Azarga Uranium Corp.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2018
(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, 2018 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, 2018, together with the notes thereto (the "Financial Report").

All financial information in this MD&A is derived from the Company's 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 29, 2019.

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). Azarga Uranium, together with its subsidiaries (collectively referred to as the "Company"), is an integrated uranium exploration and development company.

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

ACQUISITION OF URZ ENERGY

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

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

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

- **Consolidation of uranium assets with a focus on the US** – combined measured & indicated ("M&I") resources of 40.1 million pounds of U_3O_8, plus additional inferred resources of 6.0 million pounds of U_3O_8, all located in the United States.

- **Advanced-stage permitting at the Dewey Burdock Project** – the Dewey Burdock Project has already received several key licenses/permits and is in the process of obtaining final regulatory approvals required for project construction.

- **Pipeline of growth assets with continued exploration potential** – the Gas Hills Project, which has been the subject of historical mining, has recently been reinterpreted for its potential to be mined via ISR methods. A pipeline of other assets, including the Juniper Ridge, Dewey Terrace and Aladdin Projects located in Wyoming and the Centennial Project located in Colorado; provide further uranium optionality.

- **Amalgamation of sector-leading ISR development and production experience** – through its management, directors and advisors, Azarga Uranium now collectively possesses over 100 years of experience in the exploration, development, permitting, operation and post-mining groundwater restoration of ISR uranium mines.

- **Strategic platform for further consolidation** – strengthened platform through which to continue to evaluate and consolidate additional low-cost, domestic ISR uranium projects in the United States.

- **Enhanced market positioning** – a more diversified shareholder base, along with an increased market capitalization to broaden investor and analyst appeal. On August 23, 2018, the Company's common shares were listed for trading on the

OTCQB Venture Market in the United States to supplement the Company's listings on the Toronto and Frankfurt stock exchanges.

- **Strengthened balance sheet** – concurrent with the acquisition, the Company issued 11,269,243 common shares to settle the $1.8 million shareholders loan plus accrued interest (the "Shareholders' Loan"). In addition, on completion of the acquisition, the Company acquired cash reserves of $570,525 and $1,827,078 of cash was generated through the exercise of share purchase warrants prior to their expiry on August 15, 2018.

OPERATIONAL HIGHLIGHTS

In addition to the acquisition of URZ Energy and the settlement of the Shareholders' Loan, the Company's significant events and highlights for the year ended December 31, 2018 and to the date of this MD&A are as follows:

- **Dewey Burdock Project resource update** – in December 2018, the Company published an updated technical report supporting an increased National Instrument 43-101 ("NI 43-101") resource estimate for the Dewey Burdock Project in South Dakota and expects to complete an updated preliminary economic assessment ("PEA") in the second quarter of 2019.

- **Dewey Burdock Project permitting update** – the Atomic Safety and Licensing Board (the "ASLB") denied the Oglala Sioux Tribe's motion for summary disposition and its request to stay or revoke the Company's Dewey Burdock Project United States Nuclear Regulatory Commission ("NRC") license. In addition, the NRC Commission issued a decision upholding the effectiveness of the Company's NRC license in consideration of the remand from the United States Court of Appeals for the District of Columbia Circuit (the "DC Circuit Court"). The Company's NRC license for the Dewey Burdock Project continues to remain in good standing and the ASLB has established procedures for resolution of the final remaining contention. The NRC staff have developed an approach, consistent with one of the options provided by the ASLB, to address the only remaining NRC license contention. The Company plans to support this approach and looks forward to the successful resolution of the only remaining contention in a timely manner.

- **Gas Hills Project, favorable permeability suitable for ISR mining** – on July 20, 2018, the Company announced positive results of a hydrologic study of the permeability of the Wind River formation confined aquifer, the primary host of uranium mineralization at the Company's Gas Hills Uranium Project. The favorable permeability, coupled with the favorable piezometric surface conditions, confirms that these two important hydrologic parameters are suitable for ISR uranium mining.

- **Kyzyl Ompul Project earn-in agreement –** on April 19, 2018, the Company announced that its 70% controlled subsidiary, UrAsia in Kyrgyzstan Limited Liability Company ("UrAsia"), had executed a replacement earn-in agreement (the "Replacement Agreement") with Central Asian Uranium Company Limited Liability Company ("Central") to replace the previous earn-in agreement which was terminated in accordance with its terms. The Replacement Agreement provides Central with an option to earn a 100% interest in UrAsia's Kyzyl Ompul Project in the Kyrgyz Republic. To maintain the option and earn a 100% interest, Central is required to pay UrAsia $5,850,000 in cash payments and fund $1,500,000 of exploration and development expenditures by December 1, 2020.

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 exceeds pre-Fukushima total** – the global reactor pipeline consists of 991[1] nuclear reactors that are operable, under construction, planned or proposed compared to 983[2] before the Fukushima incident in 2011. Of the 991 nuclear reactors, 450 reactors are operable[1]. A total of 203[1] nuclear reactors are under construction or planned, which represents approximately 45% of the current operating fleet. China, Russia and India lead the world in terms of the number of nuclear power plants under construction, with thirteen, seven and seven, respectively[1]. China continues to accelerate their nuclear growth plans and intends to have 58 GWe of installed capacity by 2020-21 and 120-150 GWe by 2030[3] (currently 43 GWe[1]). According to their latest Five Year Plan, China is forecasting the approval and construction of 6-8 units per year between 2016 and 2020, increasing to 10 units per year thereafter[3].

- **Current prices will constrain supply** – low prices are forcing producers to curtail mining, development and exploration. In 2016, Cameco Corp. ("Cameco") suspended production and transitioned its Rabbit Lake Mine to care and maintenance, which produced 4.2 million pounds of uranium in 2015[4], curtailed its United States operations and announced production halts at its McArthur River and Cigar Lake mines for periods in 2017. In 2017, Cameco announced temporary production suspensions at its McArthur River/Key Lake operation, which Cameco expects will remove 18 million pounds of uranium from the market in 2018[5]. In July 2018, Cameco announced the decision to continue the shutdown of McArthur

[1] World Nuclear Association – *World Nuclear Power Reactors & Uranium Requirements (January 2019)*
[2] Haywood Securities Inc. – *Target & Commodity Price Revisions (January 25, 2017)*
[3] World Nuclear Association – *Nuclear Power in China (January 2019)*
[4] Cameco 2016 Annual Information Form *dated March 23, 2017*
[5] Cameco Corp. Management Discussion & Analysis for the quarter ended June 30, 2018

River/Key Lake indefinitely. Further, Kazatomprom announced a 20% production cut over a period of three years commencing in January 2018, which equates to approximately 7.5% of global uranium production for 2018 as forecast by UxC (UMO Q4)[6].

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

- **Continue with the advancement of the Dewey Burdock Project** – the Company is working to resolve the only remaining contention on the NRC license and to receive the final EPA permits. 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.

- **Complete updated PEA at the Dewey Burdock Project and identify uranium resources at the Dewey Terrace Project** – in December 2018, the Company published an increased resource estimate for the Dewey Burdock Project and expects to publish an updated PEA in the second quarter of 2019. The Company is also continuing the evaluation and analysis of historical data at the Dewey Terrace Project with the goal of identifying additional uranium mineralization.

- **Focus on ISR amenability at the Gas Hills Project** – the Company has completed hydrological studies which indicate that permeability and piezometric surface conditions are suitable for ISR uranium mining. The Company will continue to evaluate future ISR development options at Gas Hills, consistent with the Company's strategy of developing US-focused ISR uranium projects.

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

[6] NAC Kazatomprom JSC news release December 4, 2017

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 2018 resource estimate demonstrates that the Dewey Burdock Project is one of the United States' leading undeveloped ISR uranium deposits;
- 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

In December 2018, the Company filed an updated NI 43-101 compliant independent resource estimate for the Dewey Burdock Uranium Project prepared by Rough Stock Mining Services (the "Dewey Burdock Report") with an effective date of November 12, 2018.

Dewey Burdock Project ISR Mineral Resource estimate				
	Measured Resources	Indicated Resources	Measured plus Indicated Resources	Inferred Resources
Tons	5,200,000	2,328,000	7,528,000	732,000
Average grade (% U_3O_8)	0.132	0.068	0.113	0.056
Average thickness (feet)	5.51	5.83	5.69	5.95
Average grade-thickness ("GT")	0.73	0.396	0.64	0.333
Uranium (pounds)	13,779,000	3,160,000	16,939,000	818,000

1. 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 an additional 1,060,000 pounds of non-ISR (located above the water table) Measured resources at 0.057% U_3O_8. These resources are not included in the Measured resources presented in the table above.

Details of the assumptions and parameters used with respect to the Dewey Burdock Report, including information on data verification, are set out in the Dewey Burdock Report dated December 21, 2018, a copy of which is available under the Company's profile on SEDAR at www.sedar.com.

The Company's immediate objective is to complete an updated PEA based on the updated 2018 resource estimate and to obtain the necessary permits and licenses to advance the Dewey Burdock Project to the construction phase.

Summary of Permitting

Permit, License or Approval Name	Agency	Status
UIC Class III Permit UIC Class V Permit	EPA	• Draft permits issued March 2017 • Public comment period closed June 2017 • Working with EPA to obtain final permits
Final Source and By-product Materials License	NRC	• Issued April 2014 and in good standing • Final contention pertaining to identification and protection of historic and cultural resources has path to completion
Ground Water Disposal Plan Water Rights Permit Large Scale Mine Plan Permit	DENR	• 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 on

		successful resolution of final NRC 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 relate to identification and protection of historic and cultural resources, the ASLB requested additional consultation between the NRC staff and the Oglala Sioux Tribe. The ASLB also ruled inadmissible two new contentions that were filed by the Intervenors after the evidentiary hearing.

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

ASLB's decision and dismissed the contention.

In August 2017, the Company received notice that the NRC staff filed a motion for summary disposition before the ASLB to resolve the remaining two contentions from the ASLB partial initial decision. The Company filed a brief in support of the NRC staff motion, 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. However, the ASLB established procedures for resolution of the remaining contention and provided the NRC staff with two options to conclude the remaining contention. The NRC staff have developed an approach, consistent with one of the options provided by the ALSB, to address the only remaining NRC license contention. The Company plans to support the approach developed by the NRC staff and looks forward to the successful resolution of the only remaining contention in a timely manner.

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, including resolution of the one outstanding contention related to NEPA. In March 2017, the Company received notice that the EPA issued draft Class III and Class V UIC permits completing a major regulatory milestone.

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

On July 8, 2014, the BLM requested additional information on the Company's plan of operations for the Dewey Burdock Project. The Company submitted the requested information and anticipates that the BLM will approve the plan of operations subsequent to the successful resolution of the remaining contention on the NRC license, at which point it is also anticipated that the BLM will prepare an environmental assessment and issue its Record of Decision.

Dewey Terrace Project (100% interest) – Wyoming, USA – adjacent to Dewey Burdock

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 0.1 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

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

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

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

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

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

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

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.

The Company is currently analyzing alternatives for the Centennial Project including using best efforts to renegotiate the purchase option agreement on the project.

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

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 0.1 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

The Juniper Ridge PEA is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Juniper Ridge PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

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

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 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 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.

Kyzyl Ompul Project (70% interest) – Kyrgyz Republic

The uranium deposit/prospects of the Kyzyl Ompul Project are located in the Kyrgyz Republic, approximately 125 kilometers east of the capital of Bishkek. The Kyzyl Ompul Project is 100% owned and operated by UrAsia in Kyrgyzstan Limited Liability Company ("UrAsia"), in which the Company owns a 70% interest, and consists of one exploration license with an area of 42,379 hectares. The license is valid until December 31, 2020 and permits exploration for uranium.

From July 31, 2017, to its termination on April 16, 2018, UrAsia was party to an earn-in agreement (the "Earn-In Agreement") with Mining Investment Company Alliance ("Alliance"). The Earn-In Agreement provided Alliance with an earn-in option to acquire a 100% interest in the Kyzyl Ompul Project in exchange for $6,000,000 of cash payments and a two percent net smelter royalty of up to $5,000,000 as well as Alliance making $1,600,000 of exploration and development expenditures over a three-year period. During the year ended December 31, 2017, UrAsia received $150,000 in cash payments from Alliance.

On April 16, 2018, UrAsia executed a replacement earn-in agreement (the "Replacement Agreement") with Central Asian Uranium Company Limited Liability Company ("Central") to replace the Earn-in Agreement, which was terminated in accordance with the terms provided for therein. The Replacement Agreement provides Central with an option to earn a 100% interest in 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.

Under the terms of the Replacement Agreement, Central made cash payments to the Company of $290,000 during the year ended December 31, 2018. In March 2019, the Company and Central amended the Replacement Agreement such that the remaining cash payments of $5,560,000 are now payable as follows: $130,000 on signing, of which $70,000 has been received and $60,000 is expected to be received imminently, $95,104 on April 30, 2019, $16,828 per month from April 1 to September 1, 2019, $245,828 per month from October 1 to December 1, 2019, $378,911 from January 1 to September 1, 2020, and $362,082 per month from October 1 to December 1, 2020. Cash payments received from Central over the course of the Replacement Agreement are not refundable if Central does not exercise its purchase option.

Aggregate exploration and development expenditures are expected to be incurred as follows: $400,000 by December 31, 2018, $1,000,000 by December 31, 2019 and $1,500,000 by December 1, 2020. For the year ended December 31, 2018, Central has exceeded the minimum exploration and development expenditures required pursuant to the Replacement Agreement.

Subject to Central completing all required funding and exercising its option to acquire a 100% interest in the Kyzyl Ompul Project, UrAsia will retain a 2% net smelter return royalty that is payable on commencement of commercial production and is subject to a minimum of $2,500,000 and a maximum of $5,000,000.

If Central fails to make any of the payments under the Replacement Agreement, UrAsia will retain its 100% interest in the Kyzyl Ompul Project.

In April 2014, Ravensgate Mining Industry Consultants ("Ravensgate") prepared a maiden NI 43-101 compliant independent resource estimate for the Kok Moinok deposit located within the Kyzyl Ompul Project. Ravensgate estimated that the Kok Moinok deposit contained inferred uranium resources of 7.51 million pounds at 225.2 parts per million U_3O_8 using a cut-off of 100 parts per million as at December 31, 2013, the effective date of the resource estimate. Details of the assumptions and parameters used for the resource estimate at Kyzyl Ompul, including information on data verification, are set out in the Kyzyl Ompul Technical Report dated April 14, 2014, a copy of which is available under the Company's profile at www.sedar.com. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

QUALIFIED PERSON

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

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Statement of Loss:			
Net revenues	$Nil	$Nil	$Nil
Net loss	$2,408,725	$5,280,632	$3,112,945
Net loss per share	$0.02	$0.07	$0.05
Financial Position:			
Total assets	$47,304,353	$33,695,520	$39,473,305
Long term liabilities	$4,854,886	$6,229,824	$7,365,390
Dividends	$Nil	$Nil	$Nil

The net loss in the year ended December 31, 2017 included a $6.3 million impairment of exploration and evaluation assets related to Kyzyl Ompul Project.

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2018

The consolidated net loss for the year ended December 31, 2018 was $2,408,725 compared to $5,280,632 in the prior year.

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

Administrative expenses totaled $2,145,295 for the year ended December 31, 2018 compared to $1,659,228 in the prior year. The overall increase in administrative expenses relates primarily to increased consulting and professional fees and corporate administration expenses incurred subsequent to completion of the URZ Energy acquisition and the OTCQB Venture Market listing as well as the increased share-based compensation.

Finance costs totaled $154,913 for the year ended December 31, 2018 compared to $216,478 in the prior year and primarily related to interest expense on the Shareholders' Loan. The decrease in interest expense related to the settlement of the Shareholders' Loan in July 2018.

The Company recognized an unrealized gain of $51,789 for the year ended December 31, 2018 compared to $595,801 in the prior year. The unrealized gain related primarily to the gain on the revaluation of the warrant liability for both periods.

The Company recognized a realized gain of $34,485 for the year ended December 31, 2018 compared to a realized loss of $3,938 in the prior year. The realized gain in the current year relates to the settlement of trade and other payables whereas the realized loss in the prior year relates primarily to the loss on sale of certain investments.

During the year ended December 31, 2017, the Company recognized an impairment charge of $6,346,899 for the Kyzyl Ompul Project on execution of the Earn-In Agreement that established the fair value of the project. As the recoverable amount of the project was determined to be less than it's carrying value, the carrying value was impaired.

SUMMARY OF QUARTERLY RESULTS

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

	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	$Nil	$Nil	$Nil	$Nil
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)

	3 Months Ended December 31, 2017	3 Months Ended September 30, 2017	3 Months Ended June 30, 2017	3 Months Ended March 31, 2017
Total revenues	$Nil	$Nil	$Nil	$Nil
Net income (loss)	$1,782,760	$(6,438,864)	$(347,086)	$(277,442)
Net income (loss) per share, basic and diluted	$0.02	$(0.08)	$(0.01)	$(0.00)

The net loss in the three months ended September 30, 2017 included a $6.3 million impairment of exploration and evaluation assets related to Kyzyl Ompul Project.

Fourth Quarter 2018

The Company began the fourth quarter with a cash balance of $940,048. During the fourth quarter, the Company expended $373,430 on operating activities net of working capital changes, $158,725 on investing activities, and $55,000 on financing activities, with a negative $892 effect of foreign exchange on cash to end the quarter and the year with a cash balance of $352,001.

LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal year with a cash balance of $432,192. During the year ended December 31, 2018, the Company expended $1,834,175 on operating activities net of working capital changes, expended $639,673 on investing activities, and received $2,394,444 from financing activities, with a negative $787 effect of foreign exchange on cash to end December 31, 2018 with a cash balance of $352,001.

In January 2018, the Company closed the second and final tranche of its non-brokered private placement of $157,366 (C$195,000) through the issuance of 780,000 units at a price of C$0.25 per unit.

During the year ended December 31, 2018, the Company issued 11,950,866 common shares for gross proceeds of $1,827,078 pursuant to the exercise of share purchase warrants.

In May 2018, URZ Energy advanced $465,000 to the Company. All principal and interest was settled on completion of the acquisition. In July 2018, the Company acquired net cash of $423,924 on the acquisition of URZ Energy.

During the year ended December 31, 2018, the Company issued 11,269,243 common shares as full and final settlement of the Shareholders' Loan.

In March 2019, the Company closed a non-brokered private placement for gross proceeds of C$3,014,391 through the issuance of 13,106,046 units at a price of C$0.23 per unit.

Under the terms of the Replacement Agreement, Central made cash payments to the Company of $290,000 during the year ended December 31, 2018. In March 2019, the Company and Central amended the Replacement Agreement such that the remaining cash payments of $5,560,000 are now payable as follows: $130,000 on signing, of which $70,000 has been received and $60,000 is expected to be received imminently, $95,104 on April 30, 2019, $16,828 per month from April 1 to September 1, 2019, $245,828 per month from October 1 to December 1, 2019, $378,911 from January 1 to September 1, 2020, and $362,082 per month from October 1 to December 1, 2020. Cash payments received from Central over the course of the Replacement Agreement are not refundable if Central does not exercise its purchase option.

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.

The consolidated 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. Additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing, at terms that are acceptable to the Company, will be available. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company has successfully raised financing in the past and will continue to assess available alternatives; however, there is no assurance that the Company will be able to raise additional funds in the future.

At the date of this MD&A, the Company has 17,380,339 exercisable warrants outstanding at exercise prices ranging from C$0.35 to C$.375, and 12,785,836 exercisable stock options outstanding at exercise prices ranging from C$0.075 to C$1.50, 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 *	$ 676,386	$ 674,793	$ 1,326,198	$ 2,677,377
Centennial option agreement **	3,165,000	-	-	3,165,000
Dewey Burdock option agreements	62,500	187,500	1,768,750	2,018,750
Office leases	54,431	104,203	20,874	179,508
	$ 3,958,317	$ 966,496	$ 3,115,822	$ 8,040,635

* annual license payments include lease, mineral claim, and exploration license payments
** the Company will use best efforts to renegotiate the Centennial Project option agreement before the contingent payment is due

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

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		**2018**		**2017**
Amortized cost				
Cash	$	352,001	$	432,192
Restricted cash		39,963		39,176
Reclamation bonds		99,000		-
	$	490,964	$	471,368

		As at December 31,		
Financial liabilities		**2018**		**2017**
Amortized cost				
Trade and other payables	$	1,452,085	$	1,525,906
Loans payable		-		2,104,678
Decommissioning liabilities		223,442		142,918
Fair value through profit or loss				
Warrant liabilities		247,654		258,116
	$	1,923,181	$	4,031,618

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 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, reclamation bonds and decommissioning liabilities approximate their fair values and are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

Risk Management

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, 2018, 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 its liquidity requirements in the short and long term. In order to ensure that the Company has sufficient cash, access to financing facilities or access to cash generating opportunities, 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, 2018	1-3 months	3 months - 1 year	1-5 years	Total
Trade and other payables	$ 1,257,085	$ 45,000	$ 150,000	$ 1,452,085
	$ 1,257,085	$ 45,000	$ 150,000	$ 1,452,085

RELATED PARTY TRANSACTIONS

Related party transactions

During the years ended December 31, 2018 and 2017, the Company had related party transactions with directors, management and shareholders including:

- Interest accruing of $143,219 and $209,670, respectively 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 and 750,000 common shares, respectively, 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, being those who have the authority and responsibility for planning, directing and controlling the activities of the Company, consisted of the following:

		Year ended December 31, 2018		2017
Salaries and benefits	$	841,476	$	724,540
Consulting and professional fees		139,926		7,386
Share-based compensation		200,791		176,296
	$	1,182,193	$	908,222

Related party liabilities

		As at December 31, 2018		2017
Loan payable to shareholders	$	-	$	2,057,805
Trade and other payables for key management personnel - current		176,422		716,838
Trade and other payables for key management personnel - non-current		150,000		-
	$	326,422	$	2,774,643

Included in trade and other payables as at December 31, 2018 and 2017 is $326,422 and $716,838, respectively, owing to related parties of the Company, of which $230,000 and $325,500, 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, of which $140,000 was paid during the year ended December 31, 2018. The Company has classified $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, 2018 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, 2018	169,833,806	10,827,317	12,785,836
Isuance of shares for ESPP	298,310	-	-
Issuance of shares for DSA	76,247	-	-
Issuance of shares for private placement	13,106,046	6,553,022	-
Balance as at the date of this MD&A	183,314,409	17,380,339	12,785,836

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, 2018, impairment indicators were noted on the Company's Centennial project; however, the Company did not record an impairment charge as the fair value was determined to be in excess of its carrying value.

During the year ended December 31, 2017, the Company recorded an impairment charge of $6,346,899 on its Kyzul Ompul project in Kyrgyzstan.

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

The Company has adopted the new and revised standards and interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee effective January 1, 2018. The adoption of these standards did not have a material impact on the Company's Financial Report.

Refer to the discussion of "Standards issued but not yet effective" in Note 3.20 to the consolidated financial statements. The Company has not applied any of the new and revised IFRS detailed therein, all of which have been issued, but are not yet effective at the date of this MD&A.

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, 2018, 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, 2018.

There were no changes in the Company's internal controls over financial reporting that occurred during the year ended December 31, 2018, 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 Azarga Uranium 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 Azarga Uranium 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 Azarga Uranium 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 Azarga Uranium 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 Azarga Uranium 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 Azarga Uranium will be realized or, even if substantially realized, that they will have the expected consequences for Azarga Uranium.

Forward-looking statements are based on the beliefs, estimates and opinions of Azarga Uranium's management on the date the statements are made. Unless otherwise required by law, Azarga Uranium 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 Azarga Uranium 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.