Azarga Uranium Corp.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2019
(Expressed in U.S. Dollars)

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Azarga Uranium Corp. ("Azarga Uranium") for the year ended December 31, 2019 and up to the date of this MD&A, and should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2019, together with the notes thereto (the "Financial Report").

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

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

The effective date of this MD&A is March 26, 2020.

DESCRIPTION OF THE BUSINESS

Azarga Uranium was incorporated on February 10, 1984 under the laws of the Province of British Columbia, Canada. Azarga Uranium's common shares are publicly traded on the Toronto Stock Exchange ("TSX") (Symbol: AZZ), the Frankfurt Stock Exchange (Symbol: P8AA), and the OTCQB Venture Market (Symbol: AZZUF). The Company is an integrated uranium exploration and development company.

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

OPERATIONAL HIGHLIGHTS

The Company's significant events and highlights for the year ended December 31, 2019 and to the date of this MD&A are as follows:

- **Dewey Burdock Project**

    - In January 2020, the Company filed a National Instrument 43-101 ("NI 43-101") Technical Report and Preliminary Economic Assessment ("PEA") for the Dewey Burdock Project. The base case economic assessment resulted in a pre-income tax internal rate of return ("IRR") of 55% and a pre-income tax net present value ("NPV") of US$171.3 million when applying an eight percent discount rate. Using the same discount rate, the post-income tax IRR is 50% and the post-income tax NPV is US$147.5 million.

    - In December 2019, the Atomic Safety and Licensing Board (the "ASLB") issued its Final Initial Decision and resolved the final remaining contention on the Company's Dewey Burdock Project NRC License in favor of the Company and NRC Staff.

    - In August 2019, the Company received notice that the EPA issued revised draft permits for the Dewey Burdock Project. The revised draft permits incorporate comments submitted to the EPA on the original draft permits, including comments submitted by the Company and pertain to the Company's planned Class III and Class V UIC activities. The revised draft EPA permits addressed the majority of the comments submitted by the Company. This is a significant step towards the issuance of the final EPA permits and continues to advance the Dewey Burdock Project towards development. The Company remains focused on working with the EPA to obtain the final permits in the near-term.

- **Private Placement** – In March 2019, the Company closed a non-brokered private placement for gross proceeds of $2,266,169 (C$3,014,391) through the issuance of 13,106,046 units at a price of C$0.23 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$0.31 per share until March 20, 2022.

- **Kyzyl Ompul Project – Kyrgyz Republic** – In October 2019, the Company sold its 93.1% interest in the Kyzyl Ompul Project located in the Kyrgyz Republic for cash consideration of $232,750. In addition, the Company was granted a 1.862% net smelter return ("NSR") royalty on any future uranium production from the Kyzyl Ompul Project up to $4,665,000.

INDUSTRY TRENDS AND OUTLOOK

Although uranium prices have recovered from their lows in the fourth quarter of 2016, the Company believes that the following key elements will contribute to further improvements in the uranium sector:

- **Global reactor pipeline indicates growth** – the global reactor pipeline consists of 935[1] nuclear reactors that are operable, under construction, planned or proposed. Of the 935 nuclear reactors, 442 reactors are operable[1]. A total of 163[1] nuclear reactors are under construction or planned, which represents approximately 37% of the current operating fleet. China, and India lead the world in terms of the number of nuclear power plants under construction, with eleven and seven, respectively[1]. China continues to accelerate their nuclear growth plans and intends to have 120-150 GWe of installed capacity by 2030[2] (currently 46 GWe[1]).

- **Current prices are constraining supply** – low prices are forcing producers to curtail mining, development and exploration. In 2016, Cameco Corp. ("Cameco") placed its Rabbit Lake Mine, which produced 4.2 million pounds of uranium in 2015[3], on care and maintenance, and curtailed its United States uranium operations. In 2017, Cameco announced temporary production suspensions at its McArthur River/Key Lake operation, which Cameco expected would remove 18 million pounds of uranium from the market in 2018[4]. In July 2018, Cameco announced the decision to continue the shutdown of McArthur River/Key Lake indefinitely. Further, Kazatomprom announced a 20% production cut over a period of three years commencing in January 2018[5] and subsequent to this announcement that the 20% production cut would be extended until at least 2021. This 20% production cut by Kazatomprom is expected to remove approximately 14.6 million pounds of U_3O_8 from global primary supply in 2021. Global primary supply is well below nuclear reactor requirements.

- **United States Nuclear Fuel Working Group** – In July 2019, President Trump established the United States Nuclear Fuel Working Group (the "NFWG") to develop recommendations for reviving and expanding domestic nuclear fuel production. President Trump acknowledged that the "United States uranium industry faces significant challenges in producing uranium domestically and that this is an issue of national security." Subsequently, in February 2020, President Trump's fiscal 2021 budget proposal requested an annual allocation of US$150 million for a 10-year period, totalling US$1.5 billion, to establish a United States uranium reserve, noting that "establishing a uranium reserve provides assurance

[1] World Nuclear Association – *World Nuclear Power Reactors & Uranium Requirements (January 2020)*
[2] World Nuclear Association – *Nuclear Power in China (January 2020)*
[3] Cameco 2016 Annual Information Form dated March 23, 2017
[4] Cameco Corp. Management Discussion & Analysis for the quarter ended June 30, 2018
[5] NAC "Kazatomprom" JSC news release dated December 4, 2017

of availability of uranium in the event of a market disruption and supports strategic U.S. fuel cycle capabilities." The proposed fiscal 2021 budget "addresses immediate challenges to the production of domestic uranium and reflects the Administration's NFWG priorities. The NFWG will continue to evaluate issues related to uranium supply chain and fuel cycle."

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

- **Continue with the advancement of the Dewey Burdock Project –** the Company remains focused on working with the EPA to obtain the final Class III and Class V UIC permits in the near-term. In August 2019, the EPA issued revised draft permits that addressed the majority of the comments submitted by the Company. In parallel with advancing the Dewey Burdock Project on the permitting front, the Company will continue to evaluate project-financing options, with a view to having a funding solution in place prior to or concurrent with the finalization of permits.

- **Focus on identifying uranium resources at the Dewey Terrace Project –** the Company is continuing the evaluation and analysis of historical data at the Dewey Terrace Project with the goal of identifying additional uranium mineralization.

- **Focus on identifying additional uranium resources and ISR amenability at the Gas Hills Project –** the Company is in the process of reviewing historical data at the Gas Hills Project with the goal of identifying additional uranium mineralization. The Company has also completed hydrological studies, which indicate that permeability and piezometric surface conditions are suitable for ISR uranium mining. The Company will continue to evaluate future ISR development options at Gas Hills, consistent with the Company's strategy of developing ISR uranium projects in the USA.

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

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

- uranium prices will move higher in the near to medium term;
- the December 2019 PEA demonstrates that the Dewey Burdock Project is one of the United States' preeminent undeveloped ISR uranium projects;

- on completion of permitting at the Dewey Burdock Project, the Company expects to be able to attract financing and move into the construction phase;
- the Company's asset suite includes mineral properties at various stages of development, providing a pipeline for continued growth; and
- management and the Board of Directors have extensive experience in uranium, the broader mining sector and financial markets.

MINERAL PROPERTIES

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

The Company's 100% owned Dewey Burdock Project is an ISR uranium project located in the Edgemont uranium district, in South Dakota, USA. Through property purchase agreements, mining leases and/or mining claims, the Dewey Burdock Project is comprised of approximately 12,613 surface acres and 16,962 net mineral acres. The Dewey Burdock Project is the Company's initial development priority.

Summary of Mineral Resources and PEA

In January 2020, the Company filed a NI 43-101 compliant independent Technical Report and PEA for the Dewey Burdock Project prepared by Woodard & Curran and Rough Stock Mining Services (the "Dewey Burdock PEA") with an effective date of December 3, 2019.

Dewey Burdock Project ISR Mineral Resource Estimate				
	Measured Resources	Indicated Resources	Measured plus Indicated Resources	Inferred Resources
Tons	5,419,779	1,968,443	7,388,222	645,546
Average grade (%U_3O_8)	0.132	0.072	0.116	0.055
Average thickness (feet)	5.56	5.74	5.65	5.87
Average grade-thickness ("GT")	0.733	0.413	0.655	0.324
Uranium (pounds) at a 0.20 GT cut-off	14,285,988	2,836,159	17,122,147	712,624

Note: mineral resources that are not mineral reserves do not have demonstrated economic viability.

In addition to the ISR mineral resource estimate, the NI 43-101 resource estimate includes a non-ISR (located above the water table) mineral resource estimate containing measured resources of 857,186 pounds at 0.060% U_3O_8, indicated resources of 407,851 pounds at 0.053% U_3O_8 and inferred resources of 114,858 pounds at 0.051% U_3O_8 at a 0.20 GT cut-off. The non-ISR mineral resource estimate is not included in the mineral resource figures presented in the economic analysis for the Dewey Burdock PEA. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Dewey Burdock PEA resulted in a pre-income tax NPV of $171.3 million at a discount rate of 8% and an IRR of 55% compared to a post-income tax NPV of $147.5 million at a discount rate of 8% and an IRR of 50%. The Dewey Burdock PEA post- income tax calculations do not include a corporate level assessment of income tax liabilities; taxes have only been calculated at the Dewey Burdock Project level. The estimate of income tax at the corporate level is subject to a number of additional considerations that have not been factored in when calculating income 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 estimated uranium prices of $55/lb U_3O_8, direct cash operating costs of $10.46 per pound of production and royalties and local taxes (excluding property tax) of $5.15 per pound of production. The total pre-income tax cost of uranium production is estimated to be $28.88 per pound of production. Income taxes are estimated to be $3.39 per pound of production.

Initial capital expenditures are estimated at $31.7 million. The Dewey Burdock Project is forecast to produce 14.3 million pounds of U_3O_8 over its 16 years of production and the projected cash flows of the Dewey Burdock Project are expected to be positive in the second year of production, two years after the commencement of construction.

Details of the assumptions and parameters used with respect to the Dewey Burdock PEA, including information on data verification, are set out in the "NI 43-101 Technical Report Preliminary Economic Assessment, Dewey Burdock Uranium ISR Project, South Dakota, USA, dated January 17, 2020, with an effective date of December 3, 2019, 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.

Summary of Permitting

Permit, License or Approval Name	Agency	Status
UIC Class III Permit UIC Class V Permit	EPA	• Revised draft permits issued August 2019 • Working with EPA to obtain final permits in near-term
Final Source and By-product Materials License	NRC	• Issued April 2014 and in good standing
Ground Water Disposal Plan Water Rights Permit Large Scale Mine Plan Permit	DENR	• Applications complete and recommended for conditional approval by DENR staff • Hearings for final approval commenced in late-2013, continuance ordered until completion of federal regulatory approvals (NRC and EPA)
Plan of Operations	BLM	• Approval anticipated to follow resolution of final NRC license contention

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

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

In August 2014, an evidentiary hearing was held with the ASLB in regard to the contentions raised with respect to the Dewey Burdock Project. These ASLB hearings are normal practice and are undertaken after the NRC license has been granted to determine whether the NRC staff has considered all issues related to the NRC license. In April 2015, the ASLB ruled on seven contentions raised by the consolidated intervenors and the Oglala Sioux Tribe (collectively, the "Intervenors") regarding the NRC license for the Dewey Burdock Project. For five contentions, including those related to groundwater usage, groundwater quality, ability to contain fluid migration, mitigation measures, and connected actions, the ASLB ruled in favor of the NRC staff and the Company. For the remaining two contentions, which related to identification and protection of historic and cultural resources, the ASLB requested additional consultation between the NRC staff and the Oglala Sioux Tribe. The ASLB also ruled inadmissible two new contentions that were filed by the Intervenors after the evidentiary hearing.

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

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

In 2018, the Company, the NRC staff and the Oglala Sioux Tribe agreed, in principle, to a process for resolving the remaining contention; however, due to differences in approach between the Oglala Sioux Tribe and the NRC staff, both parties filed motions for summary disposition. The Company filed a brief in support of the NRC staff motion. The ASLB denied the Oglala Sioux Tribe's motion for summary disposition and its request to stay or revoke the Company's Dewey Burdock Project NRC license and the NRC staff's summary disposition motion to resolve the remaining contention. In May 2019, the ASLB issued an order granting the NRC staff's motion to set a schedule for an evidentiary hearing pertaining to the final contention. The ASLB decision provides the NRC staff and the Company with an opportunity to resolve the final contention for the Dewey Burdock Project NRC license within legally established timelines. The NRC staff determined that an evidentiary hearing, one of the two options previously presented by the ASLB to address the only remaining contention, was the most appropriate path forward as the other approach did not have a reasonable expectation of agreement in an acceptable timeframe. In December 2019, the ASLB issued its Final Initial Decision and resolved the final remaining contention for the Dewey Burdock Project NRC license in favor of the Company and NRC staff. Subsequently, the Intervenors have appealed this decision to the NRC Commission.

In February 2017, the Oglala Sioux Tribe filed an appeal of the decision made by the NRC Commission to the United States Court of Appeals for the District of Columbia Circuit (the "DC Circuit Court"). On July 23, 2018, the Company reported that the DC Circuit Court issued an order dismissing most of the rulings challenged by the Oglala Sioux Tribe due to lack of jurisdiction; however, the DC Circuit Court remanded the decision to keep the Company's NRC license in effect to the NRC Commission due to the unresolved NEPA contention. On January 31, 2019, the NRC Commission issued a decision upholding the effectiveness of the Company's NRC license in consideration of the remand from the DC Circuit Court.

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

The Company continues to be in compliance with the existing conditions of the NRC license and other permitting and licensing requirements. Prior to commencing construction and operations at the Dewey Burdock Project, the Company requires regulatory approvals from two other major agencies, the EPA and the DENR. These approvals include the final Class III and Class V UIC permits from the EPA and three state permits to be issued by the DENR.

Additional requirements that need to be addressed prior to commencing construction and operations at the Dewey Burdock Project include the satisfaction of pre-operational conditions under the NRC license and the development and implementation of mitigation plans for protection of cultural resources under the PA.

In August 2019, the Company received notice that the EPA issued revised draft permits for the Dewey Burdock Project. The revised draft permits incorporate comments submitted to the EPA on the original draft permits, including comments submitted by the Company and pertain to the Company's planned Class III and Class V UIC activities. The revised draft EPA permits addressed the majority of the comments submitted by the Company. This is a significant step towards the issuance of the final EPA permits and continues to advance the Dewey Burdock Project towards development. The Company remains focused on working with the EPA to obtain the final permits in the near-term.

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

On July 8, 2014, the BLM requested additional information on the Company's plan of operations for the Dewey Burdock Project. The Company submitted the requested information and anticipates that the BLM will approve the plan of operations in the near-term now that the final contention on the Dewey Burdock Project NRC license has been resolved.

<u>Dewey Terrace Project (100% interest) – Wyoming, USA – adjacent to Dewey Burdock</u>

The Company's 100% owned Dewey Terrace Project is located in the Weston and Niobrara Counties of Wyoming. The Company acquired this project primarily through the staking of federal mining claims, along with the acquisition of lease agreements. Through mining leases and mining claims, the Dewey Terrace Project is comprised of approximately 1,874 acres of surface rights and approximately 7,514 acres of net mineral rights. The Dewey Terrace Project is located adjacent to the Company's NRC licensed Dewey Burdock Project.

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

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

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

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

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

The Company's 100% owned Gas Hills Project is located in the historic Gas Hills uranium district situated 45 miles east of Riverton, Wyoming. The Gas Hills Project consists of approximately 1,280 surface acres and 12,960 net mineral acres of unpatented lode mining claims, a State of Wyoming mineral lease, and private mineral leases, within a brownfield site which has experienced extensive development including mine and mill site production.

Summary of Mineral Resources

In June 2017, a technical report was prepared by BRS Inc. on the Gas Hills Project titled "Amended and Restated Gas Hills Uranium Project, Mineral Resource and Exploration Target NI 43-101 Technical Report, Fremont and Natrona Counties, Wyoming, USA" (the "Gas Hills Report") with an effective date of June 9, 2017. The Gas Hills Project contains indicated uranium resources of 4.7 million pounds U_3O_8 (2.4 million tons at an average grade of 0.098% U_3O_8) and inferred uranium resources of 2.5 million pounds U_3O_8 (2.3 million tons at an average grade of 0.054% U_3O_8) at a 0.10 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

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

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

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

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

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

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

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

The Company's 100% owned Centennial Project is located in the western part of Weld County in north-eastern Colorado. Through property purchase and lease agreements, the Centennial Project is comprised of approximately 1,365 acres of surface rights and 6,238 acres of net 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; however, the Company withdrew its application in the fourth quarter of 2018. The EPA will retain the application should the Company wish to resume the process. The majority of the major mine permit applications for the Centennial Project have not been prepared or submitted to date.

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

Details of the assumptions and parameters used with respect to the Centennial PEA, including information on data verification, are set out in the Centennial PEA dated August 6, 2010, a copy of which is available under the Company's profile on SEDAR at www.sedar.com. The Centennial PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Centennial PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

In 2006, the Company entered into an option agreement, as amended, to purchase uranium rights on certain areas of the Centennial Project for consideration of $1,895,000 plus contingent payments of $3,165,000. Pursuant to the agreement, 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, unless otherwise agreed, if the Company does not obtain such permits and licenses by September 27, 2019, the uranium rights, at the option of the seller, can be transferred back to the seller. To date, the Company has neither obtained the required regulatory permits and licenses nor has the Company been able to renegotiate the option agreement. However, the Company is attempting to renegotiate the option agreement and the seller has not exercised its option to have the uranium rights transferred back.

As a result of the uncertainty surrounding this option agreement, which represents 5,760 of the 6,238 mineral acres at the Centennial Project, significant doubt over the future recoverability of the carrying value exists. Accordingly, during the year ended December 31, 2019, the Company recognized an impairment charge of $2,422,398 for the Centennial Project.

<u>Juniper Ridge Project (100% interest), Wyoming, USA</u>

The Company's 100% owned Juniper Ridge Project is located in the southwest portion of Wyoming, approximately 10 miles west of the town of Baggs. The Juniper Ridge Project consists of approximately 640 surface acres and 3,240 net mineral acres of unpatented lode mining claims and a State of Wyoming mineral lease and is located within a brownfield site which has experienced extensive exploration, development, and mine production.

In June 2017, a technical report was prepared by BRS Inc. and T.P. McNulty and Associates Inc. on the Juniper Ridge Project titled "Juniper Ridge Uranium Project, Amended and Restated 43-101 Mineral Resource and Preliminary Economic Assessment Technical Report" (the "Juniper Ridge PEA") with an effective date of June 9, 2017. The Juniper Ridge Project contains indicated uranium resources of 6.0 million pounds U_3O_8 (5.1 million tons at an average grade of 0.058% U_3O_8) and inferred uranium resources of 0.2 million pounds U_3O_8 (0.1 million tons at an average grade of 0.085% U_3O_8) at a 0.10 GT cut-off.

The Juniper Ridge PEA resulted in a pre-tax net present value of $27.3 million at a discount rate of 8% and an internal rate of return of 26% compared to a post-tax net present value of $19.9 million at a discount rate of 8% and an internal rate of return of 22% based on open pit mining and heap leach extraction of uranium. The Juniper Ridge PEA assumed uranium prices of $65/lb U_3O_8, total direct operating costs of $39.77/lb U_3O_8 and capital expenditures of $36.7 million.

Details of the assumptions and parameters used with respect to the Juniper Ridge PEA, including quality estimates and information on data verification, are available under the SEDAR profile of URZ Energy at www.sedar.com. The Juniper Ridge PEA is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Juniper Ridge PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

The Company intends to continue to evaluate and review project geophysical logs and other data associated with the project to evaluate the possibility of future alternatives including updates to resource estimates and project economics.

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

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

In June 2012, the Company completed a NI 43-101 compliant technical report for the Aladdin Project, with an effective date of June 21, 2012, describing the results of the Company's confirmation drilling program and continued evaluation of the historic exploration drilling data from the Teton Exploration Company. The Aladdin Project contains indicated uranium resources of 1,038,023 pounds at 0.111% 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 compliant technical report, including quality estimates and information on data verification, are available under the Company's profile on SEDAR at www.sedar.com.

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

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

<u>Kyzyl Ompul Project (93.1% interest sold in October 2019) – Kyrgyz Republic</u>

In October 2019, the Company sold its 93.1% interest in UrAsia in Kyrgyzstan Limited Liability Company ("UrAsia") to Central Asian Uranium Company Limited Liability Company ("Central") for $232,750. In addition, UrAsia granted the Company a 1.862% NSR royalty on any future uranium production from the Kyzyl Ompul Project up to $4,655,000. UrAsia held a 100% interest in the Kyzyl Ompul Project.

In April 2018, as amended, UrAsia entered into an earn-in agreement (the "Earn-in Agreement") with Central pursuant to which Central had an option to earn a 100% interest in the Kyzyl Ompul Project in exchange for $5,850,000 in cash payments and a commitment to fund $1,500,000 of exploration and development expenditures through December 1, 2020. During the year ended December 31, 2019 and 2018, Central made cash payments of $130,000 and $290,000, respectively, to the Company under the Earn-in Agreement.

In May 2019, the Kyrgyz Republic's parliament voted to ban uranium exploration and mining in the country. The Kyzyl Ompul Project exploration license was subsequently suspended due to force majeure circumstances, among other reasons, resulting from the Kyrgyz Republic government's actions. The Company determined that these events in the Kyrgyz Republic cast significant doubt over the future validity of the Company's exploration license on the Kyzyl Ompul Project as well as on the future cash flows expected under the Earn-in Agreement. Accordingly, during the year ended December 31, 2019, the Company recognized an impairment charge of $4,140,444 for the Kyzyl Ompul Project.

QUALIFIED PERSON

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

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Statement of Loss:			
Net revenues	$Nil	$Nil	$Nil
Net loss	$7,737,996	$2,408,725	$5,280,632
Net loss per share, basic and diluted	$0.05	$0.02	$0.07
Financial Position:			
Total assets	$41,850,626	$47,304,353	$33,695,520
Non-current liabilities	$3,769,217	$4,854,886	$6,229,824
Dividends	$Nil	$Nil	$Nil

The net loss for the year ended December 31, 2019 included a $6.6 million impairment of exploration and evaluation assets related to the Centennial and Kyzyl Ompul projects.

The net loss for the year ended December 31, 2017 included a $6.3 million impairment of exploration and evaluation assets related to Kyzyl Ompul project and an associated $2,236,000 deferred income tax recovery.

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2019

The consolidated net loss for the year ended December 31, 2019 was $8,289,158 compared to $2,408,725 for the year ended December 31, 2018.

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

Administrative expenses totaled $1,943,285 for the year ended December 31, 2019 compared to $2,040,580 for the year ended December 31, 2018. The decrease in administrative expenses primarily related to reduced corporate administration due to cost cutting measures.

During the year ended December 31, 2019, the Company recognized an impairment charge of $2,422,398 for the Centennial Project.

Finance costs totaled $9,734 for the year ended December 31, 2019 compared to $154,913 for the year ended December 31, 2018. Finance costs for 2019 related to interest expense on the Company's operating lease obligations while the finance costs for 2018 related primarily to interest expense on the $1,776,000 shareholder loan which was settled in July 2018 through the issuance of common shares of the Company.

The Company recognized an unrealized gain on warrant liabilities of $371,983 for the year ended December 31, 2019 compared to $51,789 for the year ended December 31, 2018.

In October 2019, the Company sold its Kyzyl Ompul project located in Kyrgyzstan. The Company's operations in Kyrgyzstan represented a separate geographical segment and accordingly the Company has presented these operations as discontinued operations for years ended December 31, 2019 and 2018. The net loss from discontinued operations for the year ended December 31, 2019 was $3,763,180 compared to $117,560 for the year ended December 31, 2018. The net loss from discontinued operations for the current year includes:

- an impairment charge of $4,140,444 for the Kyzyl Ompul Project;
- a reversal of deferred income tax liabilities of $999,597 on the impairment charge to the Kyzyl Ompul Project;
- a foreign exchange loss of $1,080,330; and
- a gain on sale of UrAsia of $499,173.

SUMMARY OF QUARTERLY RESULTS

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

	3 Months Ended December 31, 2019	3 Months Ended September 30, 2019 (1)	3 Months Ended June 30, 2019 (2)	3 Months Ended March 31, 2019
Total revenues	$ -	$ -	$ -	$ -
Net loss	$ (170,830)	$ (2,882,698)	$ (4,492,364)	$ (192,104)
Net loss per share, basic and diluted	$ (0.00)	$ (0.01)	$ (0.03)	$ (0.00)

	3 Months Ended December 31, 2018	3 Months Ended September 30, 2018	3 Months Ended June 30, 2018	3 Months Ended March 31, 2018
Total revenues	$ -	$ -	$ -	$ -
Net loss	$ (986,839)	$ (557,452)	$ (238,442)	$ (625,992)
Net loss per share, basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.01)

(1) The three months ended September 30, 2019 included an impairment charge of $2,422,398 for the Centennial Project.

(2) The three months ended June 30, 2019 included an impairment charge of $4,140,444 for the Kyzyl Ompul Project.

FOURTH QUARTER 2019

The Company began the fourth quarter with a cash balance of $343,778. During the three months ended December 31, 2019, the Company expended $180,280 on operating activities, net of working capital changes, expended $167,245 on investing activities, and received $191,409 from financing activities, with a negative $3,215 effect of foreign exchange on cash to end the quarter and the year with $184,447 cash.

LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal year with a cash balance of $352,001. During the year ended December 31, 2019, the Company expended $1,489,506 on operating activities, net of working capital changes, expended $1,115,148 on investing activities, and received $2,441,025 from financing activities, with a negative $3,925 effect of foreign exchange on cash to end at December 31, 2019 with a cash balance of $184,447.

In March 2019, the Company closed a non-brokered private placement for gross proceeds of $2,266,169 (C$3,014,391) through the issuance of 13,106,046 units at a price of C$0.23 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$0.31 per share until March 20, 2022. The Company paid cash finder's fees of $5,696 and other share issue costs of $10,857.

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

To date, the Company has not generated revenues from operations and is currently in the exploration and development stage. As at December 31, 2019, the Company had a working capital deficit of $630,518 and an accumulated deficit of $26,988,501 and will continue incurring losses for 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. Further, at present, the COVID-19 pandemic is negatively impacting financial markets globally and this may adversely affect the Company's ability to raise capital for future operations and exploration and development of the Company's mineral properties. 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.

At the date of this MD&A, the Company has 10,454,490 exercisable share purchase warrants outstanding at exercise prices ranging from C$0.31 to C$0.36 and 11,795,000 exercisable stock options outstanding at exercise prices ranging from C$0.075 to C$0.36, that if exercised will raise additional capital for the Company.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

	Within 1 year	2-4 years	Over 4 years	Total
Annual license payments *	$ 540,356	$ 390,097	$ 1,338,783	$ 2,269,236
Centennial option agreement **	-	-	3,165,000	3,165,000
Dewey Burdock option agreements	62,500	255,000	1,638,750	1,956,250
	$ 602,856	$ 645,097	$ 6,142,533	$ 7,390,486

* annual license payments include lease, mineral claim, and exploration license 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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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:

	As at December 31,	
Financial assets	**2019**	**2018**
Amortized cost		
Cash	$ 184,447	$ 352,001
Restricted cash	22,716	39,963
Reclamation bonds	-	99,000
	$ 207,163	$ 490,964

	As at December 31,	
Financial liabilities	**2019**	**2018**
Amortized cost		
Trade and other payables	$ 863,864	$ 1,452,085
Decommissioning liabilities	251,550	223,442
Operating lease obligations	115,459	-
Fair value through profit or loss		
Warrant liabilities	265,029	247,654
	$ 1,495,902	$ 1,923,181

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

The carrying values of restricted cash, reclamation bonds, 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.

Financial risk management objectives and policies

The financial risk arising from the Company's operations are market risk, credit risk, and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. During the year ended December 31, 2019, there were no significant changes in the Company's financial risk management objectives and policies. The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market factors. Market risk comprises three types of risks: currency risk, price risk and interest rate risk:

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is exposed to currency risk through financial assets and liabilities denominated in currencies other than the United States Dollar. Management believes the currency risk related to currency conversions is minimal and therefore, does not hedge its currency risk.

Price risk

Price risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. The Company is exposed to the risk of fluctuations in prevailing market prices for its uranium products. However, as the Company is currently an exploration and development stage company, the risk is insignificant.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not significant.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk associated with its cash. The Company's maximum exposure to credit risk is equal to the carrying amount of its cash.

The Company's credit risk on cash arises from default of the counterparty. The Company limits its exposure to counterparty credit risk on cash by only dealing with financial institutions with high credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. The Company's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintains sufficient reserves of cash, access to financing facilities or access to cash generating opportunities, such as the liquidation of non-core and redundant assets to meet expected expenditures. The Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, progress on permitting, results from the exploration and development of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's current and expected remaining contractual maturities for its financial liabilities with agreed repayment periods are presented below. The table includes the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to satisfy the liabilities.

As at December 31, 2019	1-3 months	3 months - 1 year	1-5 years	Total
Trade and other payables	$ 728,864	$ 65,000	$ 70,000	$ 863,864
Operating lease obligations	15,573	40,610	124,526	180,709
	$ 744,437	$ 105,610	$ 194,526	$ 1,044,573

RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

During the year ended December 31, 2019, the Company recorded related party transactions with management including:

- The issuance of 800,000 common shares to executive management of the Company to settle employee remuneration.

During the year ended December 31, 2018, the Company recorded related party transactions with directors, management and shareholders including:

- Interest accruing of $143,219 to certain shareholders of the Company on the Shareholders' Loan;
- The issuance of 11,269,243 common shares valued at $2,201,024 in full and final settlement of the Shareholders' Loan;
- The issuance of 186,512 common shares to a shareholder of the Company to settle of trade and other payables of $36,169;
- The issuance of 578,822 common shares to a director of the Company to settle trade and other payables of $187,500; and
- The issuance of 450,000 common shares to executive management of the Company to settle employee remuneration.

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:

	Year ended December 31,			
		2019		2018
Salaries and benefits *	$	837,365	$	841,476
Consulting and professional fees		161,881		139,926
Share-based compensation		207,595		200,791
	$	1,206,841	$	1,182,193

* Salaries and benefits are included in administrative expenses and exploration and evaluation assets.

Related party liabilities

	As at December 31,			
		2019		2018
Trade and other payables - current	$	276,042	$	176,422
Trade and other payables - non-current		70,000		150,000
	$	346,042	$	326,422

Included in trade and other payables as at December 31, 2019 and 2018 is $346,042 and $326,422, respectively, owing to related parties of the Company, of which $170,000 and $230,000, respectively, is owed to a former director of the Company. On February 14, 2018, the Company entered into an amended severance agreement with this director to pay the remaining severance payments over 49 months, whereby the amount payable was increased to $370,000. During the year ended December 31, 2019 and 2018, the Company paid the former director $60,000 and $140,000, respectively, towards the outstanding balance. The Company has classified $100,000 as current and $70,000 as non-current as at December 31, 2019 and $80,000 as current and $150,000 as non-current as at December 31, 2018. In June 2018, the Company settled other deferred compensation of $187,500 with this same former director through the issuance of 578,822 common shares of the Company.

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

The Company has authorized the issuance of an unlimited number of common and preferred shares with no par value. As at December 31, 2019 and through the date of this MD&A, the following common shares, share purchase warrants and stock options are issued and outstanding:

	Common Shares	Share Purchase Warrants	Stock Options
Balance, December 31, 2019	185,543,926	10,454,490	14,622,500
Issuance of shares for ESPP	457,618	-	-
Issuance of shares for DSA	87,543	-	-
Balance as at the date of this MD&A	186,089,087	10,454,490	14,622,500

USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Information about judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Liquidity and going concern assumption

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include forecasted capital deployment, progress on permitting, results from the exploration and development of its properties and general industry conditions. Changes in these inputs may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Indicators of impairment of exploration and evaluation assets

In accordance with the Company's accounting policy for its exploration and evaluation assets, expenditures on its uranium properties are capitalized. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of uranium. The Company applies judgment to determine whether indicators of impairment exist for these capitalized costs.

Management uses several criteria in making this assessment, including the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of its properties are budgeted, and evaluation of the results of exploration and evaluation activities up to the reporting date.

Carrying value of exploration and evaluation assets

If any indicators of impairment are noted then management reviews the carrying value of the Company's exploration and evaluation assets to determine whether an impairment charge should be recorded on any of its projects. Management determines the recoverable amount of its individual exploration and evaluation assets using the higher of fair value less costs to sell or value-in-use. This determination and the individual assumptions require that management decide whether impairment should be recorded based on the best available information at each reporting period. Changes in these assumptions may alter the results of impairment testing, impairment charges recognized in profit or loss and the resulting carrying amounts of assets.

During the year ended December 31, 2019, the Company recorded an impairment charge of $4,140,444 on its Kyzyl Ompul project in Kyrgyzstan and an impairment charge of $2,422,398 on its Centennial project in Colorado.

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred or acquired during the year will have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, scoping studies, preliminary economic assessments, proximity of operating facilities, operating management expertise and existing permits.

Determining if an acquisition is a business combination or an asset acquisition

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

Identifying the acquirer in an acquisition

As required by IFRS 3 and IFRS 10 Consolidated Financial Statements, the Company is required to determine whether it is the acquirer or acquiree in the URZ Energy acquisition. The acquirer is the entity that obtains control of the acquiree in the acquisition. If it is not clear which company is the acquirer, additional information must be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interests. Management has determined that Azarga Uranium is the acquirer of URZ Energy.

Determination of asset and liability fair values

Business combinations and asset acquisitions require judgment and estimates to be made at the date of acquisition in relation to determining asset and liability fair values. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management make certain judgments and estimates about future events, including but not limited to estimates of mineral resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices, and long-term foreign exchange rates.

RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of new standards, interpretations and amendments

The Company adopted the requirements of IFRS 16 – Leases ("IFRS 16") as of January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the leased asset. For assets that meet the definition of a lease, IFRS 16 requires a single, on-balance sheet accounting model similar to finance lease accounting, with exceptions for short-term leases, leases of low value assets, and mineral exploration leases. Accordingly, IFRS 16 applies only to the Company's office leases. The Company has applied the modified retrospective approach in adopting IFRS 16.

On January 1, 2019 the Company recorded right-of-use assets totaling $152,214 with a corresponding entry to operating lease obligations. The Company calculated the present value of the minimum lease payments using an incremental borrowing rate of 7% and an exchange rate of $/C$ 1.3642. Thereafter, the right-of-use assets are depreciated on a straight-line basis over the term of the leases, which range from 2 to 5 years.

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2019 and have not been applied in preparing the Company's consolidated financial statements. The standards are not expected to materially impact the Company's financial position or results of operations.

PROPOSED TRANSACTIONS

As is typical of the mineral exploration and development industry, the Company is continually reviewing potential acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. There is currently no proposed asset or business acquisitions or dispositions, other than those discussed in this MD&A and those in the ordinary course, before the Board of Directors for consideration. While we remain focused on our plans to continue exploration and development on our material property, should we enter into agreements in the future on new properties, we may be required to make cash payments and complete work expenditure commitments under those agreements.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of December 31, 2019, the CEO and CFO have each concluded that the Company's disclosure controls and procedures, as required by the applicable rules of the Canadian Securities Administrators (or Canadian securities regulatory authorities), are effective to achieve the purpose for which they have been designed.

It should be noted that while the Company's CEO and CFO believe that the Company's disclosure controls and processes will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and processes will prevent all errors and frauds. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management, with the participation of the Company's CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. As a result, even those systems determined to be effective can only provide reasonable assurance regarding the preparation of financial statements. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is also responsible for the design of the Company's internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, under the supervision of the CEO and the CFO, has evaluated the effectiveness of the Company's internal controls over financial reporting using the framework and criteria as required by the applicable rules of the Canadian Securities Administrators (or Canadian securities regulatory authorities). Based on this evaluation, management has concluded that internal controls over financial reporting were effective as at December 31, 2019.

There were no changes in the Company's internal controls over financial reporting that occurred during the year ended December 31, 2019, that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

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

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

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