Azarga Uranium Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

(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 assumptions, which include, management's current expectations, estimates and assumptions about the Company's investments, the global economic environment, and the Company's ability to manage its assets and operating costs, may prove to be incorrect. 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; 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; 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; environmental regulatory requirements and risks; currency fluctuations; government regulation and policy risks; public involvement in the permitting process; Native American involvement in the permitting process; political risk; 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 warrants; the market price of the Company's shares; 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; conflicts of interest; exposure to emerging markets and the resolution of contentions pertaining to the Dewey Burdock NRC license. 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.

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS (Continued)

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.

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GENERAL

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Azarga Uranium Corp. ("Azarga Uranium") (formerly Powertech Uranium Corp. ("Powertech")) (which, together with its subsidiaries, is collectively referred to as the "Company") dated November 13, 2015 should be read in conjunction with the condensed consolidated interim financial statements of the Company and the notes thereto for the three and nine months ended September 30, 2015 and 2014. The condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Auditing Standard 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").

Financial information presented in this MD&A has been prepared as a continuation of Azarga Resources Limited's ("Azarga Resources") condensed consolidated interim financial statements and the comparative figures presented represent the condensed consolidated interim financial statements of Azarga Resources. The results of Powertech's operations have been included in the Company's consolidated financial statements subsequent to the close of the reverse take-over ("RTO") on October 28, 2014. In the condensed consolidated interim statement of cash flow for the nine months ended September 30, 2014, the Company reclassified the purchase of convertible loans of $3,666,787 from financing activities to investing activities.

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, all references to C$ refer to the Canadian Dollar and all references to A$ refer to Australian Dollars.

SIGNIFICANT EVENTS AND HIGHLIGHTS

The Company's significant events and highlights for the three months ended September 30, 2015 and subsequent period to November 13, 2015 are as follows:

- On July 8, 2015, the Company announced the appointment of Kim Huatt Ng as a non-executive director of the Company.

- On July 23, 2015, Cantor Fitzgerald initiated research coverage on Azarga Uranium.

SIGNIFICANT EVENTS AND HIGHLIGHTS (Continued)

- On August 10, 2015, Azarga Uranium announced that Alexander Molyneux, Chairman and Chief Executive Officer, had taken a temporary leave of absence and Blake Steele, Chief Financial Officer, had also been appointed President. Azarga Uranium's Deputy Chairman, Richard Clement, agreed to act as Chairman during Mr. Molyneux's absence. The executive component of Mr. Molyneux's role is being shared between Mr. Clement and Mr. Steele.

- On September 16, 2015, the Western Uranium Corporation ("Western Uranium") and Black Range Minerals Limited ("Black Range") merger closed.

- On November 9, 2015, the Uranium Resources, Inc. ("URI") and Anatolia Energy Limited ("Anatolia") merger closed.

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 and its shares are listed on the Toronto Stock Exchange (symbol: TSX:AZZ) and the Frankfurt Stock Exchange (symbol: FRA:P8AA). The Company is an integrated uranium exploration and development company. On October 28, 2014, Powertech completed a RTO with Azarga Resources. Refer to the *"Reverse Take-over of Powertech Uranium Corp."* section of this MD&A for additional details.

The Company controls uranium properties located in the United States of America ("USA") (South Dakota, Wyoming, and Colorado) 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 70% of the Kyzyl Ompul Project in the Kyrgyz Republic, the Centennial Project in Colorado, the Aladdin Deposit in Wyoming and two uranium exploration properties in Wyoming. As at the date of this MD&A, the Company also holds investments in the following uranium exploration and development companies: a 4.1% stake in Western Uranium, a publicly listed company on the Canadian Securities Exchange ("CSE") (symbol: CSE:WUC) (formerly Black Range) and a 4.6% stake in URI, a publicly listed company on the NASDAQ (symbol: NASDAQ:URRE) (formerly Anatolia).

BACKGROUND (Continued)

Reverse Take-over of Powertech Uranium Corp.

On October 28, 2014, Powertech completed its acquisition of all of the issued and outstanding common shares of Azarga Resources. In connection with closing the transaction, Powertech changed its name to Azarga Uranium Corp. and completed a consolidation of its outstanding common shares on the basis of 1 post-consolidation share for 10 pre-consolidation shares (the "Consolidation"). Pursuant to the share purchase agreement, as amended, in exchange for obtaining all of the issued and outstanding shares of Azarga Resources, Powertech issued 41,911,182 post-Consolidation common shares to the former shareholders of Azarga Resources, representing approximately 82.9% of the combined entity's ownership. As a result, the transaction represented an RTO and Azarga Resources was identified as the accounting acquirer. All common shares issued on close of the RTO were subject to a 24-month escrow period, with 25% of the escrowed securities released on October 28, 2015 and the remaining escrowed securities to be released on October 28, 2016.

Total consideration of $6,386,140 was transferred on close of the RTO and comprised of: the equivalent of 15,558,071 (post-Consolidation) common shares, outstanding share options and share purchase warrants and the net amount of loans forgiven by Azarga Resources. Total identifiable assets of $17,991,381 were transferred on close of the RTO, resulting in a bargain purchase gain of $11,605,241. The Company recognized a bargain purchase gain on close of the RTO due to Powertech's assets being undervalued as a result of a combination of factors, including weak equity markets.

INDUSTRY TRENDS AND OUTLOOK

The TradeTech U_3O_8 Spot Price at the end of September 2015 was $36.25 per pound, approximately 27% higher than the eight-year low recorded in August 2014.

It seems apparent that the uranium market could be in the early stages of a recovery from the March 2011 earthquake and tsunami in Japan and its damaging effect on Japan's nuclear power industry, which is still having ramifications on the broader nuclear and uranium industries. Prior to March 2011, Japan was the world's second largest consumer of uranium and until recently, Japan has been virtually absent from the uranium market. Certain other major nuclear power producing nations, such as Germany, have implemented plans to reduce or eliminate nuclear power.

The Company believes that a meaningful turnaround for uranium is underway. Our views are predicated on a number of key elements:

INDUSTRY TRENDS AND OUTLOOK (Continued)

- **Many countries that eliminated or reduced their nuclear reliance are now encountering significant consequences and switching back to nuclear** – Increased cost of electricity generation and increased pollution from switching to fossil fuels is a key issue for such countries. For example, CO_2 emissions for Japan are at an all-time high[1]. Furthermore, the switch away from nuclear has caused a significant increase in Japan's trade deficit. Japan has now created Asia's first mandatory scheme, with a plan to cut emissions by 26% by 2030 and to have approximately 20% of the country's electricity generated from nuclear power[1]. Twenty-six Japanese nuclear reactors have applied for regulatory approval to re-start operations[2]. Kyushu Electric Power has restarted two reactors: Sendai 1 in August 2015 and Sendai 2 in October 2015[2]. Shikoku Electric Power Co.'s Ikata 3 reactor is currently preparing for pre-operational inspections by the Nuclear Regulation Authority[2].

- **Demand is rapidly accelerating in new markets** – All of the 'BRICS' countries (i.e. Brazil, Russia, India, China and South Africa) are rapidly growing their nuclear power capacity and increasing their reliance on nuclear power as a proportion of overall power generation. In fact, when considering the number of nuclear power plants operating, those under construction and those proposed for construction, the figures have reached an all-time high[3]. China, Russia and India lead the world in terms of the number of new nuclear power plants under construction, with twenty-two, nine and six, respectively[3]. China, in particular, has recently announced in its latest Five Year Plan, a plan for at least 110 operating nuclear power reactors by 2030, accelerating its approval and construction process from 3-5 units per year (previous Five Year Plan) to 6-8 units per year between 2016 and 2020[4]. Even the United States is seeing renewed growth in its nuclear industry, with the NRC approving the licensing of new nuclear reactors in the United States for the first time in nearly two decades[5].

- **Current prices will constrain supply** – According to supply cost curves published by industry analysts, approximately one third of current mine supply is not economic at the current spot price. Low prices are forcing producers to curtail mining, development and exploration. According to industry analysts, in 2014, at least 12 million pounds of annual U_3O_8 supply has been eliminated[6].

[1] Irish Times – *Japan's Emissions Have Soared Since Fukushima Nuclear Disaster (September 21, 2015)*
[2] Nuclear Energy Institute – *Japan Nuclear Update (November 5, 2015)*
[3] World Nuclear Association – *World Nuclear Power Reactors & Uranium Requirements (November 3, 2015)*
[4] Barclays Equity Research – *Asia ex-Japan Power & Utilities: Raising the heat in the nuclear space (October 16, 2015)*
[5] Times Free Press – *Watts Bar Nuclear Plant Unit Passes Key Test (October 13, 2015)*
[6] JP Morgan Equity Research – *Global Metals and Mining: Waiting For Uranium Prices to Rise (May 29, 2013)*

INDUSTRY TRENDS AND OUTLOOK (Continued)

Despite the Company's belief that a uranium industry turnaround is tentatively underway, 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 ASLB ruling in April 2015 were key risk reduction events for the Dewey Burdock Project. Azarga Uranium is now continuing work to resolve the remaining two contentions on the NRC license and to complete the Environmental Protection Agency ("EPA") and South Dakota state permitting requirements through 2015 and 2016 in order to have the project ready for construction in the first half of 2017. Furthermore, the Company has embarked on a process to consider project-financing options for the Dewey Burdock Project, with a view to having a funding solution in place concurrent with the finalization of permits.

- **Future uranium production off-take** – In the first quarter of 2015, Azarga Uranium commenced the process of engaging with potential customers for future uranium production off-take. To date, feedback has been positive with clear interest from potential customers for U_3O_8 supply in the years commencing from 2019.

- **Curtail activities in the Kyrgyz Republic** – A maiden National Instrument 43-101 ("NI 43-101") uranium resource was completed in April 2014 on the foundations of a two-year exploration program on the Kyzyl Ompul Project. In 2015, the Company will focus on completing desktop studies for the Kyzyl Ompul Project.

- **Manage investments for value** – The Company's investments in Western Uranium and URI have a combined market value of $3.2 million as at November 12, 2015. The Company will continue to monitor these investments for opportunities to create value.

- **Identify opportunities to generate capital through the sale of redundant assets** – The Company expects to generate approximately $1,000,000 through the sale of redundant assets. The sale of the Company's redundant assets will not jeopardize the overall strategy of the business. For the nine months ended September 30, 2015, the Company sold redundant assets for net proceeds of $167,073.

INDUSTRY TRENDS AND OUTLOOK (Continued)

The Company believes a unique opportunity exists for investors to build an investment in Azarga Uranium. Firstly, the Company has a firm belief that uranium prices will move meaningfully 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 the likelihood of attracting financing and moving into the construction phase as soon as permitting is complete is high. Thirdly, the Company has an asset suite inclusive of mineral properties and equity investments at various stages of development, which provide a pipeline for continued growth or realization. Lastly, 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 13,880 surface acres and 17,900 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 PEA provides an updated preliminary economic analysis of the Dewey Burdock Project based on exploration and development work performed subsequent to the previous PEA filed in April 2012.

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 Company's measured and indicated resources increased by 28% compared to the PEA filed in April 2012 to 8,582,000 pounds of uranium at an average grade of 0.25% U_3O_8. The mineral resource estimate further estimates 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 PEA.

MINERAL PROPERTIES (Continued)

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 January 29th, 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 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 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 Nuclear Regulatory Commission ("NRC") issued the final Supplemental Environment Impact Statement ("SEIS") for the Dewey Burdock Project on January 31, 2014. The EPA issued a notice of receipt of the final SEIS on February 7, 2014, starting a 30-day review period and subsequently issued final comments on the SEIS on March 10, 2014. The NRC also prepared a Safety Evaluation Report ("SER"), which was published in November 2013 and a draft Section 106 Programmatic Agreement ("PA"). The final Section 106 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 revised SER and the Company's Dewey Burdock Project received its Source and Byproduct Materials License SUA-1600 (an operating license) on April 8, 2014, covering 10,580 acres.

MINERAL PROPERTIES (Continued)

In August 2014, the evidentiary hearing was held with the Atomic Safety and Licensing Board ("ASLB") in regards to the limited contentions raised with respect to the Dewey Burdock Project. These hearings with the ASLB are normal practice and are undertaken after the NRC license is granted to determine whether or not the NRC staff has considered all issues related to the license. In April 2015, the ASLB ruled on seven contentions raised by 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 NRC staff and the Company. It also ruled inadmissible two new contentions that were filed by the Intervenors after the evidentiary hearing. The ASLB determined that its partial initial decision would constitute a final decision in 120 days (i.e. August 28, 2015), subject to an NRC Commission determination that it will review the decision or the NRC Commission granting leave to any appeal. As the Company, the NRC staff and the Intervenors have filed petitions for review of the ASLB ruling, a final decision was not issued by August 28, 2015.

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. However, it did not suspend the NRC license. Instead, the ASLB decided to retain jurisdiction of the two contentions and has asked for monthly status reports from the NRC staff until the outstanding issues are addressed. The Company plans to fully facilitate this process.

The Company and the NRC staff filed petitions for review of the ASLB ruling on the identification and protection of historic and cultural resources to the NRC Commission. The Intervenors also filed petitions for review covering most of the contentions heard by the ASLB. The Company filed responses to each of the petitions for review to the NRC Commission submitted by the Intervenors. The NRC staff filed responses supporting the Company's petition and opposing the Intervenors' petitions, while of the Intervenors, only the Oglala Sioux Tribe filed a response to the Company and NRC staff petitions for review within the assigned timeframe. On September 21, 2015, as anticipated by the Company, all parties received a response from the NRC Commission indicating that the above filings are still being reviewed.

MINERAL PROPERTIES (Continued)

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 Class III and Class V underground injection control ("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.

The EPA continues to work on the draft Class III and Class V UIC permits and the Company currently anticipates receiving the final Class III and Class V UIC permits in the first half of 2016. However, due to the lack of mandated regulatory timelines, the dates may be subject to change.

The Company has 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.

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 for the Dewey Burdock Project in the first half of 2016, at which point it is also anticipated that the BLM will prepare an environmental assessment and issue its Record of Decision.

The Company anticipates the regulatory process with respect to the NRC Commission, the EPA, the South Dakota DENR and the BLM to be completed in the second half of 2016; however, the Company remains cautious regarding the anticipated schedule for obtaining the outstanding regulatory approvals because of factors outside the Company's control, including a lack of mandated regulatory timelines for permit issuances and the logistics of scheduling and holding regulatory hearings.

MINERAL PROPERTIES (Continued)

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 1,720 acres of surface rights and approximately 6,680 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 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. The effective date of the resource estimate is June 2, 2010.

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; 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.

MINERAL PROPERTIES (Continued)

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

The Aladdin Deposit is comprised of approximately 7,610 acres of mineral rights and 7,860 acres of surface rights located 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 Teton Exploration Company.

The Aladdin Deposit contains indicated uranium resources of 1,038,023 pounds at 0.111% U_3O_8 and inferred uranium resources of 101,255 pounds at 0.119% U_3O_8 at a 0.20 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In addition, using the same cut-off, the quantity of mineralization for the exploration target was determined to be 5.0 to 11.0 million pounds of uranium, averaging 0.11% - 0.12% U_3O_8. In over 80% of the project area, the density of exploration drilling is light and insufficient to calculate resources. In these lightly explored areas, there is sufficient drill hole control for subsurface geochemical mapping and thirteen mineralized trends were identified. This estimation used a range of i) mineralized trend lengths, ii) widths of mineralization and iii) grades of mineralization.

The grade and quantity of this exploration target is conceptual in nature and there has been insufficient exploration work performed with respect to the exploration target to define a NI 43-101 compliant resource. It is uncertain whether further exploration of the exploration target will result in the delineation of a NI 43-101 compliant resource. Details of the assumptions and parameters used with respect to the Aladdin NI 43-101 Technical Report, including quality estimates and information on data verification are available under the Company's profile on SEDAR at www.sedar.com.

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

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

MINERAL PROPERTIES (Continued)

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 has a 70% interest in, and consists of one exploration license with an area of 42,379 hectares. The license is valid until December 31, 2015 and permits exploration for uranium. Subsequent to September 30, 2015, the Company made license payments related to the first and second quarters of 2015 for the Kyzyl Ompul Project. These license payments were delayed while the Company renegotiated the terms of the Kyzyl Ompul exploration license. The Company has filed an application to extend the Kyzyl Ompul exploration license until December 31, 2020; however, until the extension is issued, there is a risk that the exploration license may not be extended beyond December 31, 2015.

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 2015, the Company will focus on completing desktop studies for the Kyzyl Ompul Project to conserve the Company's financial resources.

INVESTMENTS

Uranium Resources, Inc. (4.6% interest as at the date of this MD&A)

Anatolia (formerly listed on the Australian Stock Exchange (ASX:AEK)) merged with URI on November 9, 2015 (the "Anatolia Merger"). URI, a company listed on the NASDAQ (NASDAQ: URRE), owns a diverse portfolio of uranium mineral holdings in the USA, including the Kingsville Dome Project and the Rosita Project and advanced exploration and development projects in the central Anatolian region of Turkey, including the Temrezli Uranium Project. Please refer to the URI website at www.uraniumresources.com for additional details.

INVESTMENTS (Continued)

Western Uranium (4.1% interest as at the date of this MD&A)

Black Range (formerly listed on the Australian Stock Exchange (ASX: BLR)) merged with Western Uranium on September 16, 2015 (the "Black Range Merger"). Western Uranium, a company listed on the Canadian Securities Exchange (CSE: WUC), owns uranium and vanadium projects in the USA, including the Hansen/Taylor Project, the Sunday Complex Project and the San Rafael Project and has a tolling agreement at the White Mesa mill in Blanding, Utah. Please refer to the Western Uranium website at www.western-uranium.com for additional details.

SUMMARY OF FINANCIAL RESULTS

The following table provides selected quarterly financial information for the most recent seven quarters. Quarterly financial information is not available for the prior periods.

Management cautions the reader of the comparability of financial information presented in the consolidated statements of profit or loss and other comprehensive income and the consolidated statements of cash flows in this MD&A. The financial information has been prepared as a continuation of Azarga Resources' consolidated financial statements and the comparative figures presented represent the consolidated financial statements of Azarga Resources. The results of Powertech's operations have been included in the Company's consolidated financial statements subsequent to the close of the RTO on October 28, 2014.

	2015			2014			
QUARTER ENDED	**30-Sep**	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Administration expenses	$ (425,650)	$ (719,187)	$ (1,080,032)	$ (1,622,416)	$ (464,607)	$ (729,183)	$ (986,701)
Finance costs	(135,844)	(146,656)	(164,734)	(164,118)	(138,134)	(546,740)	(478,728)
Unrealized gain/(loss) on financial instruments	756,455	404	344,576	(749,459)	(1,283,982)	(52,451)	524,696
Realized gain/(loss) on financial instruments	85,928	1,084,846	(206,705)	301,133	170,216	(1,589,776)	946,947
Share of equity income/(loss) from associates	4,769	(76,175)	(530,969)	(1,942,957)	234,964	(352,905)	(222,563)
Impairment of investment in associates	-	(520,866)	-	(3,707,133)	-	-	-
Gain on bargain purchase on close of RTO	-	-	-	11,605,241	-	-	-
Deferred income tax recovery/(expense)	1,579	30,627	(50,435)	(122,546)	(33,196)	28,907	(128,260)
Net income/(loss)	275,512	(366,262)	(1,556,818)	3,633,140	(1,514,918)	(3,251,385)	(342,562)
Total comprehensive income/(loss)	(102,570)	(249,549)	(1,868,055)	3,238,470	(1,679,572)	(3,093,264)	(673,286)

SUMMARY OF FINANCIAL RESULTS (Continued)

For the three months ended September 30, 2015

The Company recorded a net income of $275,512 for the three months ended September 30, 2015 compared to a net loss of $1,514,918 for the three months ended September 30, 2014. The net income/(loss) in each period primarily related to the following:

Administration expenses were $425,650 for the three months ended September 30, 2015 compared to $464,607 for the three months ended September 30, 2014. The decrease primarily related to reduced consulting and professional fees as a result of the Company's effort to conserve cash partially offset by increased salaries and benefits due to increased employees and directors as a result of the RTO.

Finance costs were comparable for the three months ended September 30, 2015 and 2014.

The Company recognized an unrealized gain of $756,455 for the three months ended September 30, 2015 compared to an unrealized loss of $1,283,982 for the three months ended September 30, 2014. For the three months ended September 30, 2015, the unrealized gain primarily related to a gain on the revaluation of the Company's investment in Western Uranium, partially offset by a loss from the revaluation of the Company's investment in Anatolia. For the three months ended September 30, 2014, the unrealized loss primarily related to a loss on convertible loans issued by Powertech, a loss from the revaluation of the Company's investment in Anatolia and the reclassification of the gain on the put option on Anatolia shares, partially offset by a dilution gain on the Company's investment in Black Range and Powertech.

The Company recognized a realized gain of $85,928 for the three months ended September 30, 2015 compared to a realized gain of $170,216 for the three months ended September 30, 2014. For the three months ended September 30, 2015, the realized gain primarily related to a gain on the execution of the Empire Equity Ltd. ("Empire Equity") Termination Deed (refer to the *"Financing, Liquidity and Capital Resources"* section of this MD&A for additional details). For the three months ended September 30, 2014, the realized gain is primarily related to the reclassification of the gain on the put option on Anatolia shares.

The Company recognized an equity income pick-up of $4,769 for the three months ended September 30, 2015 related to the Company's investment in Black Range prior to the Black Range Merger. For the three months ended September 30, 2014, the Company recognized an equity income pick-up of $234,964 related to the Company's investment in Black Range and Powertech.

SUMMARY OF FINANCIAL RESULTS (Continued)

For the nine months ended September 30, 2015

The Company recorded a net loss of $1,647,568 for the nine months ended September 30, 2015 compared to a net loss of $5,108,865 for the nine months ended September 30, 2014. The net loss in each period primarily related to the following:

Administration expenses for the nine months ended September 30, 2015 and 2014 were comparable. However, for the nine months ended September 30, 2015, salaries and benefits increased due to increased employees and directors as a result of the RTO and employee severance costs, while consulting and professional fees decreased as a result of the Company's efforts to conserve cash.

Finance costs were $447,234 for the nine months ended September 30, 2015 compared to $1,163,602 for the nine months ended September 30, 2014. The decrease primarily related to a $nil interest expense on the equity instrument issued to Powerlite Ventures Limited ("Powerlite") for the nine months ended September 30, 2015 compared to a $757,754 interest expense for the nine months ended September 30, 2014.

The Company recognized an unrealized gain of $1,101,435 for the nine months ended September 30, 2015 compared to an unrealized loss of $811,737 for the nine months ended September 30, 2014. For the nine months ended September 30, 2015, the unrealized gain primarily related to a gain on the revaluation of the Company's investment in Western Uranium, a gain on the warrant liability and a dilution gain on the Company's investment in Black Range, partially offset by a loss on the revaluation of the Company's investment in Anatolia. For the nine months ended September 30, 2014, the unrealized loss primarily related to a loss on the convertible loans issued by Powertech, partially offset by a dilution gain on the Company's investment in Black Range and Powertech and a gain on the convertible loans issued by Black Range.

The Company recognized a realized gain of $964,069 for the nine months ended September 30, 2015 compared to a realized loss of $472,613 for the nine months ended September 30, 2014. For the nine months ended September 30, 2015, the realized gain primarily related to a gain on the extinguishment of other loans payable, partially offset by a loss on conversion of the Third Black Range Convertible Loan. For the nine months ended September 30, 2014, the realized loss primarily related to a loss on conversion of the First and Second Black Range Convertible Loans, partially offset by a gain on the extinguishment of the liabilities to the original sellers of UrAsia.

The Company recognized an equity loss pick-up of $602,375 for the nine months ended September 30, 2015 related to the Company's investment in Black Range. For the nine months ended September 30, 2014, the Company recognized an equity loss pick-up of $340,504 related to the Company's investment in Black Range and Powertech.

SUMMARY OF FINANCIAL RESULTS (Continued)

For the nine months ended September 30, 2015, the Company recognized an impairment charge of $520,866 on its investment in Black Range due to the substantial decline in Black Range's market capitalization.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

The Company's capital risk management objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's 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, 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.

As at September 30, 2015, the Company had negative working capital of $3,035,740 and an accumulated deficit of $7,841,472 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.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

As at September 30, 2015, the Company had cash of $535,685 compared to cash of $3,214,529 as at December 31, 2014. The Company's working capital deficit (current assets less current liabilities) was $3,035,740 as at September 30, 2015 compared to $1,567,300 as at December 31, 2014. Subsequent to September 30, 2015, the Company's working capital deficit improved by $700,000 as a result of the successful negotiations with the original sellers of UrAsia (see "*UrAsia in Kyrgyzstan Limited Liability Company*" for additional details). The Company continues to actively manage its cash and working capital positions. The Company is not subject to any externally imposed capital expenditure requirements.

The Company has also identified opportunities to generate cash through the sale of redundant assets. The Company expects to generate approximately $1,000,000 through the sale of redundant assets. The sale of the Company's redundant assets will not jeopardize the overall strategy of the business. For the nine months ended September 30, 2015, the Company sold redundant assets for net proceeds of $167,073.

The Company will also continue to monitor its investments in Western Uranium and URI for opportunities to create value realization.

Powertech Uranium Corp.

On October 18, 2013, the Company agreed to provide a loan facility of $3,600,000 to Powertech ("Powertech Convertible Loan") repayable in cash or shares. Subsequently, on September 12, 2014, Powertech and the Company agreed to enter into an additional $650,000 loan facility ("Second Powertech Convertible Loan") repayable in cash or shares. The Powertech Convertible Loan and the Second Powertech Convertible Loan were settled on close of the RTO.

For the three and nine months ended September 30, 2014, $960,000 and $2,575,000, respectively, were drawn down under the Powertech Convertible Loan. For the three and nine months ended September 30, 2014, $225,000 was drawn down under the Second Powertech Convertible Loan.

UrAsia in Kyrgyzstan Limited Liability Company

On July 27, 2012, the Company acquired 80% of the charter capital of UrAsia through the Share Transfer Agreement and Agreement of Participants (the "Purchase Agreements") for an upfront cash payment of $200,000 and a deferred payment of $5,800,000. Under the terms of the Purchase Agreements, as amended, the original sellers of UrAsia also have the right to sell the remaining 20% of UrAsia's charter capital to the Company for 1) $2,000,000 in cash; or 2) $2,000,000 of the Company's shares.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

On February 12, 2014, payment terms for the remaining $1,850,000 owing to the original sellers of UrAsia were amended to be settled according to the following schedule: $150,000 payable on or before March 30, 2014, $200,000 payable on or before December 31, 2014, $500,000 payable on or before December 31, 2015, $500,000 payable on or before December 31, 2016 and $500,000 payable on or before December 31, 2017. Further, on December 30, 2014, the payment terms were amended to delay the $200,000 payable on or before December 31, 2014 to be payable on or before April 1, 2015.

If the Company fails to settle the outstanding deferred payments in accordance with the revised payment schedule, its participation interest in UrAsia's charter capital will be reduced based on a pro-rata calculation over the unpaid portion of the $5,800,000, but not more than 60%, and transferred back to the original sellers of UrAsia.

For the nine months ended September 30, 2014, the Company paid $150,000 to settle a portion of the deferred consideration owing to the original sellers of UrAsia. No payments were made for the nine months ended September 30, 2015.

The February 12, 2014 amendment also aligned the put option exercise timing on the remaining 20% of UrAsia's charter capital with the final deferred payment to be made on or before December 31, 2017.

Subsequent to September 30, 2015, the Company sold 10% of the charter capital of UrAsia back to the original sellers of UrAsia for consideration that included: i) forgiving the outstanding US$1,700,000 of deferred payments and ii) extinguishment of the put option on the non-controlling interest of UrAsia (the "Amended Purchase Agreement"). The Amended Purchase Agreement resulted in a decrease of the Company's ownership interest in UrAsia to 70%.

Investment in Western Uranium (formerly Black Range)

As at November 12, 2015, the Company's ownership interest in Western Uranium was 4.1% and had a market value of $1,512,035. The Company acquired its ownership in Western Uranium through the Black Range Merger, where each Black Range shareholder received one new Western Uranium share for every 750 Black Range shares held.

On July 2, 2013, the Company entered into a financing agreement with Black Range to provide a A$2,000,000 convertible loan ("First Black Range Convertible Loan") repayable in cash or common shares of Black Range (the "Black Range Shares").

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

On October 26, 2013, the Company entered into a second financing agreement with Black Range to provide a A$1,500,000 convertible loan ("Second Black Range Convertible Loan") repayable in cash or Black Range Shares. For the nine months ended September 30, 2014, Black Range drew down A$500,000 ($447,408) under the Second Black Range Convertible Loan.

In June 2014, the First and Second Black Range Convertible Loans were fully converted into Black Range Shares and the facilities were extinguished.

On February 25, 2014, the Company entered into a third financing agreement with Black Range to provide a A$2,000,000 convertible loan ("Third Black Range Convertible Loan") repayable in cash or Black Range Shares at the higher of a) the three month volume weighted average price of Black Range Shares traded on the Australian Stock Exchange from the date of the first draw down or b) A$.007.

In March 2015, the Third Black Range Convertible Loan, in the amount of $410,397, was converted into 73,284,314 Black Range Shares at a conversion price of A$0.008 per share and the facility was extinguished.

For the nine months ended September 30, 2015, no amounts were drawn under the Third Black Range Convertible Loan. For the nine months ended September 30, 2014, Black Range drew down A$460,000 ($419,080) under the Third Black Range Convertible Loan.

On October 3, 2014, the Company closed a share sale agreement and economic exposure sharing deed with Empire Equity to sell 140,000,000 Black Range Shares at A$0.008 per share for total consideration of A$1,120,000. The consideration is payable in four equal installments; however, the Company only received the first installment from Empire Equity.

In July 2015, the Company and Empire Equity agreed to terminate the share sale agreement and economic exposure deed (the "Termination Deed"). Under the Termination Deed, Empire Equity transferred 120,000,000 Black Range Shares to the Company, the Company was not obligated to repay the first installment received from Empire Equity of A$280,000 and the Company granted Empire Equity 1,000,000 stock options to acquire the Company's shares at C$0.35 per share. The options expire on their third anniversary.

For the three and nine months ended September 30, 2015, the Company sold 212,007,381 Black Range Shares for proceeds of $322,892. For the three and nine months ended September 30, 2014, the Company sold 4,000,000 and 39,388,824 Black Range Shares, respectively, for proceeds of $21,989 and $301,062, respectively.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Investment in Uranium Resources, Inc. (formerly Anatolia)

As at November 12, 2015, the Company's ownership interest in URI was 4.6% and had a market value of $1,670,475. The Company acquired its ownership in URI through the Anatolia Merger, where each Anatolia shareholder received one new URI share for every 15 Anatolia shares held.

On October 1, 2013, the Company signed a put option agreement with Anatolia. Under the put option agreement, Anatolia could issue a total of 16,666,667 shares to the Company at an issue price of A$0.12 per share in tranches of 8,333,333 shares ("Tranche 1") and 8,333,334 shares ("Tranche 2"). In February 2014, Anatolia exercised Tranche 1 of the put option agreement and issued 8,333,333 Anatolia shares to the Company at an exercise price of $898,100.

In August 2014, Anatolia and the Company amended the put option agreement. The Company paid consideration of $348,338 to Anatolia to settle Tranche 2 of the put option agreement and provide the Company with the ability to acquire up to 8,333,334 shares in Anatolia at a price of A$0.08 per share (the "Call Option Agreement"). The Call Option Agreement was not exercised by the Company and expired on March 31, 2015.

For the three and nine months ended September 30, 2015, the Company sold 397,857 shares of Anatolia for proceeds of $20,280. For the nine months ended September 30, 2015, the Company purchased 1,350,000 shares of Anatolia for total consideration of $77,290. For the nine months ended September 30, 2014, the Company sold 450,000 Anatolia shares for proceeds of $34,172.

Powerlite Ventures Limited – Powerlite Facility

On May 22, 2013, the Company issued an equity instrument ("Powerlite Facility") to Powerlite for $15,000,000 ("Facility Limit"). In accordance with the agreement, as amended, the outstanding principal and interest accrued under the agreement will be settled through the issuance of the Company's shares at $1.54 per share. As a result, the financial instrument has been classified as equity. Accrued interest has been recorded to interest expense with the offset being recorded 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 – $1.54 per share;
- Powerlite's conversion right – convert the outstanding notes plus accrued interest into the Company's shares after the date of issue;

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

- Company's conversion right – 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 convertible loans held by the Company;
- 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.

On August 28, 2013 and February 12, 2014, the Facility Limit was increased to $21,000,000 and $26,000,000, respectively. As at September 30, 2015, the Company had drawn $18,000,000 (December 31, 2014: $18,000,000) under the Powerlite Facility. The Facility Limit increase of $5,000,000 on February 12, 2014 was subject to a mutually agreed draw down schedule to be agreed prior to the end of 2014; however, a draw down schedule was not agreed. $3,000,000 remains available under the Powerlite Facility, subject to the Powerlite Facility terms discussed above.

For the nine months ended September 30, 2015, the Company did not make any drawdowns under the Powerlite Facility. For the nine months ended September 30, 2014, the Company drew down $6,000,000 under the Powerlite Facility.

On July 1, 2014, pursuant to the terms of the Powerlite Facility, the Company exercised its conversion right and 38,212,493 shares were issued to Powerlite on conversion of the accumulated Powerlite equity contributions ($18,000,000) plus accrued interest.

Private Placement Financing

Concurrent with the closing of the RTO and the Consolidation, the Company completed a private placement financing for gross proceeds of approximately C$5,000,000 ($4,450,442) (the "Financing") through the issuance of 8,338,134 post-Consolidation units ("Units"), each Unit consisting of one post-Consolidation common share and one-half of a common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one post-Consolidation common share at an exercise price of C$1.00 per share until October 28, 2016. Accounting for the Consolidation adjustment, the Units subscribed for pursuant to the Financing were subscribed for at C$0.60 per Unit. Finder's fees in connection with the Financing consisted of C$145,617 and 242,696 post-Consolidation shares. All securities issued pursuant to the Financing were subject to a hold period that expired March 1, 2015.

The proceeds of the Financing will be used for: continuation of the permitting process for the Dewey Burdock Project; land and claim payments with respect to the Company's directly controlled projects in the USA and the Kyrgyz Republic; exploration; and general working capital purposes.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Shareholders Loan Agreement

On July 31, 2012, the Company entered into a $1,800,000 convertible loan agreement with certain shareholders ("Shareholders Loan Agreement"), as amended. The funds were used for funding the UrAsia 2012 exploration program and general working capital purposes. The key commercial terms of the financing include:

- Interest – 10% per annum payable on each anniversary date of the Shareholders Loan Agreement;
- Term – 5 years, commencing July 31, 2012;
- Conversion price – $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.

As at September 30, 2015, the Company had drawn $1,776,000 under the Shareholders Loan Agreement (December 31, 2014: $1,776,000). The Company drew down no amounts for the three and nine months ended September 30, 2015 and 2014.

Other Loans Payable

The Company assumed loan agreements with Anadarko Land Corp. ("Anadarko") and Elston on close of the RTO. These agreements include:

<u>Anadarko Agreement</u>

The Company entered into an agreement with Anadarko to purchase uranium rights on certain areas of the Centennial Project for total consideration of $3,000,000 (the "Anadarko Agreement"), of which $1,835,000 has been paid. In April 2015, the Anadarko Agreement was amended to modify the payment amount and the payment terms as follows: $20,000 payable annually from 2016 to 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 mineral interests. Other key terms of the Anadarko Agreement include:

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

- Failure to Permit – if the Company does not obtain the regulatory permits and licenses allowing uranium production by September 27, 2019, the uranium rights will transfer back to Anadarko, at Anadarko's option;
- In the event of default, the uranium rights will transfer back to Anadarko, at Anadarko's option; and
- The Anadarko Agreement is non-interest bearing.

For the nine months ended September 30, 2015, the Company made payments totaling $20,000.

Elston Agreements

The Company entered into an agreement with Elston to purchase mineral rights on certain areas of the Dewey Burdock Project for total consideration of $600,000, of which $510,000 has been paid as at September 30, 2015 (the "Elston Agreement"). The outstanding consideration of $90,000 is payable in three annual installments of $30,000 from 2016 to 2018. An additional $1,300,000 is payable, in four equal annual installments, upon receipt of regulatory permits and licenses allowing uranium production on the area of the Dewey Burdock Project pertaining to these mineral interests. Other key terms of the Elston Agreement include:

- In the event of default, Elston has the option to purchase the mineral property interests for $1; and
- The Elston Agreement is non-interest bearing.

The Company also assumed an additional Elston agreement with $750,000 payable, in four equal annual installments, upon receipt of regulatory permits and licenses allowing uranium production on the area of the Dewey Burdock Project pertaining to the mineral interests covered by the agreement.

Cash Flow Highlights

Net cash used in Operating Activities

For the nine months ended September 30, 2015, the Company used $2,075,068 of cash in operating activities compared to $1,109,295 for the nine months ended September 30, 2014. Cash used in operating activities increased for the nine months ended September 30, 2015 primarily due to changes in working capital items related to trade and other payables and other liabilities.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Net cash used in Investing Activities

For the nine months ended September 30, 2015, the Company used $544,531 of cash in investing activities compared to $5,230,955 for the nine months ended September 30, 2014. For the nine months ended September 30, 2015, net cash used in investing activities primarily related to $1,011,225 of net expenditures related to the Company's exploration and evaluation assets, partially offset by proceeds of $343,172 from the sale of part of the Company's investment in Black Range and Anatolia and surety financing of $168,805 for reclamation bonds.

For the nine months ended September 30, 2014, net cash used in investing activities primarily related to a $898,100 long-term investment in Anatolia, $3,666,787 to purchase convertible loans in Powertech and Black Range, $348,338 to settle the Anatolia put option agreement and $428,338 of exploration and evaluation expenditures related to the Kyzyl Ompul and Centennial Projects, partially offset by $335,232 in proceeds from the sale of part of the Company's investment in Black Range and Anatolia.

Net cash generated by (used in) Financing Activities

For the nine months ended September 30, 2015, the Company used $60,000 for financing activities compared to generating $6,361,755 from financing activities for the nine months ended September 30, 2014. For the nine months ended September 30, 2015, cash used for financing activities related to payments on other loans payable. For the nine months ended September 30, 2014, cash generated from financing activities related to $6,000,000 drawn under the Powerlite Facility and $361,755 of proceeds from share issuances.

CONTRACTUAL COMMITMENTS

As at September 30, 2015 and December 31, 2014, the Company's commitments for expenditures are as follows:

	As at September 30, 2015			
	Within 1 year	**2-4 years**	**Over 4 years**	**Total**
Operating expenditure commitments	$ 529,411	$ 6,158,471	$ 3,002,975	$ 9,690,857
Commitments	$ 529,411	$ 6,158,471	$ 3,002,975	$ 9,690,857

	As at December 31, 2014			
	Within 1 year	**2-4 years**	**Over 4 years**	**Total**
Operating expenditure commitments	$ 678,100	$ 909,970	$ 1,019,395	$ 2,607,465
Commitments	$ 678,100	$ 909,970	$ 1,019,395	$ 2,607,465

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 Anatolia and Western Uranium are 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 call option held by the Company for Anatolia shares was determined using the Black-Scholes Option Pricing Model.
    - 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 loan asset component for Black Range was valued based on the present value of expected future cash flows at the discount rate that would have applied to the financial asset without conversion or other embedded derivative features. None of the fair value change in the convertible loans for the three and nine months ended September 30, 2015 and 2014 is related to a change in the credit risk of the convertible loans. All of the change in fair value is associated with changes in market conditions.

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.

FINANCIAL INSTRUMENTS (Continued)

	As at	
	September 30, 2015	**December 31, 2014**
Financial assets		
Loans and receivables		
Cash	$ 535,685	$ 3,214,529
Restricted cash	59,734	231,948
Fair value through profit or loss		
Investment in Anatolia	1,509,109	2,061,257
Investment in Western Uranium	2,111,529	-
Convertible loan issued by Black Range	-	427,139
Call option on Anatolia shares	-	36,877
Total financial assets	$ 4,216,057	$ 5,971,750

	As at	
	September 30, 2015	**December 31, 2014**
Financial liabilities		
Other financial liabilities		
Trade and other payables	$ 3,008,023	$ 3,470,711
Loan payable to shareholders	2,158,488	2,024,522
Deferred consideration	1,518,860	1,400,672
Put option on non-controlling interest of UrAsia	1,549,006	1,423,118
Decommissioning liability	115,297	-
Other loans payable	137,501	1,246,094
Fair value through profit or loss		
Warrant liability	54,968	328,213
Empire Equity facility	-	228,422
Total financial liabilities	$ 8,542,143	$ 10,121,752

RELATED PARTY TRANSACTIONS

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

		% equity interest As at	
Name	**Country of incorporation**	**September 30, 2015**	**December 31, 2014**
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%
UrAsia	Kyrgyz Republic	80%	80%
Powertech USA, Inc.	United States of America	100%	100%
Black Range	Australia	N/A	24%

RELATED PARTY TRANSACTIONS (Continued)

The Company held a significant influence investment in Powertech from October 18, 2013 to October 28, 2014, at which point the RTO closed. The Company held a significant influence investment in Black Range until the close of the Black Range Merger, at which point the Company no longer held significant influence.

During the three and nine months ended September 30, 2015 and 2014, the Company had related party transactions with the Company's directors, shareholders, management and significant influence investees including:

- Interest accruing to certain directors/shareholders of the Company on the Shareholders Loan Agreement;
- The conversion of the First, Second, and Third Black Range Convertible Loans;
- The execution of the Second Powertech Convertible Loan;
- The purchase of convertible loans issued by Powertech;
- The purchase of convertible loans issued by Black Range;
- Certain shareholders and key management personnel subscribed for the Company's shares under subscription agreements;
- The disposal of Black Range shares;
- An impairment charge on the Company's investment in Black Range; and
- The issuance of common shares to key management personnel of the Company to settle trade and other payables owing.

Related party assets

The assets of the Company include the following related party amounts:

	As at	
	September 30, 2015	**December 31, 2014**
Convertible loan issued by Black Range	$ -	$ 427,139
Investment in Black Range	-	1,890,623
Total assets with related parties	$ -	$ 2,317,762

RELATED PARTY TRANSACTIONS (Continued)

Related party liabilities

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

	As at		
	September 30, 2015	December 31, 2014	
Loan payable to shareholders	$ 2,158,488	$ 2,024,522	(i)
Trade and other payables for key management personnel	867,179	621,707	
Total liabilities with related parties	$ 3,025,667	$ 2,646,229	

(i) As at September 30, 2015, of the $2,158,488 loan payable to shareholders, $875,063 was payable to a director.

Related party income and expenses

The Company's related party income and expenses consist of the following amount:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Equity income pick-up from Black Range	$ 4,769	$ 242,582	$ -	$ -
Unrealized gain on Black Range convertible loans	-	-	-	370,692
Dilution gain on investment in associates	8,634	299,665	138,493	469,784
Total related party income	$ 13,403	$ 542,247	$ 138,493	$ 840,476

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Interest expense on loan payable to shareholders	$ 44,347	$ 44,340	$ 133,966	$ 134,041
Interest expense on promissory note issued to Powertech for Centennial	-	6,130	-	17,690
Interest expense on put option held by Powertech on Centennial Project	-	5,451	-	15,732
Equity loss pick-up from Powertech	-	7,618	-	155,319
Equity loss pick-up from Black Range	-	-	602,375	185,185
Realized loss on investment in Black Range	18,036	2,733	200,363	1,550,695
Impairment of investment in Black Range	-	-	520,866	-
Unrealized loss on Black Range convertible loan	-	22,732	16,742	-
Unrealized loss on Powertech convertible loan	-	830,462	-	1,605,534
Total related party expenses	$ 62,383	$ 919,466	$ 1,474,312	$ 3,664,196

RELATED PARTY TRANSACTIONS (Continued)

Key management personnel compensation

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Share-based compensation	$ 21,659	$ 7,671	$ 110,451	$ 85,192
Salaries, fees and other benefits	156,878	135,524	1,068,127	447,450
Key management personnel	$ 178,537	$ 143,195	$ 1,178,578	$ 532,642

SHARE CAPITAL

The Company has authorized the issuance of an unlimited number of common and preferred shares with no par value. As at September 30, 2015, the Company had 60,332,314 common shares outstanding (December 31, 2014: 59,403,733) and no preferred shares outstanding (December 31, 2014: nil).

As at September 30, 2015, there are also incentive share options outstanding to acquire 5,625,506 unissued common shares with exercise prices ranging from C$0.34 to C$2.00 per share and share purchase warrant outstanding to acquire 5,754,047 unissued common shares with exercise prices ranging from C$1.00 to C$2.00 per share.

On April 1, 2013, the Company entered into share subscription agreements with investors to subscribe for 4,250,000 shares for total subscription proceeds of $1,700,000 at $0.40 per share. As at September 30, 2014, the investors had paid subscription deposits totaling $645,064. No additional amounts were funded through the subscription agreements as a result of the RTO. For the nine months ended September 30, 2014, the Company issued 904,387 common shares to the investors for total proceeds of $361,755 (share capital of $3,618 plus contributed surplus of $358,137) at an average price of $0.40. In addition, the Company issued 125,000 common shares pursuant to a key management employment agreement at an average price of $0.40, a price equivalent to the fair value of the common shares based on most recent equity raise, resulting in an increase in the Company's equity by $50,000 (share capital of $500 plus contributed surplus of $49,500) and a charge to share-based compensation expense.

SHARE CAPITAL (Continued)

On July 1, 2014, pursuant to the terms of the Powerlite Facility, the Company exercised its conversion right and 38,212,493 shares were issued to Powerlite on conversion of the accumulated Powerlite equity contributions ($18,000,000) plus accrued interest. As a result of the share issuance, $152,850 was reclassified from contributed surplus to share capital. In addition, for the nine months ended September 30, 2014, the Company recorded $6,757,754 to contributed surplus for the equity instrument issued to Powerlite.

In August 2015, the Company issued 928,581 common shares to settle trade and other payables of $317,432. The fair value differential between the common shares issued and the carrying value of the trade and other payables settled was insignificant.

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, 2014. 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, 2014 consolidated annual financial statements. There were no material changes to the significant accounting judgments and estimates from December 31, 2014.

RECENT ACCOUNTING PRONOUNCEMENTS

There have been no new and/or revised standards and interpretations issued by the IASB or IFRIC adopted by the Company effective January 1, 2015.

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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION (Continued)

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, 2014, which is available on SEDAR at www.sedar.com, with the exception of the additional risk factors below:

RISKS AND UNCERTAINTIES (Continued)

Resolution of Contentions Pertaining to the Dewey Burdock NRC License

The resolution of the remaining two contentions, which relate to the identification and protection of historic and cultural resources, could impact the implementation of the NRC license for construction and operation of the Dewey Burdock Project, as mitigation strategies must be implemented under the programmatic agreement prior to ground disturbances at the Dewey Burdock Project site. Further, if the remaining two contentions are not resolved favorably, the Dewey Burdock NRC license could be suspended and the issuance of other federal and state permits could be impacted. In addition, the Intervenors have filed petitions for review covering most of the contentions heard by the ASLB, which could result in the same issues discussed above.

If the Company is unable to resolve the remaining two contentions favorably or the Intervenors are successful in their appeal or the NRC Commission determines to review the partial decision of the ASLB, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations. In addition, the Company will have to assess whether an impairment allowance is necessary, which, if required, could be material.