



Azarga Uranium Corp.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2020
(Unaudited – Expressed in U.S. Dollars)

Notice to Reader

These condensed consolidated interim financial statements of Azarga Uranium Corp. have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the financial statements or the related quarterly Management's Discussion and Analysis.

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AZARGA URANIUM CORP.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Expressed in U.S. Dollars)

		As at	
	Notes	March 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash		\$ 74,156	\$ 184,447
Other assets		21,683	23,913
Total current assets		95,839	208,360
Non-current assets			
Restricted cash		22,716	22,716
Exploration and evaluation assets	5	41,626,692	41,440,616
Property, plant and equipment		66,998	67,577
Right-of-use assets		100,534	111,357
Total non-current assets		41,816,940	41,642,266
Total assets		\$ 41,912,779	\$ 41,850,626
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		\$ 868,380	\$ 793,864
Loans payable	6	234,627	-
Operating lease obligations		41,630	45,014
Total current liabilities		1,144,637	838,878
Non-current liabilities			
Trade and other payables		55,000	70,000
Deferred income tax liabilities		3,112,193	3,112,193
Decommissioning liabilities		255,323	251,550
Operating lease obligations		63,549	70,445
Warrant liabilities		116,800	265,029
Total non-current liabilities		3,602,865	3,769,217
Total liabilities		4,747,502	4,608,095
Equity			
Common shares	7	60,389,551	60,303,924
Contributed surplus	7	1,117,679	1,117,679
Share option reserve	8	2,853,466	2,809,429
Accumulated deficit		(27,195,419)	(26,988,501)
Total equity		37,165,277	37,242,531
Total liabilities and equity		\$ 41,912,779	\$ 41,850,626
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Approved by the Audit Committee of the Board of Directors of the Company:

“Joseph L. Havlin”, Director _____

“Matthew O’Kane”, Director _____

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AZARGA URANIUM CORP.
Condensed Consolidated Interim Statements of Loss and Other
Comprehensive Loss
(Unaudited – Expressed in U.S. Dollars)

	Notes	Three months ended March 31,	
		2020	2019
Administrative expenses	9	\$ (355,148)	\$ (415,312)
Foreign exchange gain (loss)		15,551	(7,018)
Loss from operations		(339,597)	(422,330)
Finance costs		(6,603)	(2,389)
Unrealized gain on warrant liabilities		139,282	249,903
Net loss from continuing operations		(206,918)	(174,816)
Net loss from discontinued operations		-	(17,288)
Net loss		(206,918)	(192,104)
Net loss attributable to:			
Equity holders of the Company		(206,918)	(186,918)
Non-controlling interest		-	(5,186)
Net loss		\$ (206,918)	\$ (192,104)
Basic and diluted loss per share			
Basic and diluted loss per share from continuing operations		\$ (0.00)	\$ (0.00)
Basic and diluted loss per share from discontinued operations		\$ -	\$ (0.00)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		186,053,142	171,747,787
Net loss		\$ (206,918)	\$ (192,104)
Other comprehensive loss			
Item that may be reclassified subsequently as profit or loss			
Foreign currency translation adjustment		-	(89,498)
Total other comprehensive loss		\$ (206,918)	\$ (281,602)
Other comprehensive loss attributable to:			
Equity holders of the Company		-	(62,649)
Non-controlling interest		-	(26,849)
Other comprehensive loss		\$ -	\$ (89,498)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AZARGA URANIUM CORP.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Expressed in U.S. Dollars)

	Attributable to equity holders of the Company								
	Number of shares	Common shares	Contributed surplus	Share option reserve	Foreign currency translation reserve	Accumulated deficit	Total equity	Non-controlling interest	Total equity
Balances, December 31, 2019	185,543,926	\$ 60,303,924	\$ 1,117,679	\$ 2,809,429	\$ -	\$ (26,988,501)	\$ 37,242,531	\$ -	\$ 37,242,531
Issuance of shares to settle ESPP	457,618	71,877	(71,877)	-	-	-	-	-	-
Issuance of shares to settle DSA	87,543	13,750	(13,750)	-	-	-	-	-	-
Compensation to be settled by equity	-	-	85,627	-	-	-	85,627	-	85,627
Share-based compensation	-	-	-	44,037	-	-	44,037	-	44,037
Net loss for the period	-	-	-	-	-	(206,918)	(206,918)	-	(206,918)
Balances, March 31, 2020	186,089,087	\$ 60,389,551	\$ 1,117,679	\$ 2,853,466	\$ -	\$ (27,195,419)	\$ 37,165,277	\$ -	\$ 37,165,277

	Attributable to equity holders of the Company								
	Number of shares	Common shares	Contributed surplus	Share option reserve	Foreign currency translation reserve	Accumulated deficit	Total equity	Non-controlling interest	Total equity
Balances, December 31, 2018	169,833,806	\$ 57,976,321	\$ 1,001,818	\$ 2,500,078	\$ (863,092)	\$ (18,973,266)	\$ 41,641,859	\$ (494,477)	\$ 41,147,382
Issuance of shares for private placement	13,106,046	1,871,110	-	-	-	-	1,871,110	-	1,871,110
Issuance of shares to settle ESPP	298,310	53,793	(53,793)	-	-	-	-	-	-
Issuance of shares to settle DSA	76,247	13,750	(13,750)	-	-	-	-	-	-
Compensation to be settled by equity	-	-	67,543	-	-	-	67,543	-	67,543
Share-based compensation	-	-	-	60,576	-	-	60,576	-	60,576
Net loss for the period	-	-	-	-	-	(186,918)	(186,918)	(5,186)	(192,104)
Other comprehensive loss for the period	-	-	-	-	(62,649)	-	(62,649)	(26,849)	(89,498)
Balances, March 31, 2019	183,314,409	\$ 59,914,974	\$ 1,001,818	\$ 2,560,654	\$ (925,741)	\$ (19,160,184)	\$ 43,391,521	\$ (526,512)	\$ 42,865,009

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AZARGA URANIUM CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in U.S. Dollars)

		Three months ended March 31,	
	Notes	2020	2019
OPERATING ACTIVITIES			
Net loss from continuing operations		\$ (206,918)	\$ (174,816)
Adjustments for:			
Depreciation	9	11,402	9,041
Share-based compensation	8	44,037	47,104
Unrealized gain on warrant liabilities		(139,282)	(249,903)
Equity compensation expense		85,627	67,543
Finance costs		6,603	2,389
Unrealized foreign exchange gain		(30,617)	(52,379)
Operating cash flows before changes in non-cash working capital items		(229,148)	(351,021)
Change in other assets		2,230	(17,975)
Change in trade and other payables		47,020	(89,749)
Net cash used in operating activities of continuing operations		(179,898)	(458,745)
Net cash used in operating activities of discontinued operations		-	(26,196)
INVESTING ACTIVITIES			
Expenditures on exploration and evaluation assets	5	(182,303)	(166,337)
Recoveries of expenditures on exploration and evaluation assets		-	2,000
Sale of property, plant and equipment		-	1,057
Reclamation bonds		-	99,000
Net cash used in investing activities of continuing operations		(182,303)	(64,280)
Net cash used in financing activities of discontinued operations		-	(17,257)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares		-	2,266,169
Share issue costs		-	(16,553)
Loan proceeds	6	245,089	-
Net cash generated by financing activities of continuing operations		245,089	2,249,616
Net cash generated by financing activities of discontinued operations		-	-
Effect of foreign exchange rate changes on cash		6,821	43,832
Change in cash from continuing operations		(110,291)	1,770,423
Decrease in cash from discontinued operations		-	(43,453)
Cash, beginning of period		184,447	352,001
Cash, end of period		\$ 74,156	\$ 2,078,971

Supplemental cash flow information, see Note 13

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

1. CORPORATE INFORMATION AND GOING CONCERN

Azarga Uranium Corp. (“Azarga Uranium”) was incorporated on February 10, 1984 under the laws of the Province of British Columbia, Canada. Azarga Uranium’s common shares are publicly traded on the Toronto Stock Exchange (“TSX”) (Symbol: AZZ), the Frankfurt Stock Exchange (Symbol: P8AA), and the OTCQB Venture Market (Symbol: AZZUF). Azarga Uranium, together with its subsidiaries (collectively referred to as the “Company”), is an integrated uranium exploration and development company.

The Company controls uranium properties located in the United States of America (“USA”) with a primary focus of developing in-situ recovery uranium projects. The Company’s Dewey Burdock Project, located in South Dakota, USA, is the Company’s initial development priority. The Company also owns uranium projects in Wyoming, Colorado, and Utah.

The Company’s corporate and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, BC, V4B 1E6.

These 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 March 31, 2020, the Company had a working capital deficit of \$1,029,203 and an accumulated deficit of \$27,198,436 and will continue incurring losses for the foreseeable future. In April 2020, the Company completed a non-brokered private placement for gross proceeds of approximately C\$1.6 million (Note 14). However, 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. 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. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse impacts of the outbreak and its effects on the Company’s business or ability to raise funds.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting 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 and interpretations of the IFRS Interpretations Committee.

These condensed consolidated interim financial statements for the three months ended March 31, 2020 were approved and authorized for issue by the Company’s Audit Committee on May 13, 2020.

2.2 Basis of presentation

These condensed consolidated interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments, which are measured at fair value. The Company’s financial instruments are further disclosed in Note 11 of these condensed consolidated interim financial statements.

2.3 Presentation and functional currency

These condensed consolidated interim financial statements are presented in United States Dollars, unless otherwise indicated. All references to \$ refer to the United States Dollar and all references to C\$ refer to the Canadian Dollar.

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.

2.4 Significant accounting judgments and estimates

Information about 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 2.4 to the Company’s December 31, 2019 consolidated annual financial statements. There were no material changes to the significant accounting judgments and estimates from December 31, 2019.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2019.

3.2 Comparative figures

Certain comparative figures may have been reclassified to conform with current year's presentation.

3.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2020 and have not been applied in preparing these condensed consolidated interim financial statements. These standards are not expected to materially impact the Company's financial position or results of operations.

4. SEGMENTED INFORMATION

The Company operates in one business and geographical segment being the exploration and development of uranium properties in the USA. The total assets attributable to the geographical location relate primarily to exploration and evaluation assets and have been disclosed in Note 5.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Projects	Balance, December 31, 2019	Salaries and consulting	License fees	Decommissioning liabilities	Balance, March 31, 2020
South Dakota					
Dewey Burdock	\$ 27,750,988	\$ 86,876	\$ 35,272	\$ -	\$ 27,873,136
Wyoming					
Gas Hills	8,832,441	21,146	960	2,398	8,856,945
Juniper Ridge	2,822,377	2,890	1,920	-	2,827,187
Other	1,098,011	15,076	3,801	-	1,116,888
Colorado					
JB	446,594	3,500	-	-	450,094
Utah					
Ticaboo	490,205	10,862	-	1,375	502,442
Total	\$ 41,440,616	\$ 140,350	\$ 41,953	\$ 3,773	\$ 41,626,692

Details on the Company's exploration and evaluation assets are found in Note 6 of the December 31, 2019 consolidated financial statements and only material differences are disclosed.

6. LOANS PAYABLE

In February 2020, the Company received third party loans of \$245,089 (C\$325,000) that bear interest at 12% per annum, are unsecured, and mature August 4, 2020.

During the three months ended March 31, 2020, the Company recorded interest expense of \$4,387 and a foreign exchange gain of \$14,849 on the loans.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

7. EQUITY

7.1 Authorized share capital

The Company has authorized the issuance of an unlimited number of common and preferred shares with no par value. As at March 31, 2020 and December 31, 2019, the Company had 186,089,087 and 185,543,926 common shares outstanding, respectively, and no preferred shares were outstanding.

7.2 Issued share capital

During the three months ended March 31, 2020, the Company issued 457,618 common shares to settle \$71,877 owing pursuant to the Company's employee share purchase plan ("ESPP") and 87,543 common shares to settle \$13,750 owing pursuant to the Company's director services agreements ("DSA").

7.3 Share purchase warrants

The continuity of share purchase warrants for the three months ended March 31, 2020 is as follows:

Expiry date	Exercise price C\$	Balance, December 31, 2019	Issued	Exercised	Expired	Balance, March 31, 2020
July 27, 2020	\$ 0.36	2,333,968	-	-	-	2,333,968
December 22, 2020	\$ 0.35	1,567,500	-	-	-	1,567,500
March 20, 2022	\$ 0.31	6,553,022	-	-	-	6,553,022
		10,454,490	-	-	-	10,454,490
Weighted average exercise price (C\$)	\$ 0.33	\$ -	\$ -	\$ -	\$ -	\$ 0.33

The weighted average remaining contractual life is 1.42 years.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

7. EQUITY (Continued)

7.4 Equity settled compensation arrangements

ESPP

In 2015, the Company adopted an ESPP which was amended in July 2018. The Company is authorized to issue up to 6,000,000 common shares pursuant to the terms and conditions of the ESPP. Employees, who elect to participate in the ESPP, can contribute up to 50% of their salary (the “Employee Contribution”). The Company will then match 66.67% of the Employee’s Contribution (the “Matching Contribution”). The purchase price of the common shares is calculated based on the five-day volume weighted average trading price of the common shares on the TSX immediately preceding the end of each calendar quarter. The Employee Contribution and the Matching Contribution are expensed in the period in which they are incurred with the offsetting amount being recorded in contributed surplus until the common shares are issued.

For the three months ended March 31, 2020 and 2019, Employee Contributions totaled \$43,125 and \$32,275, respectively, and Matching Contributions totaled \$28,752 and \$21,518, respectively. As at March 31, 2020, a cumulative total of 5,520,308 common shares have been issued pursuant to the ESPP. Subsequent to March 31, 2020, the Company issued 261,568 common shares pursuant to the ESPP, see Note 14.

DSA

In 2015, the Company adopted the DSA. The Company is authorized to issue up to 2,000,000 common shares pursuant to the terms and conditions of the DSA. Directors who elect to participate in the DSA contribute 50% of their director fee/salary to the ESPP and the remaining 50% of their director fee/salary is settled through the issuance of common shares in accordance with the DSA. The purchase price of the common shares is calculated based on the five-day volume weighted average trading price of the common shares on the TSX immediately preceding the end of each calendar quarter. Amounts settled in accordance with the DSA are expensed in the period in which they are incurred with the offsetting amount being recorded in contributed surplus until the common shares are issued.

For the three months ended March 31, 2020 and 2019, \$13,750 and \$13,750, respectively, were expensed under the DSA. As at March 31, 2020, a cumulative total of 1,664,137 common shares had been issued pursuant to the DSA. Subsequent to March 31, 2020, the Company issued 172,627 common shares pursuant to the DSA, see Note 14.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

8. SHARE OPTION RESERVE

8.1 Stock option plan

The Company has a rolling stock option plan, which permits the Board of Directors of the Company to grant stock options for up to 10% of the outstanding common shares of the Company. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX. The maximum term of the stock options is ten years from the grant date. Vesting terms are at the discretion of the Board of Directors.

8.2 Stock option continuity

The continuity of stock options for the three months ended March 31, 2020 is as follows:

Expiry date	Exercise price C\$	Balance, December 31, 2019	Issued	Exercised	Forfeited	Balance, March 31, 2020		
May 19, 2020	\$ 0.335	930,000	-	-	(10,000)	920,000		
May 19, 2021	\$ 0.36	1,130,000	-	-	(20,000)	1,110,000		
May 16, 2022	\$ 0.32	1,995,000	-	-	(20,000)	1,975,000		
August 22, 2023	\$ 0.24	3,692,500	-	-	(30,000)	3,662,500		
May 23, 2024	\$ 0.23	2,395,000	-	-	-	2,395,000		
March 14, 2027	\$ 0.075	4,480,000	-	-	-	4,480,000		
		14,622,500	-	-	(80,000)	14,542,500		
Weighted average exercise price (C\$)	\$	0.21	\$	-	\$	0.30	\$	0.21

As at March 31, 2020, 11,725,000 stock options were exercisable.

The weighted average remaining contractual life is 4.06 years.

8.3 Share-based compensation

During the three months ended March 31, 2020 and 2019, the Company recognized share-based compensation expense of \$44,037 and \$60,576, respectively, of which \$44,037 and \$47,104, respectively has been allocated to administrative expenses and \$Nil and \$13,472, respectively has been allocated to exploration and evaluation assets.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited - Expressed in U.S. Dollars)

9. ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	2020	2019
Salaries and benefits	\$ 162,721	\$ 164,106
Consulting and professional fees	56,453	109,597
Corporate administration	80,535	85,464
Depreciation of property, plant and equipment	579	650
Depreciation of right-of-use assets	10,823	8,391
Share-based compensation	44,037	47,104
	\$ 355,148	\$ 415,312

10. RELATED PARTY TRANSACTIONS AND BALANCES

10.1 Key management personnel compensation

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

	Three months ended March 31,	
	2020	2019
Salaries and benefits *	\$ 173,539	\$ 173,539
Consulting and professional fees	33,118	32,632
Share-based compensation	30,019	38,743
	\$ 236,676	\$ 244,914

* Salaries and benefits are included in administrative expenses (Note 9) and exploration and evaluation assets (Note 5).

10.2 Related party liabilities

	As at	
	March 31, 2020	December 31, 2019
Trade and other payables - current	\$ 341,666	\$ 276,042
Trade and other payables - non-current	55,000	70,000
	\$ 396,666	\$ 346,042

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited - Expressed in U.S. Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

11.1 Categories of financial instruments

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

Financial assets	As at	
	March 31, 2020	December 31, 2019
Amortized cost		
Cash	\$ 74,156	\$ 184,447
Restricted cash	22,716	22,716
	\$ 96,872	\$ 207,163

Financial liabilities	As at	
	March 31, 2020	December 31, 2019
Amortized cost		
Trade and other payables	\$ 923,380	\$ 863,864
Loans payable	234,627	-
Decommissioning liabilities	255,323	251,550
Operating lease obligations	105,179	115,459
Fair value through profit or loss		
Warrant liabilities	116,800	265,029
	\$ 1,635,309	\$ 1,495,902

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

11.2 Fair value

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

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

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

The fair value of the Company's warrant liabilities is recorded at fair value using Level 3 of the fair value hierarchy. The carrying value of the warrant liabilities is determined using the Black-Scholes option pricing model.

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

The carrying values of restricted cash, decommissioning liabilities, and operating lease obligations approximate their fair values and are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

11.3 Financial risk management objectives and policies

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2019.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

12. COMMITMENTS

	Within 1 year	2-4 years	Over 4 years	Total
Annual license payments *	\$ 546,538	\$ 459,533	\$ 1,749,465	\$ 2,755,536
Centennial option agreement **	-	-	3,165,000	3,165,000
Dewey Burdock option agreements	62,500	255,000	1,638,750	1,956,250
	\$ 609,038	\$ 714,533	\$ 6,553,215	\$ 7,876,786

* annual license payments include lease and mineral claim payments

** the contingent payments are payable upon receipt of regulatory permits and licenses allowing uranium production on the area of the Centennial Project pertaining to these uranium interests. Further, since the required licenses and permits were not received by September 27, 2019, the uranium rights, at the option of the seller, can be transferred back to the seller. The Company is attempting to renegotiate the Centennial Project option agreement.

Certain of the Company's commitments may provide the Company with the ability to avoid funding those commitments; however, the Company discloses the contractual maturities of the Company's commitments based on management's intent.

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended March 31, 2020, the Company completed the following non-cash investing and financing activities:

- Issued 457,618 common shares to settle \$71,877 owing pursuant to the Company's ESPP;
- Issued 87,543 common shares to settle \$13,750 owing pursuant to the Company's DSA; and
- No cash interest or income taxes were paid.

During the three months ended March 31, 2019, the Company completed the following non-cash investing and financing activities:

- Issued 298,310 common shares to settle \$53,793 owing pursuant to the Company's ESPP;
- Issued 76,247 common shares to settle \$13,750 owing pursuant to the Company's DSA;
- Issued 6,553,022 share purchase warrants valued at \$378,506 as part of a financing; and
- No cash interest or income taxes were paid.

AZARGA URANIUM CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Unaudited – Expressed in U.S. Dollars)

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2020, the Company completed the following transactions:

- In April 2020, the Company closed a non-brokered private placement for gross proceeds of approximately C\$1.6 million through the issuance of 10,933,333 units at a price of C\$0.15 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of C\$0.20 per share until April 17, 2023. The Company paid cash finder's fees of C\$34,400; and
- In April 2020, the Company issued 261,568 common shares to settle \$20,834 owing pursuant to the Company's ESPP and 172,627 common shares to settle \$13,750 owing pursuant to the Company's DSA.