(625,992) | \$1,782,760 |
| Net income (loss) per share, basic and diluted | \$(0.00) | \$(0.00) | \$(0.01) | \$0.02 |

| | 3 Months Ended September 30, 2017 ⁽²⁾ | 3 Months Ended June 30, 2017 | 3 Months Ended March 31, 2017 | 3 Months Ended December 31, 2016 |
|--|---|---------------------------------------|--|---|
| Total revenues | \$Nil | \$Nil | \$Nil | \$Nil |
| Net loss | \$(6,438,864) | \$(347,086) | \$(277,442) | \$(996,351) |
| Net loss per share, basic and diluted | \$(0.08) | \$(0.01) | \$(0.00) | \$(0.01) |

(1) In December 2017, the US government enacted the Tax Cuts and Jobs Act of 2017 ("the Act") which reduced the statutory tax rate from 35% to 21%. The impact of this legislation created a \$1.3 million deferred tax recovery due to the re-measurement of the Company's deferred tax liabilities at the new US federal tax rate of 21%. The recovery was recorded in the three months ended December 31, 2017.

(2) The Company recorded an impairment adjustment on its Kyzyl Ompul Project of \$6.3 million in the three months ended September 30, 2017.

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LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal year with cash of \$432,192. During the nine months ended September 30, 2018, the Company expended \$1,460,745 on operating activities, net of working capital changes, \$480,948 on investing activities and received \$2,449,444 from financing activities, with a positive \$105 effect of foreign exchange on cash to end at September 30, 2018 with cash of \$940,048.

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.

In May 2018, URZ Energy advanced \$465,000 to the Company. The loan accrued interest at 5% through completion of the acquisition. All principal and interest was thereafter settled on completion of the acquisition.

During the nine months ended September 30, 2018, the Company issued 11,950,866 common shares for gross proceeds of \$1,827,078 pursuant to the exercise of share purchase warrants.

During the nine months ended September 30, 2018, the Company issued 11,269,243 common shares as full and final settlement of the Shareholders' Loan.

During the nine months ended September 30, 2018 and to the date of this MD&A, the Company has received \$240,000 in option payments from Central related to the Kyzyl Ompul Project Replacement Agreement. Further cash payments are expected to be received as follows: \$60,000 per month in November and December 2018, increasing to \$229,000 per month commencing January 1, 2019, and a final payment of \$223,000 on December 1, 2020. Cash payments received from Central over the course of the Replacement Agreement are not refundable 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.

To date, the Company has not generated revenues from operations and is currently in the exploration and development stage. As at September 30, 2018, the Company had a

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working capital deficit of \$178,707 and an accumulated deficit of \$17,994,917 and will continue incurring losses in the foreseeable future. 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.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at September 30, 2018, the Company's commitments that have not been disclosed elsewhere in this MD&A were as follows:

| | Within 1 year | 2-4 years | Over 4 years | Total |
|-------------------------|---------------|------------|--------------|--------------|
| Office leases | \$ 83,797 | \$ 141,476 | \$ 40,680 | \$ 265,953 |
| Annual license payments | 659,749 | 730,523 | 1,330,141 | 2,720,413 |
| Centennial agreement | 3,165,000 | - | - | 3,165,000 |
| Dewey Burdock agreement | - | - | 2,050,000 | 2,050,000 |
| | \$ 3,908,546 | \$ 871,999 | \$ 3,420,821 | \$ 8,201,366 |

As at September 30, 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.

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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 | |
|-----------------------|-----------------------|----------------------|
| | September 30, 2018 | December 31, 2017 |
| Amortized cost | | |
| Cash | \$ 940,048 | \$ 432,192 |
| Restricted cash | 39,071 | 39,176 |
| Reclamation bonds | 99,000 | - |
| | <u>\$ 1,078,119</u> | <u>\$ 471,368</u> |

| Financial liabilities | As at | |
|--|-----------------------|----------------------|
| | September 30, 2018 | December 31, 2017 |
| Amortized cost | | |
| Trade and other payables | \$ 1,342,754 | \$ 1,525,906 |
| Loans payable | 54,575 | 2,104,678 |
| Decommissioning liability | 215,614 | 142,918 |
| Fair value through profit or loss | | |
| Warrant liabilities | 267,721 | 258,116 |
| | <u>\$ 1,880,664</u> | <u>\$ 4,031,618</u> |

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:

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- 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 is recorded at fair value using Level 2 of the fair value hierarchy. The carrying value of warrant liabilities is determined using the Black-Scholes pricing model.

The carrying values of cash, trade and other payables and loans payable approximate their fair values because of the short-term nature of these financial instruments and are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

The carrying values of restricted cash, reclamation bonds and decommissioning liabilities approximate their fair values and 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 and nine months ended September 30, 2018 and 2017, the Company had related party transactions with the Company's directors, management and shareholders including:

- Interest accruing of \$3,824 and \$143,219, respectively, for the three and nine months ended September 30, 2018 to certain shareholders of the Company on the Shareholders' Loan;
 - Interest accruing of \$64,512 and \$154,189, respectively, for the three and nine months ended September 30, 2017 to certain shareholders of the Company on the Shareholders' Loan;
 - Amendments related to the Shareholders' Loan;
 - The issuance of 11,269,243 common shares in settlement of the Shareholders' Loan;
-

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- The issuance of 186,512 common shares to a shareholder of the Company to settle trade and other payables of \$36,165;
- The issuance of 578,822 common shares to a director of the Company to settle trade and other payables of \$187,500; and
- The issuance of 450,000 common shares to the CEO of the Company to settle employee remuneration.

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, consisted of the following:

| | Three months ended September 30, | | Nine months ended September 30, | |
|----------------------------------|-------------------------------------|------------|------------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Salaries and benefits | \$ 162,371 | \$ 182,521 | \$ 545,701 | \$ 546,220 |
| Consulting and professional fees | 28,676 | - | 87,707 | - |
| Share-based compensation | 103,953 | 23,223 | 160,665 | 108,951 |
| | \$ 295,000 | \$ 205,744 | \$ 794,073 | \$ 655,171 |

Related party liabilities

| | As at | |
|---|-----------------------|----------------------|
| | September 30, 2018 | December 31, 2017 |
| Loan payable to shareholders | \$ - | \$ 2,057,805 |
| Trade and other payables for key management personnel - current | 133,978 | 716,838 |
| Trade and other payables for key management personnel - non-current | 165,000 | - |
| | \$ 298,978 | \$ 2,774,643 |

Included in trade and other payables as at September 30, 2018 is \$298,978 (December 31, 2017 - \$716,838) owing to related parties of the Company, of which \$245,000 (December 31, 2017 - \$512,500) is owed to a former director of the Company. On February 14, 2018, the Company entered into an amended severance agreement with this former director to defer the remaining severance payments over 49 months, whereby the amount payable was increased to \$370,000. During the nine months ended September 30, 2018, the Company paid the director \$125,000. In June 2018, the Company settled other deferred compensation of \$187,500 with this same former director through the issuance of 578,822 common shares of the Company.

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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, September 30, 2018 | 169,517,832 | 10,827,317 | 12,856,099 |
| Issuance of shares to settle ESPP | 246,559 | - | - |
| Issuance of shares to settle DSA | 69,415 | - | - |
| Expiry of options | - | - | 70,263 |
| Balance as at the date of this MD&A | 169,833,806 | 10,827,317 | 12,785,836 |

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 3.20 to the Company's December 31, 2017 consolidated annual financial statements. Material changes to the significant accounting judgements and estimates are listed below.

Determining if an Acquisition is a Business Combination or an Asset Acquisition

As required by IFRS 3 Business Combinations ("IFRS 3"), the Company is required to determine whether the acquisition of URZ Energy should be accounted for as a business combination or an asset acquisition. Under IFRS 3, the components of a business must include inputs, processes and outputs. Management has determined that the acquisition of URZ Energy did not include all the necessary components of a business. Accordingly, the acquisition of URZ Energy has been recorded as an asset acquisition, consisting of URZ Energy's mineral properties and working capital.

Identifying the Acquirer in an Acquisition

As required by IFRS 3 and IFRS 10 Consolidated Financial Statements, the Company is required to determine whether it is the acquirer or acquiree in the URZ Energy acquisition. The acquirer is the entity that obtains control of the acquiree in the acquisition. If it is not clear which company is the acquirer, additional information must

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be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interests. Management has determined that Azarga Uranium is the acquirer of URZ Energy.

Determination of asset and liability fair values

Business combinations require judgment and estimates to be made at the date of acquisition in relation to determining asset and liability fair values. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgments and estimates about future events, including but not limited to estimates of mineral resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices and long-term foreign exchange rates. Changes to the provisional measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined which is within one year of the acquisition date.

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.

AZARGA URANIUM CORP.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2018

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.
