Azarga Uranium Corp.
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017
(Expressed in U.S. Dollars)

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions, which may prove to be incorrect. Material expectations, estimates and assumptions pertaining to forward looking statements include, but are not limited to: the timing of permits and licenses necessary to project finance and develop the Company's Dewey Burdock Project, the improvement of uranium markets and uranium pricing, the availability of additional capital to enable the Company to continue as a going concern, including capital generated from the sale of assets classified as held for sale, and the Company's mineral properties provide a pipeline for continued growth. A number of risks and uncertainties could cause its actual results to differ materially from those expressed or implied by the forward looking statements, including, but not limited to: global economic conditions; uranium price fluctuations; government regulation and policy risks; public involvement in the permitting process; Native American involvement in the permitting process; environmental regulatory requirements and risks; the market price of the Company's shares; public acceptance of nuclear energy and competition from other energy sources; the Company will require significant amounts of additional capital in the future; competition for properties and experienced employees; uranium industry competition and international trade restrictions; exposure to emerging markets; possible loss of interests in exploration and development properties; mining and mineral exploration is inherently dangerous and subject to factors beyond the Company's control; the Company's mineral resources are estimates; the nature of exploration and development projects; political risk; currency fluctuations; the Company has no history of mining operations; property title rights; dependence on key personnel and qualified and experienced employees; delineation of mineral reserves and additional mineral resources; insurance coverage; dilution from further equity financing and outstanding stock options and share purchase warrants; the Company has never paid dividends and may not do so in the foreseeable future; litigation and other legal proceedings; technical innovation and obsolescence; disclosure and internal controls; and conflicts of interest.

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS (Continued)

Please refer to the Risks and Uncertainties section of this Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information on the above risk factors.

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made or incorporated by reference in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company undertakes no obligation to update forward-looking statements if management's beliefs, estimates and opinions or the Company's circumstances as at the date hereof should change. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether, as a result of new information, future events or otherwise.

TABLE OF CONTENTS

GENERAL

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Azarga Uranium Corp. ("Azarga Uranium") (which, together with its subsidiaries, is collectively referred to as the "Company") dated May 12, 2017 should be read in conjunction with the condensed consolidated interim financial statements of the Company and the notes thereto for the three months ended March 31, 2017 and 2016. The Company's condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" using accounting policies in compliance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The functional currency of each entity is determined by the currency of the primary economic environment in which the entity operates. The functional currency of each entity is the United States Dollar, with the exception of UrAsia in Kyrgyzstan Limited Liability Company ("UrAsia"), whose functional currency is the Kyrgyz Som.

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.

SIGNIFICANT EVENTS AND HIGHLIGHTS

The Company's significant events and highlights for the three months ended March 31, 2017 and subsequent period to May 12, 2017 are as follows:
`

- In March 2017, the Company received notice that the United States Environmental Protection Agency (the "EPA") issued two draft permits for the Dewey Burdock Project. The issuance of the draft permits represents the completion of a major regulatory milestone for the Company. The draft EPA permits pertain to the Company's planned Class III and Class V Underground Injection Control ("UIC") activities and address all outstanding permit applications filed with the EPA for the Dewey Burdock Project.

- In February 2017, the Company received notice that the Oglala Sioux Tribe filed a petition for review of the decision made by the Commission of the United States Nuclear Regulatory Commission (the "NRC") in December 2016 pertaining to the April 30, 2015 partial initial decision of the Atomic Safety and Licensing Board (the "ASLB") regarding the Company's NRC license for the Dewey Burdock Project. The Company's NRC license continues to remain in good standing.

BACKGROUND

Azarga Uranium is a publicly listed company incorporated in Canada on February 10, 1984 with limited liability under the legislation of the Province of British Columbia. Its shares are listed on the Toronto Stock Exchange ("TSX") (symbol: AZZ) and the Frankfurt Stock Exchange (symbol: P8AA). 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.

INDUSTRY TRENDS AND OUTLOOK

Although uranium prices have recovered from their recent lows in the fourth quarter of 2016, 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 1,048[1] nuclear reactors that are operable, under construction, planned or proposed compared to 983[2] before the Fukushima incident in 2011. Of the 1,048 nuclear reactors, 447 reactors are operable[1]. A total of 229[1] nuclear reactors are under construction or planned, which represents approximately 51% 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-one, seven and five, 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 their latest 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].

[1] World Nuclear Association – *World Nuclear Power Reactors & Uranium Requirements (May 1, 2017)*
[2] Haywood Securities Inc. – *Target & Commodity Price Revisions (January 25, 2017)*
[3] World Nuclear Association – *Nuclear Power in China (April 2017)*
[4] The Business Times – *China had 20 nuclear reactors under construction at end-March: nuclear association (April 27, 2017)*

INDUSTRY TRENDS AND OUTLOOK (Continued)

- **Current prices will constrain supply** – Low prices are forcing producers to curtail mining, development and exploration. Annual U_3O_8 supply has decreased by 11% from 2013 to 2015[5]. In 2016, producers continued to curtail operations. For example, Cameco Corp. announced the shut down of its Rabbit Lake Mine, which produced 4.2 million pounds of uranium in 2015[6], curtailed its United States operations and announced production halts at its McArthur River and Cigar Lake mines for periods in 2017. 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 Project. The Company is now continuing work to resolve the remaining two contentions on the NRC license and to complete the EPA permitting requirements. In addition, the Company will continue to evaluate project-financing options for the Dewey Burdock Project, with a view to having a funding solution in place prior to or concurrent with the finalization of permits.

- **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** – A maiden National Instrument 43-101 ("NI 43-101") uranium resource estimate was completed in April 2014. While the Company's core focus continues to be on the development of the Dewey Burdock Project, the Company will continue to advance the Kyzyl Ompul Project through desktop studies and minimal exploration activities.

[5] Cantor Fitzgerald – *Quarterly Commodity Outlook (July 27, 2016)*
[6] Saskatoon StarPheonix – *Rabbit Lake closure 'right economic decision' given tough market: Cameco VP (April 26, 2016)*
[7] World Nuclear News – *Oversupply prompts Kazakh uranium production cut (January 10, 2017)*

INDUSTRY TRENDS AND OUTLOOK (Continued)

The Company believes a unique opportunity exists for investors to build an investment position in Azarga Uranium. Firstly, the Company believes that uranium prices will move higher in the medium term. Secondly, the Company's 'flagship' 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. Therefore, the Company believes that once permitting is complete, the Company will be able to attract financing and move into the construction phase. Thirdly, the Company has an asset suite inclusive of mineral properties at various stages of development, which provide a pipeline for continued growth. Finally, management and the Board of Directors have extensive experience in uranium, the broader mining sector and financial markets.

MINERAL PROPERTIES

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

The Company's 100% owned Dewey Burdock Project is an in-situ recovery ("ISR") uranium project located in the Edgemont uranium district, in South Dakota, USA. Through property purchase agreements, mining leases and/or mining claims, the Dewey Burdock Project is comprised of approximately 13,160 surface acres and 17,340 net mineral acres. 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 preliminary economic assessment ("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.

MINERAL PROPERTIES (Continued)

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.

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 US\$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.

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 Bureau of Land Management ("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 entire area pertaining to the NRC license.

MINERAL PROPERTIES (Continued)

In August 2014, the evidentiary hearing was held with the ASLB in regards to the limited 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. It also ruled inadmissible two new contentions that were filed by the Intervenors after the evidentiary hearing.

The ASLB has retained jurisdiction of the two contentions pertaining to identification and protection of historic and cultural resources and has asked for monthly status reports from the NRC staff until the outstanding issues are addressed. The Company is facilitating this process to the fullest extent possible.

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.

Though the decision of the NRC Commission does not immediately resolve the outstanding two contentions from the ASLB partial initial decision pertaining to the identification and protection of historic and cultural resources, the NRC staff, in parallel with filing the petitions for review to the NRC Commission, has continued their consultation efforts with the Oglala Sioux Tribe in accordance with the ASLB directive on these contentions and the NRC Commission decision provides additional regulatory guidance so that these contentions may be resolved in a timely manner.

MINERAL PROPERTIES (Continued)

In February 2017, the Oglala Sioux Tribe filed a petition for review of the decision made by the NRC Commission to the United States Court of Appeals for the District of Columbia Circuit. Subsequently, the NRC staff filed a motion to dismiss the Oglala Sioux Tribe's petition for review and the Company plans to support this to the fullest extent possible. 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 South Dakota Department of Environment and Natural Resources ("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 South Dakota 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 outstanding consultation with the Oglala Sioux Tribe.

In March 2017, the EPA issued the Company draft Class III and Class V UIC permits for the Dewey Burdock Project. The issuance of the draft permits represents the completion of a major regulatory milestone for the Company. According to the EPA's public notice, the draft permits will be made available for public review and comment until May 19, 2017. The EPA's final permit decision will evaluate all public comments pertaining to the draft permits, including any comments raised by the Company. The Company is currently evaluating the draft permit conditions.

The Company submitted applications to the South Dakota DENR in 2012 for its Groundwater Disposal 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 South Dakota DENR once the final EPA Class III and Class V UIC permits have been issued.

MINERAL PROPERTIES (Continued)

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 two remaining contentions 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.

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 approximately 1,360 acres of surface rights and approximately 6,420 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.

MINERAL PROPERTIES (Continued)

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 continues to analyse development scenarios for the Centennial Project in order to maximize the value that can be extracted from this project.

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

The Aladdin Deposit is comprised of approximately 6,570 acres of surface rights and 6,000 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 property 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.

MINERAL PROPERTIES (Continued)

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.

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.

The Kyzyl Ompul Project has been explored since the 1950s for uranium, with most historic exploration occurring during the 1950s and 1960s. This historic exploration identified a number of hydrothermal and placer uranium prospects within the Kyzyl Ompul Project. In total, five hydrothermal uranium prospects and five placer uranium prospects were identified.

The Kok Moinok deposit, the most advanced of the hydrothermal deposits, was discovered in 1953. From 1953 to 1957, 144 holes were drilled on a grid of 50m x 50m. Soviet classified C1 and C2 reserves were calculated using the information obtained from these drill holes. Additional drilling was completed from 1958 to 1969 on a 200m x 200m grid attempting to identify further extensions of the uranium prospects.

Further exploration was undertaken by UrAsia from 2005 to 2008, with the aim to confirm the hydrothermal uranium mineralization and placer uranium mineralization by targeting previously identified uranium deposits and prospects. The exploration program during this period included traverses, geological mapping (80km^2), trenching (4,300m^3), soil gas radon emanation surveys (60 readings), geophysical surveys and the collection of 84 hydrogeological samples for radon assays, 7,458 channel samples, 455 rock chip samples and 28 crushed samples.

MINERAL PROPERTIES (Continued)

In 2012, a more extensive exploration program commenced. In 2012 and 2013, the Company completed nine drill holes for approximately 2,275m at the Sai Bezvodniy hydrothermal prospect, 40 drill holes at the Tash Bulak placer prospect, 31 drill holes at the Backe placer prospect and 9 drill holes at the Tunduk placer prospect. The Company also completed 17 drill holes for approximately 4,345m at the Kok Moinok deposit. The 2012 and 2013 drilling program was designed to twin a selection of historic drill holes to confirm mineralized intervals and uranium grades in those mineralized intervals as well as confirm the geological and mineralogical understanding of 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 2016, the Company conducted desktop studies for the Kyzyl Ompul Project, in order to conserve the Company's financial resources. In 2017, the Company plans to continue these desktop studies and conduct minimum exploration activities as required under the exploration license.

(Expressed in U.S. Dollars and shares, unless otherwise indicated)

SUMMARY OF QUARTERLY RESULTS

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

	2017	2016		
QUARTER ENDED	**31-Mar**	31-Dec	30-Sep	30-Jun
Administrative expenses	$ (290,590)	$ (431,425)	$ (415,819)	$ (440,555)
Finance costs	(46,603)	(46,490)	(47,844)	(48,968)
Unrealized gain (loss)	74,829	(259,944)	(15,945)	(87,315)
Realized gain (loss)	14,800	39,733	42,857	(75,743)
Deferred income tax recovery (expense)	(5,440)	(245,236)	57,864	(67,028)
Net loss	(277,442)	(930,212)	(382,491)	(721,827)
Net loss attributable to equity holders of the Company	(269,342)	(909,360)	(393,186)	(705,075)
Total comprehensive loss	(241,533)	(1,043,453)	(392,435)	(585,454)
Basic loss per share	(0.00)	(0.02)	(0.01)	(0.01)
Diluted loss per share	(0.00)	(0.02)	(0.01)	(0.01)

	2016	2015		
QUARTER ENDED	31-Mar	31-Dec	30-Sep	30-Jun
Administrative expenses	$ (266,414)	$ (603,380)	$ (425,650)	$ (719,187)
Finance costs	(47,778)	(47,123)	(135,844)	(146,656)
Unrealized gain (loss)	(840,956)	(1,111,205)	756,455	404
Realized gain	13,438	58,056	85,928	1,084,846
Share of equity income (loss) from associate	-	-	4,769	(76,175)
Impairment of investment in associate	-	-	-	(520,866)
Deferred income tax recovery (expense)	(11,600)	(384,771)	1,579	30,627
Net income (loss)	(1,078,415)	(2,097,262)	275,512	(366,262)
Net income (loss) attributable to equity holders of the Company	(1,110,595)	(2,055,607)	301,374	(343,430)
Total comprehensive loss	(810,727)	(2,435,886)	(102,570)	(249,549)
Basic income (loss) per share	(0.02)	(0.03)	0.00	(0.01)
Diluted income (loss) per share	(0.02)	(0.03)	0.00	(0.01)

For the three months ended March 31, 2017

The Company recorded a net loss of $277,442 for the three months ended March 31, 2017 compared to a net loss of $1,078,415 for the three months ended March 31, 2016. The net loss in each period primarily related to the following:

Administrative expenses for three months ended March 31, 2017 of $290,590 were comparable to administrative expenses for the three months ended March 31, 2016 of $266,414.

SUMMARY OF QUARTERLY RESULT (Continued)

Finance costs for the three months ended March 31, 2017 of $46,603 were comparable to finance costs for the three months ended March 31, 2016 of $47,778 and primarily consisted of interest on the $1.8m convertible loan agreement with certain shareholders ("Shareholders Loan Agreement").

The Company recognized an unrealized gain of $74,829 for the three months ended March 31, 2017 compared to an unrealized loss of $840,956 for the three months ended March 31, 2016. For the three months ended March 31, 2017, the unrealized gain related to gains on the revaluation of the warrant liability and the Company's investment in Uranium Resources, Inc. ("URI"). For the three months ended March 31, 2016, the unrealized loss primarily related to losses on the revaluation of the Company's investments in Western Uranium Corp. ("Western Uranium") and URI.

The Company recognized a realized gain of $14,800 for the three months ended March 31, 2017 compared to a realized gain of $13,438 for the three months ended March 31, 2016. For the three months ended March 31, 2017, the realized gain related to a gain on the settlement of trade and other payables. For the three months ended March 31, 2016, the realized gain primarily related to a gain on the sale of redundant land at the Centennial Project, partially offset by losses on the partial sale of the Company's investments in Western Uranium and URI.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

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. In order 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 have been 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.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

As at March 31, 2017, the Company had a working capital deficit of $2,672,700 and an accumulated deficit of $13,284,637 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.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, issue new debt or acquire or dispose of assets.

As at March 31, 2017, the Company had cash of $471,286 compared to cash of $941,370 as at December 31, 2016. The Company's working capital deficit (current assets less current liabilities) was $2,672,700 as at March 31, 2017 compared to working capital of $1,924,692 as at December 31, 2016. Of the Company's current liabilities, approximately $187,500 are expected to be settled through the issuance of Azarga Uranium shares in order to conserve cash resources. The Company continues to actively manage its cash and working capital positions. In 2016, the Company sold redundant assets for net proceeds of $615,222. The Company is not subject to any externally imposed capital requirements.

Private Placement

In September 2016, the Company closed its non-brokered private placement of C$2.2 million ($1.7 million) through the issuance of 9,243,336 units (each, a "Unit") at a price of C$0.24 per Unit (the "Financing"). Each Unit consists of one common share of the Company and one-half of one share purchase warrant (each whole warrant, a "Warrant"). One Warrant entitles the holder thereof to purchase one common share of the Company at a price of C$0.35 per share for a period of three years from the closing of the Financing. In connection with the Financing, the Company paid cash finder's fees and other fees of $51,408. The common shares issued in connection with the Financing were subject to a four-month hold period. To date, the Company has used the proceeds from the Financing for continuation of the permitting process at the Dewey Burdock Project, mineral and surface right payments for the Company's projects and general working capital purposes and the Company intends to use the remaining proceeds for the same activities.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Investment in Western Uranium

As at December 31, 2016, the Company no longer held an ownership interest in Western Uranium. For the three months ended March 31, 2016, the Company sold 87,100 Western Uranium shares for proceeds of $107,958.

Investment in URI

For the three months ended March 31, 2016, the Company sold 53,546 URI shares (adjusted for URI's 12 for 1 share consolidation on March 8, 2016) for proceeds of $192,465.

Powerlite Ventures Limited – Powerlite Facility

On May 22, 2013, the Company issued an equity instrument ("Powerlite Facility") to Powerlite Ventures Limited ("Powerlite"). In accordance with the Powerlite Facility, as amended, the facility limit is $21,000,000. Any outstanding principal and accrued interest will be settled through the issuance of the Company's shares at C$1.54 per share. As a result, the financial instrument is classified as equity. Other key commercial terms of the financing include:

- Interest – 10% per annum, payable on conversion of each note (the Powerlite Facility can be drawn over multiple drawings, each a separate note);
- Maturity – May 22, 2023;
- Conversion price – C$1.54 per share;
- Powerlite's conversion right – to convert the outstanding notes plus accrued interest into the Company's shares after the date of issue;
- Company's conversion right – to convert the outstanding notes plus accrued interest at the earlier of six months from the issuance date of each note or an event causing conversion of any Black Range Minerals Limited convertible loans held by the Company (this conversion event occurred in prior periods);
- Mandatory conversion – all outstanding notes plus accrued interest will automatically convert to shares within 10 business days of the maturity; and
- Other – the Powerlite Facility is unsecured.

As at March 31, 2017 and December 31, 2016, the Company had drawn a total of $18,000,000 under the Powerlite Facility. Although $3,000,000 remains available under the terms of the Powerlite Facility, the Company believes it is unlikely that Powerlite will be able to fund the remaining amount of the Powerlite Facility. The $18,000,000 drawn under the Powerlite Facility plus accrued interest was converted into shares in 2014.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Shareholders Loan Agreement

On July 31, 2012, the Company entered into a $1,800,000 Shareholders Loan Agreement, as amended. The funds were used to fund the UrAsia 2012 exploration program and general working capital purposes. The key commercial terms of the loan include:

- Interest – 10% per annum payable on each anniversary date of the Shareholders Loan Agreement;
- Term – 5 years, commencing July 31, 2012;
- Conversion price – C$1.23;
- Shareholders' conversion right – to convert the outstanding balance of the loan plus accrued interest, in whole or in part, into ordinary shares of the Company at the conversion price;
- Extension of the term – the Company has the option, on maturity, to extend the term of the loan for an additional three years. Upon exercise of this option, the annual interest rate increases to 15% per annum;
- Early repayment option – the Company has the right, but not the obligation, to repay the whole balance of the loan plus accrued interest at any time out of the proceeds of a capital raising or if the loan is refinanced or replaced by a new loan on or before the maturity; and
- The Shareholders Loan Agreement is unsecured.

The terms of the Shareholders Loan Agreement were further amended to defer the July 31, 2014 and 2015 annual interest payments until July 31, 2016. In May 2016, the Company entered into shares for debt settlement agreements for up to $532,800 to settle the July 31, 2014, 2015 and 2016 annual interest payments. As a result, the Company issued 1,140,626 common shares to settle the outstanding interest of $532,800 as at July 31, 2016.

As at March 31, 2017 and December 31, 2016, the Company had drawn $1,776,000 under the Shareholders Loan Agreement. No additional amounts are available to be drawn under the Shareholders Loan Agreement.

Other Loans Payable

For the three months ended March 31, 2016, the Company made payments totaling $10,000.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Centennial Purchase Agreement

In 2006, the Company entered into an agreement, as amended, to purchase uranium rights on certain areas of the Centennial Project for consideration of $1,895,000, excluding contingent payments. As at March 31, 2017 and December 31, 2016, $1,855,000 had been paid. The outstanding consideration is payable in two annual installments of $20,000 in September 2017 and 2018. An additional $3,165,000 is payable upon receipt of regulatory permits and licenses allowing uranium production on the area of the Centennial Project pertaining to these uranium interests. This amount is included in the Company's commitments; please refer to the *Contractual Commitments* section of this MD&A. The Company has also agreed to purchase up to 1,280 surface acres at the Centennial Project upon receipt of regulatory permits and licenses allowing uranium production. The purchase price for the surface acres will be calculated using the then prevailing market rates; however, this amount cannot currently be reasonably quantified due to the uncertainty associated with the timing of receipt of the regulatory permits and licenses, the number of surface acres that will be purchased and the future prevailing market rates for the surface acres. If the Company does not obtain the regulatory permits and licenses allowing uranium production pertaining to the Centennial purchase agreement by September 27, 2019, the uranium rights will transfer back to the seller, at seller's option.

Dewey Burdock Purchase Agreements

In 2006 and 2008, the Company entered into agreements to purchase mineral rights on certain areas of the Dewey Burdock Project for consideration of $800,000, excluding contingent payments. As at March 31, 2017 and December 31, 2016, $740,000 had been paid. The outstanding consideration is payable in two annual installments of $30,000 in May 2017 and 2018. An additional $2,050,000 is payable, in four equal annual installments, commencing 12 months subsequent to the receipt of regulatory permits and licenses allowing uranium production on the area of the Dewey Burdock Project pertaining to these mineral interests. This amount is included in the Company's commitments; please refer to the *Contractual Commitments* section of this MD&A.

Cash Flow Highlights

Net cash used in operating activities

For the three months ended March 31, 2017, the Company used $243,354 of cash in operating activities compared to $441,420 for the three months ended March 31, 2016. Cash used in operating activities decreased for the three months ended March 31, 2017 primarily due to changes in working capital items related to trade and other payables.

(Expressed in U.S. Dollars and shares, unless otherwise indicated)

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Net cash generated by (used in) investing activities

For the three months ended March 31, 2017, the Company used $226,724 of cash in investing activities compared to generating $374,449 for the three months ended March 31, 2016. For the three months ended March 31, 2017, cash used in investing activities primarily related to expenditures on the Company's exploration and evaluation assets. For the three months ended March 31, 2016, cash generated by investing activities primarily related to proceeds of $300,423 from the partial sale of the Company's investments in Western Uranium and URI and proceeds of $321,909 from the sale of exploration and evaluation assets pertaining to redundant land at the Centennial Project, partially offset by $259,013 of expenditures on the Company's exploration and evaluation assets.

Net cash used in financing activities

For the three months ended March 31, 2016, the Company used $10,000 for financing activities, which related to payments on outstanding loans payable.

CONTRACTUAL COMMITMENTS

As at March 31, 2017 and December 31, 2016, the Company's commitments were as follows:

	As at March 31, 2017			
	Within 1 year	2-4 years	Over 4 years	Total
Operating lease commitments	$ 45,847	$ 7,667	$ -	$ 53,514
Exploration and evaluation commitments	566,106	4,935,921	2,598,183	8,100,210
Total commitments	$ 611,953	$ 4,943,588	$ 2,598,183	$ 8,153,724

	As at December 31, 2016			
	Within 1 year	2-4 years	Over 4 years	Total
Operating lease commitments	$ 44,927	$ 53,513	$ -	$ 98,440
Exploration and evaluation commitments	607,941	5,085,029	2,866,562	8,559,532
Total commitments	$ 652,868	$ 5,138,542	$ 2,866,562	$ 8,657,972

As at March 31, 2017 and December 31, 2016, 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.

CONTRACTUAL COMMITMENTS (Continued)

For further information on the source of funds for the above contractual commitments, please refer to the *Financing, Liquidity and Capital Resources* section of this MD&A.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

FINANCIAL INSTRUMENTS

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 fair values of the Company's financial instruments classified as fair value through profit or loss are determined as follows:

- The fair value of financial instruments that are traded on an active liquid market are determined with reference to the quoted market prices. The fair value of the Company's investment in the shares of URI is determined using this methodology and the fair value of the Company's investment in the shares of Western Uranium was determined using this methodology.
- The fair value of financial instruments that are not traded in an active market are determined using generally accepted valuation models using inputs that are directly (i.e. prices) or indirectly (i.e. derived prices) observable.
    - The fair value of the warrant liability is determined using the Black-Scholes Option Pricing model.
- The fair value of financial instruments that are not traded in an active market are determined using generally accepted valuation models using inputs that are not directly (i.e. prices) or indirectly (i.e. derived from prices) observable.

The fair value of all other financial instruments of the Company approximates their carrying value because of the demand nature or short-term maturity of these instruments. The Company's cash, restricted cash and other financial liabilities are carried at amortized cost.

(Expressed in U.S. Dollars and shares, unless otherwise indicated)

FINANCIAL INSTRUMENTS (Continued)

	As at	
	March 31, 2017	**December 31, 2016**
Financial assets		
Loans and receivables		
Cash	$ 471,286	$ 941,370
Restricted cash	42,861	42,687
Fair value through profit or loss		
Investment in URI	93,676	68,264
Total financial assets	$ 607,823	$ 1,052,321

	As at December 31,	
	March 31, 2017	**December 31, 2016**
Financial liabilities		
Other financial liabilities		
Trade and other payables	$ 1,327,373	$ 1,376,872
Loan payable to shareholders	1,892,193	1,848,135
Other loans payable	91,917	90,065
Decommissioning liability	133,023	129,933
Fair value through profit or loss		
Warrant liability	553,074	596,602
Total financial liabilities	$ 3,997,580	$ 4,041,607

The Company is exposed to credit risk associated with its cash. The Company's maximum exposure to credit risk is equal to the carrying amount of its cash. The Company's credit risk on cash arises from default of the counterparty. The Company limits its exposure to counterparty credit risk on cash by only dealing with financial institutions with high credit ratings.

The Company is subject to share price risk with respect to its investment in URI. The Company manages its exposure to share price fluctuations, to the extent possible, by actively monitoring its investment in URI. The Company's maximum exposure to share price risk with respect to its investment in URI is equal to the carrying amount of its investment.

The Company is subject to liquidity risk, which is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. For further information on the Company's liquidity risk, please refer to the *Financing, Liquidity and Capital Resources* section of this MD&A.

(Expressed in U.S. Dollars and shares, unless otherwise indicated)

RELATED PARTY TRANSACTIONS

This MD&A includes the financial statements of Azarga Uranium and its significant subsidiaries listed in the following table:

		% equity interest As at	
Name	**Country of incorporation**	**March 31, 2017**	**December 31, 2016**
Azarga Resources (Hong Kong) Limited	Hong Kong	100%	100%
Azarga Resources Limited	British Virgin Islands	100%	100%
Azarga Resources Canada Ltd.	Canada	100%	100%
Azarga Resources USA Company	United States of America	100%	100%
Powertech USA, Inc.	United States of America	100%	100%
UrAsia	Kyrgyz Republic	70%	70%

For the three months ended March 31, 2017 and 2016, the Company had related party transactions with the Company's directors, management and shareholders including:

- Interest accruing to certain directors, management and shareholders of the Company on the Shareholders Loan Agreement.

Related party liabilities

The liabilities of the Company include the following amounts due to related parties:

	As at		
	March 31, 2017	**December 31, 2016**	
Loan payable to shareholders	$ 1,892,193	$ 1,848,135	(i)
Trade and other payables for key management personnel - current	615,351	339,043	
Trade and other payables for key management personnel - non-current	-	310,000	
Total liabilities with related parties	$ 2,507,544	$ 2,497,178	

(i) As at March 31, 2017, of the $1,892,183 loan payable to shareholders, $767,105 was payable to a director. As at December 31, 2016, of the $1,848,135 loan payable to shareholders, $749,243 was payable to a director.

Related party expenses

The Company's related party expenses consist of the following amounts:

	Three months ended March 31,	
	2017	**2016**
Interest expense on loan payable to shareholders	$ 44,060	$ 44,534
Total related party expenses	$ 44,060	$ 44,534

SHARE CAPITAL

The Company has authorized the issuance of an unlimited number of common and preferred shares with no par value. As at May 12, 2017, the Company had 75,366,943 common shares outstanding and no preferred shares outstanding. The Company also had incentive share options outstanding to acquire 4,078,762 unissued common shares with exercise prices ranging from C$0.34 to C$2.00 per share and 4,621,665 share purchase warrants outstanding, each entitling the holder to purchase one common share at an exercise price of C$0.35 until September 23, 2019.

On May 5, 2017, Blumont Group Ltd. ("Blumont") announced that its wholly-owned subsidiary, Powerlite, completed the transfer of 18,053,510 common shares of Azarga Uranium to Wintercrest Advisors LLC ("Wintercrest") or its nominees pursuant to the terms of a settlement agreement dated April 7, 2016 between Blumont and Wintercrest. As at May 12, 2017, Wintercrest or its nominees hold 18,053,510 common shares representing approximately 24% of the issued and outstanding common shares of Azarga Uranium.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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, 2016. 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, 2016 consolidated annual financial statements. There were no material changes to the significant accounting judgments and estimates from December 31, 2016.

RECENT ACCOUNTING PRONOUNCEMENTS

The adoption of the new and revised standards and interpretations issued by the IASB or IFRIC effective January 1, 2017 and standards issued but not yet effective that the Company plans to adopt, if applicable, when they become effective are disclosed in Note 2.3 of the Company's consolidated annual financial statements for the year ended December 31, 2016 and Note 2.3 of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2017 and 2016.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's condensed consolidated interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's condensed consolidated interim financial statements were prepared by the Company's management in accordance with IFRS. The Company's condensed consolidated interim financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the Company's condensed consolidated interim financial statements are presented fairly in all material respects.

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.

DISCLOSURE OF A SCIENTIFIC OR TECHNICAL NATURE

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.

RISKS AND UNCERTAINTIES

There are certain risks involved in the Company's operations, some of which are beyond its control. Material risks and uncertainties affecting the Company, their potential impact and the Company's principal risk management strategies are substantially unchanged from those disclosed in the Company's MD&A for the year ended December 31, 2016, which is available on SEDAR at www.sedar.com.