Azarga Uranium Corp.
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015
(Expressed in U.S. Dollars)

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Independent Auditor's Report

To the Shareholders of Azarga Uranium Corp.

We have audited the accompanying consolidated financial statements of Azarga Uranium Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of profit or loss and other comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Azarga Uranium Corp. and its subsidiaries as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated revenues from operations, is currently in the exploration and development stage and has an accumulated deficit of $9,897,079. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants
Vancouver, Canada
March 30, 2016

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AZARGA URANIUM CORP.
Consolidated Statements of Financial Position
(Expressed in U.S. Dollars)

	Notes	As at December 31, 2015		As at December 31, 2014	
ASSETS					
Current assets					
Cash		$	239,327	$	3,214,529
Convertible loan receivables	10		-		427,139
Other current assets			7,554		37,847
Exploration and evaluation assets held for sale	7		450,000		-
Investments held for sale	9		2,328,655		-
Total current assets			3,025,536		3,679,515
Non-current assets					
Restricted cash	7		40,882		231,948
Exploration and evaluation assets	7		37,174,175		37,433,869
Property, plant and equipment	8		114,298		197,063
Investments	9		-		3,951,880
Other non-current assets			-		36,877
Total non-current assets			37,329,355		41,851,637
Total assets		$	40,354,891	$	45,531,152
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	12	$	2,224,087	$	3,470,711
Loans payable	11		486,445		1,068,522
Deferred consideration	5		-		700,000
Other current liabilities	13		8,137		7,582
Total current liabilities			2,718,669		5,246,815
Non-current liabilities					
Trade and other payables	12		370,000		-
Deferred income tax liabilities	14.3		6,022,790		5,619,790
Deferred consideration	5		-		700,672
Loans payable	11		1,856,053		2,202,094
Warrant liability	20.2		3,809		328,213
Other non-current liabilities	13		118,097		1,651,540
Total non-current liabilities			8,370,749		10,502,309
Total liabilities			11,089,418		15,749,124
Equity					
Common shares			37,256,196		36,938,764
Contributed surplus/(deficit)			766,630		(1,594,389)
Share option reserve	21.3		1,021,099		717,539
Accumulated deficit	20.3		(9,897,079)		(6,272,029)
Foreign currency translation reserve			(1,050,001)		(713,214)
Equity attributable to the equity holders of the Company			28,096,845		29,076,671
Non-controlling interest	6		1,168,628		705,357
Total equity			29,265,473		29,782,028
Total equity and liabilities		$	40,354,891	$	45,531,152

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

APPROVED BY THE BOARD:

"Joseph Havlin" — **Director**

"Richard F. Clement, Jr." — **Director**

AZARGA URANIUM CORP.
Consolidated Statements of Profit or Loss and Other Comprehensive Loss
(Expressed in U.S. Dollars)

	Notes		Year ended December 31, 2015		2014
Administration expenses	15	$	(2,828,249)	$	(3,802,907)
Foreign exchange gain			91,662		28,026
Loss from operations			(2,736,587)		(3,774,881)
Finance costs	16		(494,357)		(1,327,720)
Unrealized loss	17		(9,770)		(1,561,196)
Realized gain/(loss)	18		1,022,125		(171,480)
Share of equity loss from associates	9.1		(602,375)		(2,283,461)
Impairment of investment in associates	9.1		(520,866)		(3,707,133)
Bargain purchase gain on close of RTO	5		-		11,605,241
Net loss before tax			(3,341,830)		(1,220,630)
Deferred income tax expense	14.2		(403,000)		(255,095)
Net loss			(3,744,830)		(1,475,725)
Other comprehensive loss					
Item that may be reclassified subsequently as profit or loss					
Foreign currency translation adjustment			(911,230)		(731,927)
Total comprehensive loss		$	(4,656,060)	$	(2,207,652)
Net loss attributable to:					
Equity holders of the Company			(3,625,050)		(1,277,122)
Non-controlling interest			(119,780)		(198,603)
Net loss		$	(3,744,830)	$	(1,475,725)
Other comprehensive loss attributable to:					
Equity holders of the Company			(733,240)		(643,649)
Non-controlling interest			(177,990)		(88,278)
Other comprehensive loss		$	(911,230)	$	(731,927)
Basic loss per share	19	$	(0.06)	$	(0.04)
Diluted loss per share	19	$	(0.06)	$	(0.04)

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

AZARGA URANIUM CORP.
Consolidated Statements of Changes in Equity
(Expressed in U.S. Dollars and shares)

		Attributable to equity holders of the Company								
	Notes	Number of shares	Common shares	Contributed surplus/ (deficit)	Share option reserve	Accumulated deficit	Foreign currency translation reserve	Total equity	Non-controlling interest	Total equity
Balances, January 1, 2014		75,583,274	$ 302,333	$ 20,585,082	$ 219,098	$ (4,994,907)	$ (69,565)	$ 16,042,041	$ 992,238	$ 17,034,279
Issuance of shares prior to close of RTO	20.1	39,241,880	156,968	254,787	-	-	-	411,755	-	411,755
Issuance of equity instrument prior to close of RTO	20.1	-	-	6,757,754	-	-	-	6,757,754	-	6,757,754
Elimination of Azarga Resources common shares		(114,825,154)	-	-	-	-	-	-	-	-
Shares outstanding on close of RTO		505,700,952	3,109,018	-	37,995	-	-	3,147,013	-	3,147,013
Share consolidation on close of RTO		(455,130,857)	-	-	-	-	-	-	-	-
Reclassification of contributed surplus on close of RTO		-	29,192,012	(29,192,012)	-	-	-	-	-	-
Issuance of shares post close of RTO	20.1	8,833,638	4,178,433	-	-	-	-	4,178,433	-	4,178,433
Share-based compensation	21.3	-	-	-	460,446	-	-	460,446	-	460,446
Net loss for the year		-	-	-	-	(1,277,122)	-	(1,277,122)	(198,603)	(1,475,725)
Other comprehensive loss for the year		-	-	-	-	-	(643,649)	(643,649)	(88,278)	(731,927)
Balances, December 31, 2014		59,403,733	$ 36,938,764	$ (1,594,389)	$ 717,539	$ (6,272,029)	$ (713,214)	$ 29,076,671	$ 705,357	$ 29,782,028
Balances, January 1, 2015		59,403,733	$ 36,938,764	$ (1,594,389)	$ 717,539	$ (6,272,029)	$ (713,214)	$ 29,076,671	$ 705,357	$ 29,782,028
Issuance of shares	20.1	928,581	317,432	-	-	-	-	317,432	-	317,432
Share-based compensation	21.3	-	-	-	303,560	-	-	303,560	-	303,560
Share-based payments settled by equity	20.1	-	-	450,647	-	-		450,647	-	450,647
Sale of UrAsia's charter capital	5	-	-	1,910,372	-	-	396,453	2,306,825	761,041	3,067,866
Net loss for the year		-	-	-	-	(3,625,050)	-	(3,625,050)	(119,780)	(3,744,830)
Other comprehensive loss for the year		-	-	-	-	-	(733,240)	(733,240)	(177,990)	(911,230)
Balances, December 31, 2015		60,332,314	$ 37,256,196	$ 766,630	$ 1,021,099	$ (9,897,079)	$ (1,050,001)	$ 28,096,845	$ 1,168,628	$ 29,265,473

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

AZARGA URANIUM CORP.

Consolidated Statements of Cash Flows

(Expressed in U.S. Dollars)

	Notes	Year ended December 31, 2015	2014
OPERATING ACTIVITIES			
Net loss		$ (3,744,830)	$ (1,475,725)
Adjustments for:			
Deferred income tax expense	14.2	403,000	255,095
Depreciation	15	13,514	14,056
Share-based compensation	15	136,596	620,792
Finance costs	16	494,357	1,327,720
Share of equity loss of associates	9.1	602,375	2,283,461
Impairment of investment in associates	9.1	520,866	3,707,133
Realized (gain)/loss	18	(1,022,125)	171,480
Unrealized loss	17	9,770	1,561,196
Bargain purchase gain on close of RTO	5	-	(11,605,241)
Unrealized foreign exchange loss		11,458	1,097
Operating cash flows before changes in non-cash working capital items		(2,575,019)	(3,138,936)
Change in other assets		(48,057)	(19,388)
Change in trade and other payables		(39,767)	792,850
Change in other liabilities		2,654	227,512
Net cash used in operating activities		(2,660,189)	(2,137,962)
INVESTING ACTIVITIES			
Cash acquired on close of RTO		-	8,312
Payment of deferred consideration	5	-	(150,000)
Purchase of investments		(77,289)	(898,100)
Sale of investments		474,593	335,232
Change in restricted cash		185,779	(6,802)
Sale of property, plant and equipment		40,180	1,312
Settlement of Anatolia put option agreement		-	(348,338)
Purchase of convertible loans		-	(3,746,788)
Sale of exploration and evaluation assets		339,320	-
Expenditures on exploration and evaluation assets		(1,219,011)	(940,089)
Net cash used in investing activities		(256,428)	(5,745,261)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	20.1	-	4,812,197
Issuance of equity instrument	20.4	-	6,000,000
Payment of other loans payable	11.2	(60,000)	-
Net cash (used in) generated by financing activities		(60,000)	10,812,197
Effect of foreign exchange rate changes on cash		1,415	3,542
(Decrease)/Increase in cash		(2,975,202)	2,932,516
Cash, beginning of year		3,214,529	282,013
Cash, end of year		$ 239,327	$ 3,214,529

Supplemental cash flow information (Note 25)

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

1. CORPORATE INFORMATION AND GOING CONCERN

Azarga Uranium Corp. ("Azarga Uranium") (formerly Powertech Uranium Corp. or "Powertech") was incorporated on February 10, 1984 in British Columbia, Canada. Azarga Uranium's common shares are publicly traded on the Toronto Stock Exchange (Symbol: AZZ) and the Frankfurt Stock Exchange (Symbol: P8AA). Azarga Uranium, together with its subsidiaries (collectively referred to as the "Company"), is an integrated uranium exploration and development company. On October 28, 2014, Powertech completed a reverse take-over ("RTO") with Azarga Resources Limited ("Azarga Resources"). Refer to Note 5 for additional details.

The Company controls uranium properties located in the United States of America ("USA") and in the Kyrgyz Republic. The Company's Dewey Burdock Project, located in South Dakota, is the Company's initial development priority. The Company also owns the Centennial Project in Colorado, the Aladdin Deposit in Wyoming, two uranium exploration properties in Wyoming and 70% of the Kyzyl Ompul Project in the Kyrgyz Republic. The Company holds investments in the following uranium exploration and development companies: Western Uranium Corporation ("Western Uranium") (formerly the Company's investment in Black Range Minerals Limited or "Black Range") and Uranium Resources, Inc. ("URI") (formerly the Company's investment in Anatolia Energy Limited or "Anatolia").

The address of the Company's corporate office is 5575 DTC Parkway Suite 140, Greenwood Village, CO, United States and its registered and records office is located at Suite 2600, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3.

These 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. As at December 31, 2015, the Company had working capital of $306,867 and an accumulated deficit of $9,897,079 and will continue incurring losses in the foreseeable future. Additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing, at terms that are acceptable to the Company, will be available. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company has successfully raised financing in the past and will continue to assess available alternatives; however, there is no assurance that the Company will be able to raise additional funds in the future.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in compliance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements of the Company for the year ended December 31, 2015 were approved and authorized for issue by the Board of Directors of the Company on March 30, 2016.

2.2 Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities, which are measured at fair value. The Company's financial instruments are further disclosed in Note 23 of these consolidated financial statements.

2.3 Comparative financial information

These consolidated financial statements have been prepared as a continuation of Azarga Resources' consolidated financial statements. The comparative figures presented include the results of Powertech's operations subsequent to the close of the RTO on October 28, 2014 (refer to Note 5). In the consolidated statement of cash flow for the year ended December 31, 2014, the Company reclassified the purchase of convertible loans of $3,746,788 from financing activities to investing activities.

2.4 Adoption of new and revised standards and interpretations

There have been no new and/or revised standards and interpretations issued by the IASB or IFRIC adopted by the Company effective January 1, 2015 that have had a material impact on the consolidated financial statements of the Company.

Standards issued but not yet effective

The standards and interpretations that are issued up to the date of issuance of the Company's financial statements, but were not effective during the year ended December 31, 2015 are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

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

2. BASIS OF PREPARATION (Continued)

IFRS 5 Amendment	Amendments to IFRS 5 Non Current Assets Held for Sale and Discontinued Operations(i)
IFRS 7 Amendment	Amendments to IFRS 7 Financial Instruments: Disclosures(i)
IFRS 9	Financial Instruments(iii)
IFRS 10 and IAS 28 Amendments	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures(i)
IFRS 11 Amendments	Amendments to IFRS 11 Joint Arrangements(i)
IFRS 15	Revenue from Contracts with Customers(ii)
IAS 1 Amendments	Amendments to IAS 1 Presentation of Financial Statements(i)
IAS 16 and IAS 38 Amendments	Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets(i)

i) Effective for annual periods beginning on or after January 1, 2016
ii) Effective for annual periods beginning on or after January 1, 2017
iii) Effective for annual periods beginning on or after January 1, 2018

The Company is in the process of assessing the impact of the adoption of these standards and interpretations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of Azarga Uranium and its controlled subsidiaries and investees (Note 24).

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Business combinations

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Total comprehensive loss of the Company's subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance. For the nine months ended September 30, 2015 and the year ended December 31, 2014, 20% of the net assets of the Company's consolidated subsidiary, UrAsia in Kyrgyzstan Limited Liability Company ("UrAsia"), were attributable to its non-controlling interest. Following the Company's sale of 10% of the charter capital of UrAsia in October 2015, 30% of the net assets of UrAsia were attributable to its non-controlling interest.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition related costs are expensed and included in profit or loss.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss or as a change in other comprehensive loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable net assets of the business acquired, the difference is recognized in profit or loss.

If a change in ownership interest of a subsidiary occurs and the Company retains control, the transaction is accounted for as a transaction with equity holders in their capacity as equity holders. No gain or loss is recognized in profit or loss; instead it is recognized in equity. In addition, no change in the carrying amounts of assets, including goodwill, or liabilities is recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company adjusts the non-controlling interest by attributing a proportional amount of the subsidiary's net identifiable assets, excluding goodwill. The Company also adjusts other comprehensive loss to reflect the new ownership interest. These adjustments are also recognized in equity.

3.3 Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The carrying amount is further decreased by investor's share of the payment of dividends by the investee after the date of acquisition. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's investment in associates includes goodwill recognized on acquisition.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statements of profit or loss and other comprehensive loss.

Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognized in the Company's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

Dilution gains and losses arising in investments in associates are recognized in profit or loss.

A step acquisition of an associate acquired in stages is accounted under the 'fair value as deemed cost' method. The cost of an associate acquired in stages is measured as the sum of the fair value of the interest previously held plus the fair value of any additional consideration transferred as of the date when the investment became an associate. Any acquisition related costs are expensed in the periods in which the costs are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Functional and presentation currency

The functional currency of each entity is determined by the currency of the primary economic environment in which the entity operates. The functional currency of each entity is the United States Dollar, with the exception of UrAsia, whose functional currency is the Kyrgyz Som.

These consolidated financial statements are presented in United States Dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statements of profit or loss and other comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the consolidated statements of profit or loss and other comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Parent and subsidiary companies

The financial position and results of operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at the average exchange rates for the period.

Exchange differences are transferred directly to other comprehensive loss and are included in a separate component of shareholders' equity titled foreign currency translation reserve. These differences are recognized in profit or loss in the period in which the subsidiary is disposed of.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. Borrowing costs related to exploration and evaluation expenditures are capitalized as part of the historical cost of exploration and evaluation assets. All other borrowing costs are expensed and included in profit or loss.

3.6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash held in banks and other short-term investments with an original term to maturity of three months or less at date of purchase, and are carried at amortized cost. The Company does not hold any cash equivalents.

Restricted cash

In the USA, restricted cash consists of deposits held for collateral pursuant to bonds provided to state authorities in connection with exploration and evaluation property activities. In the Kyrgyz Republic, restricted cash consist of deposits made pursuant to the requirements of the Company's exploration license agreements. The Company makes such cash deposits for restoration provisions related to rehabilitation obligations.

3.7 Property, plant and equipment ("PPE")

PPE includes the Company's machinery and equipment, office equipment, furniture and fixtures, vehicles and buildings. PPE is stated at cost less accumulated depreciation and accumulated impairment losses.

Initial recognition

The cost of an item of PPE consists of the purchase price or construction cost, including vendor prepayments, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, borrowing costs during construction, if applicable, and the estimated costs associated with dismantling and removing the assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

Depreciation is recorded based on the cost of an item of PPE, less its estimated residual value, using the straight-line method over the following estimated useful lives:

- Machinery and equipment 5 to 10 years
- Vehicles 3 years
- Office equipment 3 to 5 years
- Furniture and fixtures 4 to 5 years
- Building 10 to 40 years

When major components of an item of PPE have different useful lives, they are accounted for as separate items of PPE and depreciated as per each component's useful life.

The cost of replacing a component of PPE is recognized as part of the carrying value of the item if it is probable that the future economic benefit will flow to the Company and its cost can be measured. The carrying amount of the replaced component is derecognized.

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

The Company conducts an annual assessment of the residual balances, estimated useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

3.8 Exploration and evaluation assets

Pre-exploration costs are expensed in the period in which they occur.

Exploration and evaluation expenditures are recognized as assets in the period in which they are incurred once the legal right to explore a property has been acquired. This includes any acquisition costs associated with such property. These direct expenditures include such costs as drilling/engineering, ecological monitoring, salaries and consulting, rehabilitation costs, license fees, inclusive of land payments and claims maintenance, and capitalized value added tax ("VAT"). Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

VAT related to exploration and evaluation expenditures in the Kyrgyz Republic is capitalized because the costs are directly attributable to these activities and the Company does not generate revenue to reclaim VAT on sales. Therefore, the Company has capitalized VAT to exploration and evaluation as opposed to recording a VAT receivable.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Any such impairment charges will be written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the resource has been determined and management plans to develop the property, the property will be considered a mine under development and will be classified as "mines under construction."

Exploration and evaluation expenditures are classified as intangible assets.

3.9 Non-current assets held for sale

Non-current assets and disposal groups are classified as assets held for sale if it is highly probable that their carrying value will be recovered primarily through sale rather than through continuing use.

The assets are presented as held for sale when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale and it is expected that the sale will be completed within one year from the date of classification.

Assets held for sale are measured at the lower of their carrying amount and fair value less cost of disposal. Impairment losses recognized on initial classification as held for sale and any subsequent gains and losses on re-measurement are recognized in the consolidated statements of profit or loss and other comprehensive loss. Results of operations and any gain or loss from disposal are included in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Rehabilitation provisions

The Company recognizes provisions for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of environmental disturbances caused by exploration and evaluation activities. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites. Initially, a provision for a decommissioning liability is recognized as its present value in the period in which it is incurred. Upon initial recognition of the liability, a corresponding amount is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation.

3.11 Taxation

Income tax expense represents the sum of current and deferred income tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, for each jurisdiction in which the Company operates, used to compute the amount are those that are substantively enacted at the end of each reporting period. The Company had no current income tax for the years ended December 31, 2015 and 2014.

Deferred income tax

Deferred income tax is provided for using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been substantively enacted at the end of each reporting period.

In consolidated financial statements, temporary differences are determined by comparing the carrying amounts of assets and liabilities in the consolidated financial statements with the appropriate tax base. The tax base is determined by reference to the tax returns of each entity in the group.

Deferred income tax relating to items recognized directly in equity or other comprehensive loss are recognized in equity and not in profit or loss or other comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or fair value through profit or loss.

Financial assets classified as fair value through profit or loss ("FVTPL") are measured at fair value with unrealized gains and losses recognized through profit or loss.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive loss except when there is objective evidence that the financial asset is impaired. Impairment losses on available-for-sale financial assets are recognized in profit or loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Derivative instruments, including embedded derivatives, are carried at fair value with any changes in the fair values of derivative instruments being recognized in profit or loss with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities designated upon initial recognition as FVTPL. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. At the end of each reporting period subsequent to initial recognition, financial liabilities classified as FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any interest paid on the financial liabilities.

Derivative instruments, including embedded derivatives, are carried at fair value with any changes in the fair values of derivative instruments being recognized in profit or loss with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges.

3.13 Derivative financial instruments

The Company may issue or hold compound financial instruments with embedded derivatives. An embedded derivative is separated from its host contract and accounted for as a derivative only when three criteria are satisfied:

- When the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The entire instrument is not measured at fair value with changes in fair value recognized in the consolidated statements of profit or loss and other comprehensive loss.

Financial assets

The Company designates financial assets with embedded derivatives as FVTPL on the initial recognition and accordingly does not bifurcate between the host contract and the embedded derivative. The embedded derivative is measured at each reporting period using an appropriate valuation model with changes in the fair value being recognized immediately in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

The Company designates certain financial liabilities with embedded derivatives as FVTPL on the initial recognition and accordingly does not bifurcate between the host contract and the embedded derivative; however, other financial liabilities with embedded derivatives are bifurcated into the debt host component and the embedded derivative component, depending on the instrument. In the case of the latter, the debt host component is classified as other financial liabilities and is measured at amortized cost using the effective interest rate method and the embedded derivatives are classified as FVTPL and all changes in fair value are recorded in profit or loss. The difference between the debt host component and the principal amount of the loan outstanding is accreted to profit or loss over the expected life of the financial liabilities.

3.14 Impairment of financial assets

Assets carried at amortized cost

The Company assesses at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

3.15 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing fair value less costs to sell, recent market transactions are taken into account. The Company also considers the results of an appropriate valuation model, which would generally be determined based on the present value of estimated future cash flows arising from the continued use and eventual disposal of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods.

3.16 Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Share-based payment transactions

Equity-settled transactions

For equity-settled plans, the grant date fair value of share-based compensation awards granted to employees, inclusive of directors of the Company (the "Employees"), is recognized as an expense, with a corresponding increase in equity, over the period that the Employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Cash-settled transactions

For cash-settled plans, the fair value of the amount payable to Employees is recognized as an expense, with a corresponding increase in liabilities, over the period that the Employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as an expense.

Choice of settlement

If the Company has a choice of whether to settle a share-based payment in cash or by issuing equity, the Company will record this as an equity-settled transaction, unless there is a present obligation to settle in cash, whereby the Company will record this as cash-settled transaction.

3.18 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of shares outstanding during the reporting period.

Diluted loss per share is calculated by adjusting the net loss attributable to equity holders of the Company and the weighted average number of shares outstanding for the effects of all dilutive share equivalents. The Company's dilutive share equivalents include stock options, share purchase warrants and convertible securities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as a finance cost.

3.20 Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management that makes strategic decisions.

3.22 Significant accounting judgments and estimates

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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 (refer to Note 1).

Valuation of derivatives

Certain derivatives issued by the Company are valued using the Black Scholes Option Pricing Model. The Black Scholes Option Pricing Model is a formula that is used to determine the fair value of a call or put option based on factors such as underlying stock volatility, days to expiration, and others. The key inputs used by the Company in its Black Scholes Option Pricing Model are further disclosed within these consolidated financial statements. Changes in the inputs to the valuation model could impact the carrying value of the derivatives and the amount of unrealized gains or losses recognized in profit or loss.

Valuation of convertible loans

The Company's convertible loans are valued using a binomial option pricing model, if appropriate. A binomial tree is a valuation model that uses a lattice of the underlying's price varying over discreet time periods and determines the value of an option at each node. The financial asset components are valued based on the present value of expected future cash flows at the discount rate that would have applied to the financial assets without conversion or other embedded derivative features. Changes in the inputs to the valuation model could impact the carrying value of the embedded derivatives and financial assets in the convertible loans and the amount of unrealized gains or losses recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Review of carrying value of assets and impairment charges

In the determination of carrying values and impairment charges, management of the Company reviews the higher of the recoverable amount and the fair value less costs to sell or the value in use in the case of non-financial assets and at objective evidence indicating impairment in the case of financial assets. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Changes in these assumptions may alter the results of non-financial asset and financial asset impairment testing, impairment charges recognized in profit or loss and the resulting carrying amounts of assets.

As at each reporting date, the Company reviews assets to determine whether there is any indication that those assets have suffered an impairment loss.

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the year 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, history of conversion of mineral deposits to proven and probable mineral reserves, scoping studies, preliminary economic assessments, proximity of operating facilities, operating management expertise and existing permits.

Determination of business combinations and asset acquisitions

Management determines the assets acquired and liabilities assumed constitute a business if it consists of inputs and processes applied to those inputs that have the ability to create outputs. Powertech completed a RTO with Azarga Resources on October 28, 2014 and, in accordance with its policy, applied IFRS 3, *Business Combinations*, and concluded that the transaction qualified as a business combination as significant inputs and processes that constitute a business were identified. Refer to Note 5 for additional details.

Determination of asset and liability fair values

Business combinations 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 to 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. Changes to the provisional measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined which is within one year of the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

Management has determined that certain non-current assets meet the definition of non-current assets held for sale under IFRS 5*, Non-current Assets Held for Sale and Discontinued Operations*. The determinations and individual assumptions made by management are based on the best available information at each reporting period. Changes in these assumptions could result in the asset no longer meeting the classification requirements and as a result, the Company may cease to classify these assets as held for sale. Refer to Note 7, 9.2 and 9.3 for additional details.

Fair value of investments held for sale

The fair value of the Company's investments held for sale in Western Uranium and URI is based on the price within the bid-ask spread that is most representative of fair value in the circumstances. Changes to the most representative price could impact the fair value of the Company's investments held for sale and the amount of unrealized gains or losses recognized in profit or loss.

Income taxes and recoverability of deferred tax assets

Actual amounts of income tax expense are not final until tax returns are filed and accepted by the taxation authorities. Therefore, profit or loss in future reporting periods will be affected by the amount that income tax expense estimates differ from the final tax returns.

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management of the Company to assess the likelihood that the Company will generate sufficient taxable profit in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable profit are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable profit differ from estimates, the ability of the Company to realize the deferred tax assets recorded on the statement of financial position could be impacted.

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

4. SEGMENTED INFORMATION

The Company has two reportable business segments: the Kyrgyzstan Uranium Division and the United States Uranium Division. The Company's chief operating decision maker reviews both business segments' discrete financial information in order to make decisions about resources to be allocated to each segment and to assess its performance. The Company's non-current assets required to be disclosed for each reportable business segment are located in the Kyrgyzstan Uranium Division and the United States Uranium Division as at December 31, 2015.

The carrying amount of the Company's assets, liabilities, exploration and evaluation assets, investment in associate, net income/(loss) before tax and impairment of investment in associates analyzed by operating segment are as follows:

	Kyrgyzstan Uranium Division	United States Uranium Division	Unallocated (i)	Consolidated Total	
Segment assets					
As at December 31, 2015	$ 9,957,889	$ 27,914,344	$ 2,482,658	$ 40,354,891	
As at December 31, 2014	$ 10,618,895	$ 27,243,491	$ 7,668,766	$ 45,531,152	
Segment liabilities					
As at December 31, 2015	$ 2,107,872	$ 5,276,749	$ 3,704,797	$ 11,089,418	
As at December 31, 2014	$ 2,025,959	$ 6,593,515	$ 7,129,650	$ 15,749,124	(ii)
Exploration and evaluation assets (Note 7)					
As at December 31, 2015	$ 9,908,668	$ 27,265,507	$ -	$ 37,174,175	
As at December 31, 2014	$ 10,536,951	$ 26,896,918	$ -	$ 37,433,869	
Investment in associate (Note 9.1)					
As at December 31, 2015	$ -	$ -	$ -	$ -	
As at December 31, 2014	$ -	$ -	$ 1,890,623	$ 1,890,623	
Net income/(loss) before tax					
Year ended December 31, 2015	$ (360,981)	$ 410,188	$ (3,391,037)	$ (3,341,830)	
Year ended December 31, 2014	$ (578,112)	$ (338,305)	$ (304,213)	$ (1,220,630)	
Impairment of investment in associates (Note 9.1)					
Year ended December 31, 2015	$ -	$ -	$ (520,866)	$ (520,866)	
Year ended December 31, 2014	$ -	$ -	$ (3,707,133)	$ (3,707,133)	

(i) The unallocated amount contains all amounts associated with the corporate division.

(ii) The Company has reclassified $3,660,000 from Unallocated to the United States Uranium Division to be consistent with the December 31, 2015 presentation.

5. BUSINESS ACQUISITION

Azarga Resources Limited

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

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

UrAsia in Kyrgyzstan Limited Liability Company

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

On February 12, 2014, payment terms for the remaining $1,850,000 owing to the original sellers of UrAsia were amended. As a result, the original deferred consideration liability was extinguished and a new liability was recognized, calculated using the revised expected future cash flows and an effective interest rate of 12% per annum. The difference of $347,737 was recorded as a gain for the year ended December 31, 2014.

5. BUSINESS ACQUISITION (Continued)

The February 12, 2014 amendment also aligned the put option exercise timing on the remaining 20% of UrAsia's charter capital with the final deferred payment. As a result, the original liability on the put option on the non-controlling interest of UrAsia was extinguished and a new liability was recognized, calculated using the revised expected cash flows and an effective interest rate of 12% per annum. The difference of $610,041 was recorded as a gain for the year ended December 31, 2014.

In October 2015, the Company sold 10% of the charter capital of UrAsia back to the original sellers of UrAsia for consideration that included: i) forgiving the outstanding $1,700,000 of deferred payments related to the Purchase Agreements and ii) extinguishment of the put option on the non-controlling interest of UrAsia (the "Amended Purchase Agreement").

The Amended Purchase Agreement resulted in a decrease of the Company's ownership interests in UrAsia to 70%; however, the Company continued to control UrAsia. As a result, no gain or loss was recognized in profit or loss; instead the transaction was recognized in equity. The Company recognized a net increase of $1,910,372 in contributed surplus for the year ended December 31, 2015 relating to the Amended Purchase Agreement. This consisted of: total consideration of $3,067,866 ($1,518,860 from the extinguishment of the deferred consideration liability and $1,549,006 from the extinguishment of the put option on the non-controlling interest of UrAsia), an increase of the non-controlling interest of $761,041 to reflect the change in ownership interests and a foreign currency translation reserve adjustment of $396,453 to reflect the change in ownership interests.

As at December 31 2015, the carrying value of the deferred consideration liability was $nil (December 31, 2014: $1,400,672). For the years ended December 31, 2015 and 2014, the Company paid $nil and $150,000, respectively, to settle a portion of the deferred consideration owing to the original sellers of UrAsia.

As at December 31, 2015, the carrying value of the put option on the non-controlling interest of UrAsia was $nil (December 31, 2014: $1,423,118) and recorded in other non-current liabilities.

6. NON-CONTROLLING INTEREST

The non-controlling interest in UrAsia as at December 31, 2015 was $1,168,628 (December 31, 2014: $705,357).

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

6. NON-CONTROLLING INTEREST (Continued)

Set out below is the movement schedule of the non-controlling interest arising from the UrAsia acquisition:

	Year ended December 31, 2015	Year ended December 31, 2014
Balance, beginning of year	$ 705,357	$ 992,238
Less: non-controlling interest from net loss	(119,780)	(198,603)
Less: non-controlling interest from other comprehensive loss	(177,990)	(88,278)
Sale of UrAsia's charter capital (Note 5)	761,041	-
Balance, end of year	$ 1,168,628	$ 705,357

Set out below is the summarized financial information for 100% of UrAsia's net assets, total comprehensive loss and cash. The information is presented before considering inter-company consolidation and elimination adjustments.

	As at December 31, 2015	As at December 31, 2014
Current		
Assets	$ 266,405	$ 343,530
Liabilities	114,321	66,169
Total current net assets	152,084	277,361
Non-current		
Assets	3,322,010	3,991,458
Liabilities	2,150,247	2,003,822
Total non-current net assets	1,171,763	1,987,636
Net assets	$ 1,323,847	$ 2,264,997

	Year ended December 31, 2015	Year ended December 31, 2014
Net loss before tax	$ (548,328)	$ (668,576)
Deferred income tax recovery/(expense)	16,995	(324,437)
Net loss	(531,333)	(993,013)
Other comprehensive loss	(753,963)	(441,389)
Total comprehensive loss	$ (1,285,296)	$ (1,434,402)

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

6. NON-CONTROLLING INTEREST (Continued)

	Year ended December 31, 2015	Year ended December 31, 2014
Net cash used in operating activities	$ (170,834)	$ (565,438)
Net cash used in investing activities	(253,985)	(503,305)
Net cash generated from financing activities	410,662	1,052,542
Net decrease in cash	(14,157)	(16,201)
Cash, beginning of year	13,921	26,580
Effect of foreign exchange rate changes on cash	1,417	3,542
Cash, end of year	$ 1,181	$ 13,921

7. EXPLORATION AND EVALUATION ASSETS

On close of the RTO, the Company owned the Dewey Burdock Project, the Centennial Project, the Aladdin Deposit and two uranium exploration properties in the USA as well as 80% of the Kyzyl Ompul Project in the Kyrgyz Republic. In October 2015, the Company's ownership interest in the Kyzyl Ompul Project was reduced to 70% (refer to Note 5 for additional details).

As at December 31, 2015, the Company had restricted cash of $40,882 for potential reclamation liabilities related to its exploration and evaluation assets (December 31, 2014: $231,948). In 2015, the Company obtained surety bond financing for certain reclamation bonds and recorded a decommissioning liability at the Centennial Project with the offsetting amount being capitalized to exploration and evaluation assets.

In the fourth quarter of 2015, the Company's Kyzyl Ompul exploration license was extended until December 31, 2020.

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

7. EXPLORATION AND EVALUATION ASSETS (Continued)

The Company's exploration and evaluation assets consist of the following amounts:

	As at December 31, 2015				
	Dewey Burdock	**Kyzyl Ompul**	**Centennial**	**Other**	**Total**
Opening balance	$ 23,819,121	$ 10,536,951	$ 2,776,427	$ 301,370	$ 37,433,869
Sale of exploration and evaluation asset	-	-	(100,162)	-	(100,162)
Drilling/engineering	15,670	19,264	-	-	34,934
Salaries and consulting	578,205	13,236	-	21,000	612,441
License fees	203,124	238,245	-	128,454	569,823
Decommissioning liability	-	-	118,097	-	118,097
Share-based compensation (Note 21.1)	33,155	4,549	-	-	37,704
Depreciation	-	7,191	-	-	7,191
Other	-	1,813	-	(23,954)	(22,141)
Currency translation effect	-	(912,581)	-	-	(912,581)
Reclassification of land as held for sale	-	-	(605,000)	-	(605,000)
Total exploration and evaluation assets	$ 24,649,275	$ 9,908,668	$ 2,189,362	$ 426,870	$ 37,174,175

	As at December 31, 2014				
	Dewey Burdock	**Kyzyl Ompul**	**Centennial**	**Other**	**Total**
Opening balance	$ -	$ 10,719,770	$ 1,698,995	$ -	$ 12,418,765
Acquired on close of RTO	23,500,000	-	1,000,000	240,000	24,740,000
Drilling/engineering	45,194	28,283	-	-	73,477
Ecological monitoring	-	36,666	-	-	36,666
Salaries and consulting	122,667	178,066	77,432	4,000	382,165
Rehabilitation costs	-	13,441	-	-	13,441
License fees	118,260	240,794	-	-	359,054
Capitalized VAT	-	784	-	-	784
Share-based compensation (Note 21.1)	-	24,678	-	-	24,678
Other	33,000	115	-	57,370	90,485
Currency translation effect	-	(705,646)	-	-	(705,646)
Total exploration and evaluation assets	$ 23,819,121	$ 10,536,951	$ 2,776,427	$ 301,370	$ 37,433,869

Evaluation and exploration assets held for sale

In the fourth quarter of 2015, the Company determined that redundant land at the Centennial Project should be classified as held for sale. No impairment charge was recognized at the time of this reclassification. As at December 31, 2015, $450,000 of redundant land at the Centennial Project was classified as held for sale.

The Company has committed to a plan to sell the redundant land at the Centennial Project, the land is available for immediate sale in its current condition and the Company considers the sale of the land to be highly probable in 2016. As at December 31, 2015, the Company had sold three of eight land parcels at the Centennial Project. Subsequent to December 31, 2015, two additional land parcels have been sold. The Company expects that the sale of redundant land will not impact future development of the Centennial Project.

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

7. EXPLORATION AND EVALUATION ASSETS (Continued)

For the year ended December 31, 2015, the Company sold redundant land at the Centennial Project for net proceeds of $339,320, resulting in a gain of $84,158.

8. PROPERTY, PLANT AND EQUIPMENT

The Company's PPE assets consist of the following amounts:

	Machinery and Equipment	Office equipment	Furniture and fixtures	Vehicles	Building	Total	
Cost							
As at December 31, 2014	$ 170,997	$ 245,623	$ 67,285	$ 107,994	$ 101,235	$ 693,134	
Disposals	-	(73,794)	(23,954)	(94,851)	-	(192,599)	
Currency translation effect	(4,199)	(4,772)	(2,505)	(13,143)	(1,928)	$ (26,547)	
As at December 31, 2015	$ 166,798	$ 167,057	$ 40,826	$ -	$ 99,307	$ 473,988	
Accumulated depreciation							
As at December 31, 2014	$(133,746)	$(237,968)	$ (60,381)	$ (49,092)	$ (14,884)	$(496,071)	
Charge for the period	(8,500)	(2,702)	(2,402)	(3,999)	(3,102)	(20,705)	(i)
Disposals	-	72,333	23,436	51,475	-	147,244	
Currency translation effect	2,746	3,687	1,402	1,616	391	9,842	
As at December 31, 2015	$(139,500)	$(164,650)	$ (37,945)	$ -	$ (17,595)	$(359,690)	
Carrying amount							
As at December 31, 2015	$ 27,298	$ 2,407	$ 2,881	$ -	$ 81,712	$ 114,298	

(i) Of the total depreciation expense of $20,705, $7,191 has been capitalized to evaluation and exploration assets.

	Machinery and Equipment	Office equipment	Furniture and fixtures	Vehicles	Building	Total	
Cost							
Opening balance	$ 51,505	$ 19,657	$ 14,170	$ 96,179	$ 10,292	$ 191,803	
Acquired on close of RTO	127,923	230,916	55,435	30,505	92,628	537,407	
Disposals	-	-	-	(3,232)	-	(3,232)	
Currency translation effect	(8,431)	(4,950)	(2,320)	(15,458)	(1,685)	(32,844)	
As at December 31, 2014	$ 170,997	$ 245,623	$ 67,285	$ 107,994	$ 101,235	$ 693,134	
Accumulated depreciation							
Opening balance	$ (2,319)	$ (5,003)	$ (2,660)	$ (10,160)	$ (429)	$ (20,571)	
Assumed on close of RTO	(124,844)	(230,718)	(55,337)	(30,505)	(13,279)	(454,683)	
Charge for the year	(7,560)	(5,252)	(3,090)	(12,806)	(1,331)	(30,039)	(i)
Disposals	-	-	-	1,920	-	1,920	
Currency translation effect	977	3,005	706	2,459	155	7,302	
As at December 31, 2014	$(133,746)	$(237,968)	$ (60,381)	$ (49,092)	$ (14,884)	$(496,071)	
Carrying amount							
As at December 31, 2014	$ 37,251	$ 7,655	$ 6,904	$ 58,902	$ 86,351	$ 197,063	

(i) Of the total depreciation expense of $30,039, $15,983 has been capitalized to evaluation and exploration assets.

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

9. INVESTMENTS

	As at	
	December 31, 2015	December 31, 2014
Investment in associates	$ -	$ 1,890,623
Investment in Western Uranium	1,195,960	-
Investment in URI	1,132,695	2,061,257
Total investments	$ 2,328,655	$ 3,951,880

9.1 Investment in associates

	Year ended December 31,	
	2015	2014
Equity income pick-up from Powertech	$ -	$ 341,757
Equity loss pick-up from Black Range	(602,375)	(2,625,218)
Share of equity loss from associates, net	$ (602,375)	$ (2,283,461)

Investment in Powertech

The Company's ownership interest in Powertech was 44.3% prior to the close of the RTO (refer to Note 5 for additional details). On close of the RTO, Powertech was no longer an associate of the Company.

For the year ended December 31, 2014, the Company recognized an equity income pick-up of $341,757 and a dilution gain of $33,124. The Company also recognized an impairment charge of $3,707,133 prior to completion of the RTO based on the fair value of the previously held equity interest.

The movement of the Company's investment in Powertech is as follows:

	Year ended December 31, 2014
Balance, beginning of year	$ 5,788,794
Equity income pick-up	341,757
Dilution gain	33,124
Impairment charge	(3,707,133)
Settled on close of RTO	(2,456,542)
Balance, end of year	$ -

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

9. INVESTMENTS (Continued)

Set out below is the summarized financial information for Powertech:

	Period from January 1 to October 28, 2014
Income from operations	$ 543,881
Total comprehensive income	$ 543,881

Investment in Black Range Minerals Limited

Black Range (formerly listed on the Australian Stock Exchange (ASX: BLR)) merged with Western Uranium on September 16, 2015 (the "Black Range Merger"). Black Range shareholders received 1 new Western Uranium share for each 750 Black Range shares held. Prior to the Black Range Merger closing, the Company's ownership interest in Black Range was 16.0% and the Company held one of four Black Range board seats; therefore, the Company determined that it had significant influence over Black Range. However, on close of the Black Range Merger, the Company determined that it no longer had significant influence because the Company's ownership interest in Western Uranium was reduced to 4.1% and the Company no longer held a board seat (refer to Note 9.2 for additional details on Western Uranium).

On October 3, 2014, the Company closed a share sale agreement and economic exposure sharing deed with Empire Equity Ltd. ("Empire Equity") to sell 140,000,000 Black Range shares at Australian Dollars ("A$") 0.008 per share for total consideration of A$1,120,000. Due to the underlying terms of the share sale agreement and economic exposure sharing deed, the risk and rewards of ownership associated with the 140,000,000 Black Range shares did not transfer to Empire Equity on closing; therefore, the Company continued to account for these shares when determining its ownership interest of Black Range in accordance with IFRS. The consideration was payable in four equal installments; however, the Company only received the first installment from Empire Equity.

In July 2015, the Company and Empire Equity agreed to terminate the share sale agreement and economic exposure sharing deed (the "Termination Deed"). In accordance with the terms of the Termination Deed, Empire Equity transferred 120,000,000 Black Range shares to the Company, the Company was not obligated to repay the first installment received from Empire Equity of A$280,000 and the Company granted Empire Equity 1,000,000 stock options to acquire the Company's shares at C$0.35 per share. The stock options expire on their third anniversary, August 6, 2018.

9. INVESTMENTS (Continued)

As a result of the Termination Deed, the liability related to the Empire Equity instrument in the amount of $251,713 was extinguished (December 31, 2014: $228,422). The difference between the carrying value of the liability related to the Empire Equity instrument and the fair value of the consideration transferred to Empire Equity resulted in a realized gain of $92,853. The consideration transferred to Empire Equity consisted of 1,000,000 stock options (refer to Note 21 for additional details) and 20,000,000 Black Range shares, valued using the Black Range closing share price of A$0.002 on the date of the Termination Deed.

The Empire Equity instrument was a hybrid instrument, containing a debt host component and multiple embedded derivatives. The entire hybrid instrument was classified as fair value through profit or loss ("FVTPL") and fair value changes were recorded through profit or loss.

In June 2014, the First and Second Black Range Convertible Loans (refer to Note 10.2 for additional details), totaling $3,114,101, were converted into 304,966,667 shares of Black Range in accordance with the terms of the loan agreements. The fair value of the 304,966,667 Black Range shares issued to the Company was equal to $1,524,833, calculated using the Black Range closing share price on the date of conversion. As a result, the Company recognized a $1,589,268 loss on conversion for the year ended December 31, 2014.

In March 2015, the Third Black Range Convertible Loan (refer to Note 10.2 for additional details), totaling $410,397, was converted into 73,284,314 shares of Black Range in accordance with the terms of the loan agreement. The fair value of the 73,284,314 Black Range shares issued to the Company was equal to $228,069, calculated using the Black Range closing share price on the date of conversion. As a result, the Company recognized a loss on conversion of $182,327 for the year ended December 31, 2015.

For the year ended December 31, 2015 and prior to the Black Range Merger closing, the Company sold 212,007,381 Black Range shares for proceeds of $322,892 and recognized an impairment charge of $520,866 on its investment in Black Range due to the significant decline in the market capitalization of Black Range. For the year ended December 31, 2014, the Company sold 39,388,824 Black Range shares for proceeds of $301,062.

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

9. INVESTMENTS (Continued)

The movement of the Company's investment in Black Range prior to the close of the Black Range Merger is as follows:

	Period from January 1 to September 16, 2015	Period from January 1 to December 31, 2014	
Balance, beginning of period	$ 1,890,623	$ 2,816,836	
Equity loss pick-up	(602,375)	(2,625,218)	
Conversion of Black Range convertible loans	228,069	1,524,833	
Dilution gain	138,493	436,660	
Carrying value of Black Range shares sold	(370,530)	(262,488)	(i)
Impairment charge	(520,866)	-	
Balance, end of period	$ 763,414	$ 1,890,623	

(i) The period ended September 16, 2015 includes $29,602 related to the 20,000,000 Black Range shares that formed part of the consideration transferred to Empire Equity in accordance with the terms of the Termination Deed.

Black Range prepared its annual financial statements as at June 30, 2015; therefore, the annual reporting period of Black Range was different from that of the Company. Set out below is the summarized financial information for Black Range:

	As at December 31, 2015	As at December 31, 2014
Assets		
Total current assets	$ -	$ 568,447
Total non-current assets	-	12,923,198
Total assets	-	13,491,645
Liabilities		
Total current liabilities	-	1,619,319
Total liabilities	-	1,619,319
Net assets	$ -	$ 11,872,326

	Period from January 1 to September 16, 2015	Period from January 1 to December 31, 2014
Interest revenue	$ 72,946	$ 127,870
Loss from operations	(890,573)	(11,138,894)
Other comprehensive loss	(1,354,462)	(229,921)
Total comprehensive loss	$ (2,245,035)	$ (11,368,815)

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

9. INVESTMENTS (Continued)

9.2 Investment in Western Uranium Corporation

Western Uranium is listed on the Canadian Securities Exchange (CSE: WUC). As at December 31, 2015, the Company's ownership interest in Western Uranium was 4.0%. The Company acquired its ownership interest in Western Uranium through the Black Range Merger. The Company accounts for its investment in Western Uranium as FVTPL and fair value changes are recorded through profit or loss.

In the fourth quarter of 2015, the Company determined that its investment in Western Uranium should be classified as held for sale. No impairment charge was recognized at the time of this reclassification. The Company has developed, initiated and committed to a plan to sell its investment in Western Uranium, the investment is available for immediate sale in its current condition and the Company considers the sale of its investment to be highly probable in 2016.

On close of the Black Range Merger, the Company recorded an unrealized gain on the revaluation of its investment of $1,498,639. For the period from the close of the Black Range Merger until December 31, 2015, the Company recorded an unrealized loss on the revaluation of its investment of $1,034,331.

For the year ended December 31, 2015, the Company sold 20,800 Western Uranium shares for proceeds of $31,762 and the realized gains/losses were insignificant. Subsequent to December 31, 2015, the Company sold 62,700 Western Uranium shares for proceeds of approximately $82,000.

The movement of the Company's investment in Western Uranium is as follows:

	Period from September 16 to December 31, 2015
Balance, beginning of period	$ 763,414
Unrealized gain on revaluation of investment on close of Black Range Merger (Note 17)	1,498,639
Investment in Western Uranium	(31,762)
Unrealized loss on revaluation of investment (Note 17)	(1,034,331)
Balance, end of period	$ 1,195,960

9. INVESTMENTS (Continued)

9.3 Investment in Uranium Resources, Inc.

URI is listed on the NASDAQ (NASDAQ: URRE). URI merged with Anatolia on November 9, 2015 (the "Anatolia Merger"). Prior to the Anatolia Merger closing, the Company owned an 11.3% interest in Anatolia. Anatolia shareholders received 1 new URI share for each 15 Anatolia shares held. On close of the Anatolia Merger, the Company owned 4.5% of URI. As at December 31, 2015, the Company's ownership interest in URI was 4.2%. The Company accounted for its investment in URI as FVTPL and fair value changes were recorded through profit or loss.

In the fourth quarter of 2015, the Company determined that its investment in URI should be should be classified as held for sale. No impairment charge was recognized at the time of this reclassification. The Company has developed, initiated and committed to a plan to sell its investment in URI, the investment is available for immediate sale in its current condition and the Company considers the sale of its investment to be highly probable in 2016.

On October 1, 2013, the Company signed a put option agreement with Anatolia. Under the put option agreement, Anatolia could issue a total of 16,666,667 shares to the Company at an issue price of A$0.12 per share in tranches of 8,333,333 shares ("Tranche 1") and 8,333,334 shares ("Tranche 2"). In February 2014, Anatolia exercised Tranche 1 of the put option agreement and issued 8,333,333 Anatolia shares to the Company at an exercise price of $898,100. For the year ended December 31, 2014, the Company recognized a realized loss of $52,645 on the exercise of Tranche 1 of the put option agreement.

In August 2014, Anatolia and the Company amended the put option agreement. The Company paid consideration of $348,338 to Anatolia to settle Tranche 2 of the put option agreement and provide the Company with the ability to acquire up to 8,333,334 shares in Anatolia at a price of A$0.08 per share (the "Call Option Agreement"). The Call Option Agreement was not exercised by the Company and expired on March 31, 2015. For the year ended December 31, 2014, the Company recognized a realized gain of $172,949 on the extinguishment of Tranche 2 of the put option agreement. The Company recognized a realized loss of $36,878 on the maturity of the Call Option Agreement for the year ended December 31, 2015. The Company recognized an unrealized loss of $19,399 on the Call Option Agreement for the year ended December 31, 2014.

For the year ended December 31, 2015 and prior to the Anatolia Merger, the Company sold 1,117,611 Anatolia shares for proceeds of $51,017 and purchased 1,350,000 Anatolia shares for total consideration of $77,290. For the year ended December 31, 2014, the Company sold 450,000 Anatolia shares for proceeds of $34,172. For the years ended December 31, 2015 and 2014, the realized gains/losses were insignificant.

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

9. INVESTMENTS (Continued)

For the year ended December 31, 2015 and subsequent to the close of the Anatolia Merger, the Company sold 141,846 URI shares for proceeds of $68,921 and the realized gains/losses were insignificant. Subsequent to December 31, 2015, the Company sold 484,152 URI shares for proceeds of approximately $160,000.

The movement of the Company's investment in URI is as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Balance, beginning of year	$ 2,061,257	$ 1,738,600
Investment in URI	(42,648)	(34,172)
Anatolia shares issued under Tranche 1 of put option agreement	-	898,100
Extinguishment of Tranche 1 put option liability	-	(406,155)
Unrealized gain on revaluation of investment on close of Anatolia Merger (Note 17)	299,882	-
Unrealized loss on revaluation of investment (Note 17)	(1,185,796)	(135,116)
Balance, end of year	$ 1,132,695	$ 2,061,257

Valuation assumptions

The assumptions that were used in the Company's valuation model of the Call Option Agreement are as follows:

	As at December 31, 2014
Underlying share price (A$)	$ 0.072
Expected exercise price (A$)	$ 0.080
Expected life in years	0.25 yrs
Annualized volatility	70% (i)
Risk free rate of return	2.45%

(i) Annualized volatility has been calculated based on the historical volatility of Anatolia's stock price.

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

10. CONVERTIBLE LOAN RECEIVABLES

	As at December 31,	
	2015	**2014**
Current convertible loan issued by Black Range	$ -	$ 427,139
Current convertible loan receivables	$ -	$ 427,139

10.1 Convertible loans issued by Powertech

On October 18, 2013, the Company agreed to provide a loan facility of $3,600,000 to Powertech ("Powertech Convertible Loan"), repayable in cash or shares. The Powertech Convertible Loan was settled on close of the RTO. During the year ended December 31, 2014, Powertech drew down $2,575,000 under the Powertech Convertible Loan and the change in fair value recorded in profit or loss for the Powertech Convertible Loan was a loss of $1,918,710.

On September 12, 2014, Powertech and the Company agreed to enter into an additional $650,000 loan facility ("Second Powertech Convertible Loan"). The Second Powertech Convertible Loan was settled on close of the RTO. During the year ended December 31, 2014, Powertech drew down $305,000 under the Second Powertech Convertible Loan and the change in fair value recorded in profit or loss for the Second Powertech Convertible Loan was a loss of $275,000.

The Powertech Convertible Loan and the Second Powertech Convertible Loan were both hybrid instruments, containing a loan asset component and three embedded derivatives – the issuer's prepayment option, the investor's conversion option and issuer's conversion option. All of these financial instruments were classified as FVTPL and all changes in fair value were recorded in profit or loss.

10.2 Convertible loans issued by Black Range

On July 2, 2013, the Company acquired a A$2,000,000 convertible loan ("First Black Range Convertible Loan") issued by Black Range which was repayable in cash or shares at A$0.01 per share. In June 2014, the First Black Range Convertible Loan was fully converted and the facility was extinguished. The carrying value of the Black Range Convertible Loan on conversion was $1,542,421. Prior to conversion, for the year ended December 31, 2014, the change in fair value recorded in profit or loss for the First Black Range Convertible Loan was a gain $160,502.

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

10. CONVERTIBLE LOAN RECEIVABLES (Continued)

On October 26, 2013, Black Range and the Company agreed to enter into a A$1,500,000 loan facility ("Second Black Range Convertible Loan"), which was repayable in cash or shares at A$0.012 per share. In June 2014, the Second Black Range Convertible Loan was fully converted and the facility was extinguished. The carrying value of the Second Black Range Convertible Loan on conversion was $1,571,680. During the year ended December 31, 2014, Black Range drew down A$500,000 ($447,708) under the Second Black Range Convertible Loan. Prior to conversion, for the year ended December 31, 2014, the change in fair value recorded in profit or loss for the Second Black Range Convertible Loan was a gain of $185,217.

On February 25, 2014, Black Range and the Company agreed to enter into a A$2,000,000 loan facility ("Third Black Range Convertible Loan"), which was repayable in cash or shares at the higher of a) the three month volume weighted average price of Black Range shares traded on the Australian Stock Exchange from the date of the first draw down or b) A$0.007.

In March 2015, the Third Black Range Convertible Loan was converted into 73,284,314 Black Range shares at a conversion price of A$0.008 per share and the facility was extinguished (refer to Note 9.1 for additional details). The carrying value of the Third Black Range Convertible Loan on conversion was $410,397. Prior to the conversion, for the year ended December 31, 2015, the change in fair value recorded in profit or loss for the Third Black Range Convertible Loan was a loss of $16,742.

The movement of the Third Black Range Convertible Loan is as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Balance, beginning of year	$ 427,139	$ -
Principal drawdown	-	419,080
Increase/(decrease) in fair value of the convertible loan	(16,742)	8,059
Conversion of the convertible loan	(410,397)	-
Balance, end of year	$ -	$ 427,139

All convertible loans issued by Black Range are hybrid instruments, containing a loan asset component and two embedded derivatives - the mandatory conversion option and the issuer's early repayment option. The Third Black Range Convertible Loan contains an additional embedded derivative, the Company's conversion right. The financial instruments are classified as FVTPL and all changes in fair value are recorded in profit or loss. The Company applied a 12% discount rate to the First, Second and Third Black Range Convertible Loans when determining the fair values of the loan asset component.

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

11. LOANS PAYABLE

	As at December 31,			
	2015		2014	
Loan payable to shareholders	$	2,202,445	$	2,024,522
Other loans payable		140,053		1,246,094
Loans payable	$	2,342,498	$	3,270,616
Current portion		486,445		1,068,522
Non-current portion	$	1,856,053	$	2,202,094

11.1 Loan payable to shareholders

	As at December 31,			
	2015		2014	
Loan payable to shareholders - current	$	426,445	$	248,522
Loan payable to shareholders - non-current		1,776,000		1,776,000
Loan payable to shareholders	$	2,202,445	$	2,024,522

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

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

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

11. LOANS PAYABLE (Continued)

The terms of the Shareholders Loan Agreement were further amended to delay the 2014 and 2015 annual interest payments to coincide with the date of the 2016 annual interest payment.

As at December 31, 2015, the Company had drawn $1,776,000 (December 31, 2014: $1,776,000) under the Shareholders Loan Agreement. For the years ended December 31, 2015 and 2014, the Company recorded an interest expense of $177,923 and $177,991, respectively.

The convertible loan is a hybrid instrument, containing a debt host component and three embedded derivatives – the investor's conversion option, the early repayment option, and the issuer's term extension right (the "embedded derivatives"). The debt host component is classified as other financial liabilities and is measured at amortized cost using the effective interest rate method and the embedded derivatives are classified as FVTPL and all changes in fair value are recorded in profit or loss. The difference between the debt host component and the principal amount of the loan outstanding is accreted to profit or loss over the expected life of the convertible debenture. The fair values of the embedded derivatives were insignificant upon initial measurement and as at December 31, 2015 and 2014.

11.2 Other loans payable

	As at December 31,	
	2015	**2014**
Other loans payable - current	$ 60,000	$ 820,000
Other loans payable - non-current	80,053	426,094
Other loans payable	$ 140,053	$ 1,246,094

The movement of the other loans payable is as follows:

	Year ended December 31,	
	2015	**2014**
Balance, beginning of year	$ 1,246,094	$ -
Assumed on close of RTO	-	1,216,968
Interest expense	38,805	29,126
Principal paid	(60,000)	-
Gain on loan extinguishment (Note 18)	(1,084,846)	-
Balance, end of year	$ 140,053	$ 1,246,094

11. LOANS PAYABLE (Continued)

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

Anadarko Agreement

The Company entered into an agreement with Anadarko to purchase uranium rights on certain areas of the Centennial Project for total consideration of $3,000,000 (the "Anadarko Agreement"). As at December 31, 2015, payments totaling $1,835,000 have been made to Anadarko (December 31, 2014: $1,815,000). In April 2015, the Anadarko Agreement was amended to modify the payment amount and the payment terms as follows: $20,000 is payable annually in each of September 2016, 2017 and 2018. An additional $3,165,000 is payable upon receipt of regulatory permits and licenses allowing uranium production on the area of the Centennial Project pertaining to these uranium interests. Other key terms of the Anadarko Agreement include:

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

As a result of the amendment to the Anadarko Agreement, the Company recognized a gain on extinguishment of $1,084,846 for the year ended December 31, 2015. For the years ended December 31, 2015 and 2014, the imputed effective interest expense was $26,084 and $25,945, respectively, and the Company made payments totaling $20,000 and $nil, respectively.

The Anadarko Agreement is classified as other financial liabilities and is measured at amortized cost using the effective interest rate method. The difference between the debt host component and the principal amount of the loan outstanding is accreted to profit or loss over the expected life of the Anadarko Agreement.

Elston Agreements

The Company entered into an agreement with Elston to purchase mineral rights on certain areas of the Dewey Burdock Project for total consideration of $600,000, of which $510,000 has been paid as at December 31, 2015 (December 31, 2014: $480,000) (the "Elston Agreement"). The outstanding consideration is payable in three annual installments of $30,000 in May 2016, 2017 and 2018. An additional $1,300,000 is payable, in four equal annual installments, upon receipt of regulatory permits and licenses allowing uranium production on the area of the Dewey Burdock Project pertaining to these mineral interests. Other key terms of the Elston Agreement include:

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

11. LOANS PAYABLE (Continued)

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

For the years ended December 31, 2015 and 2014, the imputed effective interest expense was $12,721 and $3,181, respectively, and the Company made payments totaling $30,000 and $nil, respectively.

The Elston Agreement is classified as other financial liabilities and is measured at amortized cost using the effective interest rate method. The difference between the debt host component and the principal amount of the loan outstanding is accreted to profit or loss over the expected life of the Elston Agreement.

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

12. TRADE AND OTHER PAYABLES

Trade and other payables of the Company primarily consist of amounts outstanding for trade purchases relating to administration expenditures and exploration and permitting activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The aging of the Company's trade and other payables is as follows:

	As at			
	December 31, 2015		**December 31, 2014**	
Less than 1 month	$	553,595	$	1,126,423
1-3 months		236,618		503,225
3-6 months		92,613		910,160
More than 6 months		1,341,261		930,903
Total trade and other payables - current	$	2,224,087	$	3,470,711
Total trade and other payables - non-current		370,000		-
Total trade and other payables	$	2,594,087	$	3,470,711

Included in trade and other payables are amounts due to related parties, which are further disclosed in Note 24.

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

13. OTHER LIABILITIES

	As at December 31,			
	2015		2014	
Other liabilities	$	8,137	$	7,582
Total other current liabilities	$	8,137	$	7,582
Put option on non-controlling interest of UrAsia (Note 5)	$	-	$	1,423,118
Decommissioning liability (Note 7)		118,097		-
Empire Equity facility (Note 9.1)		-		228,422
Total non-current other liabilities	$	118,097	$	1,651,540

14. DEFERRED INCOME TAX

14.1 Deferred income tax

Taxation on profits or losses has been calculated on the estimated assessable profits or losses for the year at the rates of taxation prevailing in the jurisdictions in which the Company operates.

14.2 Deferred income tax expenses

	Year ended December 31,			
	2015		2014	
Net loss before income tax	$	3,341,830	$	1,220,630
Tax at statutory rate		26%		26%
Deferred income tax recovery based on statutory rate	$	868,876	$	317,364
Effect of different tax rates applicable in foreign jurisdictions		(482,000)		131,000
Unrecognized deferred tax assets		(1,045,000)		(933,000)
Effect of non-deductible/non-taxable revenue and other		255,124		229,541
Deferred income tax expense	$	(403,000)	$	(255,095)

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

14. DEFERRED INCOME TAX (Continued)

14.3 Deferred tax balances

The Company's deferred tax liabilities consist of the following amounts:

	As at December 31,			
		2015		2014
Exploration and evaluation assets	$	4,855,898	$	4,481,446
Inter-company loans eliminated on consolidation		1,166,892		1,138,344
Deferred tax liabilities	$	6,022,790	$	5,619,790

As at December 31, 2015, the Company has not recognized any deferred tax assets.

The Company's deferred tax liabilities movement schedule is shown as follows:

	Year ended December 31,			
		2015		2014
Opening balance	$	5,619,790	$	1,704,695
Assumed on close of RTO		-		3,660,000
Deferred income tax expenses		403,000		255,095
Deferred tax liabilities	$	6,022,790	$	5,619,790

14.4 Unrecognized deductible temporary differences and unused tax losses

The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts (tax effected):

	As at December 31,			
		2015		2014
Non-capital losses	$	1,997,000	$	918,000
Deductible temporary differences		177,000		210,410
Total unrecognized amounts	$	2,174,000	$	1,128,410

As at December 31, 2015, the Company had unrecognized deferred tax assets attributable to temporary differences of $177,000 (December 31, 2014: $210,410) primarily related to value added tax receivables not recognized and certain deferred payments not recognized.

The deferred tax assets related to the temporary differences were not recognized, as its recoverability was not considered to be probable.

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

14. DEFERRED INCOME TAX (Continued)

14.5 Expiry dates

The expiry dates of the Company's unused tax losses are as follows:

	As at December 31, 2015	
	Amount	Expiry
Non-capital losses		
Kyrgyz Republic	$ 2,818,587	2018-2020
Hong Kong	611,974	Indefinite
Canada	2,795,541	2034-2035
United States	2,536,211	2034-2035

	As at December 31, 2014	
	Amount	Expiry
Non-capital losses		
Kyrgyz Republic	$ 3,530,109	2018-2019
Hong Kong	581,591	Indefinite
Canada	668,944	2034
United States	842,482	2034

15. ADMINISTRATION EXPENSES

	Year ended December 31,	
	2015	2014
Salaries and benefits	$ 2,062,482	$ 1,442,346
Consulting and professional fees	220,886	995,822
Corporate administration	394,771	729,891
Depreciation	13,514	14,056
Share-based compensation	136,596	620,792
Administration expenses	$ 2,828,249	$ 3,802,907

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

16. FINANCE COSTS

	Year ended December 31,	
	2015	2014
Interest expense on put option on non-controlling interest of UrAsia	$ 125,889	$ 160,567
Interest expense on deferred consideration	118,187	157,330
Interest expense on loan payable to shareholders (Note 11.1)	177,923	177,991
Interest expense on equity instrument issued to Powerlite (Note 20.4)	-	757,754
Interest expense on other loans payable (Note 11.2)	38,805	29,126
Other interest expense	33,553	44,952
Finance costs	$ 494,357	$ 1,327,720

17. UNREALIZED LOSS

	Year ended December 31,	
	2015	2014
Loss on convertible loans issued by Powertech (Note 10.1)	$ -	$ (2,193,710)
Gain on revaluation of investment in Western Uranium (Note 9.2)	464,308	-
Gain/(loss) on convertible loans issued by Black Range (Note 10.2)	(16,742)	353,778
Loss on revaluation of investment in URI (Note 9.3)	(885,914)	(135,116)
Loss on revaluation of call option on Anatolia shares (Note 9.3)	-	(19,399)
Dilution gain on investment in associates	138,493	469,784
Gain on warrant liability (Note 20.2)	290,085	(36,533)
Unrealized loss, net	$ (9,770)	$ (1,561,196)

18. REALIZED GAIN/(LOSS)

	Year ended December 31,	
	2015	2014
Loss on investment in Black Range	$ (200,363)	$ (1,550,695)
Gain recognized on assets settled on close of RTO	-	301,133
Gain on termination of Empire Equity facility (Note 9.1)	92,853	-
Gain on revaluation of put option on Anatolia shares (Note 9.3)	-	120,304
Loss on maturity of call option on Anatolia shares (Note 9.3)	(36,878)	-
Gain on extinguishment of liabilities to sellers of UrAsia (Note 5)	-	957,778
Gain on extinguishment of other loans payable (Note 11.2)	1,084,846	-
Gain on sale of exploration and evaluation assets (Note 7)	84,158	-
Other realized loss	(2,491)	-
Realized gain/(loss), net	$ 1,022,125	$ (171,480)

19. LOSS PER SHARE

The weighted average shares outstanding used to calculate loss per share for the years ended December 31, 2015 and 2014 were 59,759,902 and 38,105,247, respectively. The effect of outstanding options, warrants and convertible securities were excluded from the calculation of diluted loss per share for the years ended December 31, 2015 and 2014 as the impact would have been anti-dilutive.

20. EQUITY

20.1 Share capital and contributed surplus (deficit)

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

On April 1, 2013, the Company entered into share subscription agreements with investors to subscribe for 4,250,000 shares for total subscription proceeds of $1,700,000 at $0.40 per share. As at the close of the RTO, the investors had paid subscription deposits totaling $645,064. No additional amounts were funded through the subscription agreements as a result of the RTO (refer to Note 5 for additional details). In 2014, the Company issued 904,387 common shares to the investors for total proceeds of $361,755 (share capital of $3,618 plus contributed surplus of $358,137) at an average price of $0.40. In addition, the Company issued 125,000 common shares pursuant to a key management employment agreement at an average price of $0.40, a price equivalent to the fair value of the common shares based on the most recent equity raise, resulting in an increase in the Company's equity by $50,000 (share capital of $500 plus contributed surplus of $49,500) and a charge to share-based compensation expense.

On July 1, 2014, 38,212,493 shares were issued to Powerlite Ventures Limited ("Powerlite") (refer to Note 20.4 for additional details) on conversion of the accumulated Powerlite equity contributions plus accrued interest pursuant to the Powerlite Facility. As a result of the share issuance, $152,850 was reclassified from contributed surplus to share capital. In addition, the Company recorded $6,757,754 to contributed surplus for the equity instrument issued to Powerlite.

20. EQUITY (CONTINUED)

Concurrent with the closing of the RTO (refer to Note 5 for additional details) and the Consolidation, the Company completed a private placement financing for gross proceeds of approximately C$5,000,000 ($4,450,442) (the "Financing") through the issuance of 8,338,134 post-Consolidation units ("Units"), each Unit consisting of one post-Consolidation common share and one-half of a common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one post-Consolidation common share at an exercise price of C$1.00 per share until October 28, 2016. Accounting for the Consolidation adjustment, the Units subscribed for pursuant to the Financing were subscribed for at C$0.60 per Unit. Finder's fees in connection with the Financing consisted of C$145,617 ($129,622) and 242,696 post-Consolidation shares. All securities issued pursuant to the Financing were subject to a hold period that expired March 1, 2015.

In addition, subsequent to the close of the RTO, 252,808 common shares were issued pursuant to a key management employment agreement at an average price of C$0.60, a price equivalent to the fair value of the common shares based on the Financing.

In August 2015, the Company issued 928,581 common shares at an average deemed price of approximately C$0.44 per share to settle trade and other payables of $317,432. The fair value differential between the common shares issued and the carrying value of the trade and other payables settled was insignificant.

In October 2015, the Company recognized a net increase of $1,910,372 in contributed surplus relating to the Amended Purchase Agreement (refer to Note 5 for additional details). In addition, for the year ended December 31, 2015, the Company recorded $450,647 to contributed surplus pursuant to equity settled transactions pertaining to the Company's employee share purchase plan ("ESPP") (refer to Note 20.5 for additional details), director service agreements ("DSA") (refer to Note 20.5 for additional details) and 2015 employee share-based remuneration not issued pursuant to the ESPP and DSA.

Subsequent to December 31, 2015, 89,461 common shares were issued at a deemed price of C$0.60 per share and 643,405 common shares were issued at a deemed price of C$0.32 per share to settle trade and other payables in the amount of $193,273.

20.2 Share purchase warrants

On closing of the RTO, the Company assumed 2,000,000 share purchase warrants with an exercise price of C$2.00 per share and 84,980 share purchase warrants with an exercise price of C$1.15 per share. As at December 31, 2015, 500,000 share purchase warrants with an exercise price of $2.00 per share had expired. Of the remaining share purchase warrants, each whole share purchase warrant entitles the holder to purchase one common share until February 27, 2016.

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

20. EQUITY (CONTINUED)

In October 2014, the Company issued 4,169,067 share purchase warrants as a part of the Financing. Each whole share purchase warrant entitles the holder to purchase one common share at an exercise price of C$1.00 per share until October 28, 2016.

The fair value of the share purchase warrant liability as at December 31, 2015 was $3,809 (December 31, 2014: $328,213).

The movement of the Company's share purchase warrant liability is as follows:

	Year ended December 31,			
		2015		2014
Balance, beginning of year	$	328,213	$	-
Assumed on close of RTO		-		25,891
Share purchase warrants granted		-		277,410
(Gain)/loss on revaluation		(290,085)		36,533
Currency translation effect		(34,319)		(11,621)
Balance, end of year	$	3,809	$	328,213

The assumptions used for the Black-Scholes option pricing model are as follows:

	As at December 31,		
	2015	2014	
Risk free rate of return	0.48%	1.00%	
Expected life	0.16-0.83 yrs	1.16-1.83 yrs	
Expected volatility	61%	93-99%	(i)
Expected dividend per share	Nil	Nil	

(i) Annualized volatility has been calculated based on the historical volatility of the Company's stock price

The share purchase warrants are considered a derivative liability, as the currency denomination of the exercise price is different from the functional currency of the Company.

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

20. EQUITY (CONTINUED)

The share purchase warrant transactions for the years ended December 31, 2015 and 2014 are as follows:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Number of share purchase warrants	Weighted average exercise price (C$)	Number of share purchase warrants	Weighted average exercise price (C$)
Balance, beginning of year	5,754,047	$ 1.26	-	$ -
Assumed on close of RTO	-	-	2,084,980	1.97
Share purchase warrants granted	-	-	4,169,067	1.00
Share purchase warrants expired	-	-	(500,000)	2.00
Balance, end of year	5,754,047	$ 1.26	5,754,047	$ 1.26

The share purchase warrants outstanding and exercisable as at December 31, 2015 are as follows:

Exercise price (C$)	Share purchase warrants outstanding and exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life (years)
$ 2.00	1,500,000	$ 2.00	0.16
$ 1.15	84,980	1.15	0.16
$ 1.00	4,169,067	1.00	0.83
	5,754,047	$ 1.26	0.64

In February 2016, 1,500,000 and 84,980 share purchase warrants with exercise prices of C$2.00 and C$1.15, respectively, expired.

The share purchase warrants outstanding and exercisable as at December 31, 2014 are as follows:

Exercise price (C$)	Share purchase warrants outstanding and exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life (years)
$ 2.00	1,500,000	$ 2.00	1.16
$ 1.15	84,980	1.15	1.16
$ 1.00	4,169,067	1.00	1.83
	5,754,047	$ 1.26	1.64

20. EQUITY (CONTINUED)

20.3 Accumulated deficit and dividends

As at December 31, 2015, the Company had an accumulated deficit of $9,897,079 (December 31, 2014: $6,272,029). No dividends have been paid or declared by the Company since inception.

20.4 Equity instrument issued to Powerlite Ventures Limited

On May 22, 2013, the Company issued an equity instrument ("Powerlite Facility") to Powerlite for $15,000,000 ("Facility Limit"). In accordance with the Powerlite Facility, as amended, the outstanding principal and interest accrued will be settled through the issuance of the Company's shares at C$1.54 per share. As a result, the financial instrument has been classified as equity. Accrued interest has been recorded to interest expense with the offset being recorded as equity. Other key commercial terms of the financing include:

- Interest – 10% per annum, payable on conversion of each note (the Powerlite Facility can be drawn over multiple drawings, each a separate note);
- Maturity – May 22, 2023;
- Conversion price – C$1.54 per share;
- Powerlite's conversion right – to convert the outstanding notes plus accrued interest into the Company's shares after the date of issue;
- Company's conversion right – to convert the outstanding notes plus accrued interest at the earlier of six months from the issuance date of each note or an event causing conversion of any Black Range convertible loans (Note 10.2) held by the Company;
- Mandatory conversion – all outstanding notes plus accrued interest will automatically convert to shares within 10 business days of the maturity; and
- Other – the Powerlite Facility is unsecured.

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

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

20. EQUITY (CONTINUED)

For the year ended December 31, 2014, the Company recognized an interest expense of $757,754. Interest expense was not recognized for the year ended December 31, 2015 as no amounts were outstanding under the Powerlite Facility. For the year ended December 31, 2014, the Company drew down $6,000,000 under the Powerlite Facility.

20.5 Equity settled compensation arrangements

In 2015, the Company adopted an ESPP. The Company is authorized to issue up to 3,000,000 common shares pursuant to terms and conditions of the ESPP. Employees, who elect to participate in the ESPP, can contribute up to 50% of their salary (the "Employee Contribution). The Company will then match 66.67% of the Employee's Contribution (the "Matching Contribution"). The purchase price of the common shares is calculated based on the five-day volume weighted average trading price of the common shares on the Toronto Stock Exchange ("TSX") immediately preceding the end of each calendar quarter. The Employee Contribution and the Matching Contribution are expensed in the period in which they are incurred with the offsetting amount being recorded in contributed surplus until the common shares are issued. For the year ended December 31, 2015, Employee Contributions totaled $110,760 and Matching Contributions totaled $79,280. To date, no common shares have been issued under the ESPP.

In 2015, the Company adopted DSA. The Company is authorized to issue up to 2,000,000 common shares pursuant to terms and conditions of the DSA. Directors who elect to participate in the DSA contribute 50% of their director fee/salary to the ESPP and the remaining 50% of their director fee/salary is settled through the issuance of common shares in accordance with the DSA. The purchase price of the common shares is calculated based on the five-day volume weighted average trading price of the common shares on the TSX immediately preceding the end of each calendar quarter. Amounts settled in accordance with the DSA are expensed in the period in which they are incurred with the offsetting amount being recorded in contributed surplus until the common shares are issued. For the year ended December 31, 2015, $91,171 was expensed under the DSA. To date, no common shares have been issued under the DSA.

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

21. SHARE OPTION RESERVE

21.1 Stock option plan

On October 28, 2014, the Company adopted a new stock option plan, which permits the board of directors of the Company to grant stock options to acquire common shares of the Company to eligible persons. The Company is authorized to issue stock options for a maximum of 7,271,816 common shares pursuant to the stock option plan. The stock option plan permits the board of directors of the Company to set the terms for each stock option grant; however, stock options granted under the plan cannot exceed a maximum exercise period of 5 years. The options are non-transferable.

For the year ended December 31, 2015, the Company granted 2,315,000 stock options to officers, employees, directors and other eligible persons at exercise prices ranging from C$0.34 to C$0.38 with expiry dates ranging from August 6, 2018 to June 3, 2020. The weighted average fair value of the options granted in the year ended December 31, 2015 was estimated at C$0.20 per option at the grant date using the Black-Scholes option pricing model.

For the year ended December 31, 2014, the Company granted 2,650,754 stock options to officers, employees, directors and other eligible persons at an exercise price of C$1.20 with an expiry date of October 28, 2019. The weighted average fair value of the options granted in the year ended December 31, 2014 was estimated at C$0.15 per option at the grant date using the Black-Scholes Option Pricing Model.

The weighted average assumptions used for the Black-Scholes option pricing model were as follows:

	Year ended December 31,		
	2015	**2014**	
Risk free rate of return	1.09%	1.56%	
Expected life	4.14 years	5 years	
Expected volatility	83%	83%	(i)
Expected dividend per share	Nil	Nil	

(i) Annualized volatility has been calculated based on the historical volatility of the Company's stock price.

For the years ended December 31, 2015 and 2014, the Company recognized share-based compensation expense of $303,560 and $645,470, respectively, of which $136,596 and $620,792, respectively, has been allocated to administration expenses and $37,704 and $24,678, respectively, has been allocated to evaluation and exploration assets. For the year ended December 31, 2015, $129,260 has also been recorded as consideration in accordance with the terms of the Termination Deed between the Company and Empire Equity (see Note 9.1 for additional details).

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

21. SHARE OPTION RESERVE (Continued)

21.2 Outstanding stock options

The option transactions under the stock option plan are as follows:

	Year ended December 31,					
	2015			2014		
	Number of options		Weighted average exercise price (C$)	Number of options		Weighted average exercise price (C$)
Balance, beginning of year	3,345,506	$	1.27	419,752	$	1.24
Options granted	2,315,000		0.34	275,000		2.00
Options forfeited	(138,513)		1.37	2,650,754		1.20
Balance, end of year	5,521,993	$	0.88	3,345,506	$	1.27

Note – the outstanding stock options and exercise prices for the year ended December 31, 2014 have been adjusted to reflect the RTO and the Consolidation.

The stock options outstanding and exercisable as at December 31, 2015 are as follows:

	Options Outstanding				Options Exercisable			
Exercise price (C$)	Options outstanding		Weighted average exercise price (C$)	Weighted average remaining contractual life (years)	Options outstanding and exercisable		Weighted average exercise price (C$)	Weighted average remaining contractual life (years)
$0.34-$0.38	2,305,000	$	0.34	3.61	1,457,450	$	0.34	3.16
$1.20-$1.50	2,981,993		1.21	3.68	2,981,993		1.21	3.67
$2.00	235,000		2.00	1.38	235,000		2.00	1.38
	5,521,993	$	0.88	3.55	4,674,443	$	0.98	3.40

Subsequent to December 31, 2015, 2,288,443 stock options were forfeited with an exercise price of C$1.20, 200,000 stock options were forfeited with an exercise price of C$0.34 and 10,000 stock options were forfeited with an exercise price of C$2.00.

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

21. SHARE OPTION RESERVE (Continued)

The stock options outstanding and exercisable as at December 31, 2014 are as follows:

	Options Outstanding			Options Exercisable		
Exercise price (C$)	Options outstanding	Weighted average exercise price (C$)	Weighted average remaining contractual life (years)	Options outstanding and exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life (years)
$ 1.20	365,002	$ 1.20	3.36	240,901	$ 1.20	3.36
$ 1.20	2,650,754	1.20	4.83	2,650,754	1.20	4.83
$ 1.50	54,750	1.50	3.85	36,135	1.50	3.85
$ 2.00	275,000	2.00	2.37	275,000	2.00	2.37
	3,345,506	$ 1.27	4.45	3,202,790	$ 1.27	4.49

Note – the outstanding stock options and exercise prices for the year ended December 31, 2014 have been adjusted to reflect the RTO and the Consolidation.

21.3 Share option reserve

The Company's share option reserve relates to stock options granted by the Company to officers, employees, directors and other eligible persons under its stock option plan.

The movement of the Company's share option reserve is as follows:

	Year ended December 31, 2015	2014
Balance, beginning of year	$ 717,539	$ 219,098
Securities assumed on close of RTO	-	37,995
Share-based compensation capitalized to exploration and evaluation assets (Note 7)	37,704	24,678
Share-based compensation charged to operations	136,596	435,768
Share-based compensation issued to settle other non-current liabilities	129,260	-
Balance, end of year	$ 1,021,099	$ 717,539

22. CAPITAL RISK MANAGEMENT

The Company's capital risk management objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's exploration and development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

22. CAPITAL RISK MANAGEMENT (Continued)

The Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, issue new debt or acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from the exploration and development of its properties and general industry conditions. The annual and updated budgets are approved by the board of directors. For the year ended December 31, 2015, there were no significant changes in the processes used by the Company or in the Company's objectives and policies for managing its capital. The Company is not subject to any externally imposed capital requirements.

As at December 31, 2015, the Company's capital structure consists of loans payable (Note 11) and the equity of the Company (Note 20).

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

	As at December 31,	
	2015	**2014**
Financial assets		
Loans and receivables		
Cash	$ 239,327	$ 3,214,529
Restricted cash	40,882	231,948
Fair value through profit or loss		
Investment in URI (Note 9.3)	1,132,695	2,061,257
Investment in Western Uranium (Note 9.2)	1,195,960	-
Convertible loan issued by Black Range	-	427,139
Call option on Anatolia shares	-	36,878
Total financial assets	$ 2,608,864	$ 5,971,751

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

23. FINANCIAL INSTRUMENTS (Continued)

	As at December 31, 2015		As at December 31, 2014	
Financial liabilities				
Other financial liabilities				
Trade and other payables (Note 12)	$	2,594,087	$	3,470,711
Loan payable to shareholders (Note 11.1)		2,202,445		2,024,522
Deferred consideration (Note 5)		-		1,400,672
Put option on non-controlling interest of UrAsia (Note 5)		-		1,423,118
Decommissioning liability (Note 13)		118,097		-
Other loans payable (Note 11.2)		140,053		1,246,094
Fair value through profit or loss				
Warrant liability (Note 20.2)		3,809		328,213
Empire Equity facility (Note 9.1)		-		228,422
Total financial liabilities	$	5,058,491	$	10,121,752

23.2 Fair value

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

The fair values of the Company's financial instruments classified as FVTPL are determined as follows:

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

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

23. FINANCIAL INSTRUMENTS (Continued)

- The loan asset component for Black Range was valued based on the present value of expected future cash flows at the discount rate that would have applied to the financial asset without conversion or other embedded derivative features. None of the fair value change in the convertible loans for the years ended December 31, 2015 and 2014 is related to a change in the credit risk of the convertible loans. All of the change in fair value is associated with changes in market conditions.

The fair value of all other financial instruments of the Company approximates their carrying value because of the demand nature or short-term maturity of these instruments.

The Company's cash, restricted cash and other financial liabilities are carried at amortized cost.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- 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.

As at December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment in URI	$ 1,132,695	$ -	$ -	$ 1,132,695
Investment in Western Uranium	1,195,960	-	-	1,195,960
Total financial assets at fair value	$ 2,328,655	$ -	$ -	$ 2,328,655
Warrant liability	$ -	$ 3,809	$ -	$ 3,809
Total financial liabilities at fair value	$ -	$ 3,809	$ -	$ 3,809

As at December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment in Anatolia	$ 2,061,257	$ -	$ -	$ 2,061,257
Convertible loans issued by Black Range	-	-	427,139	427,139
Call option on Anatolia shares	-	36,878	-	36,878
Total financial assets at fair value	$ 2,061,257	$ 36,878	$ 427,139	$ 2,525,274
Empire Equity facility	$ -	$ 228,422	$ -	$ 228,422
Warrant liability	-	328,213	-	328,213
Total financial liabilities at fair value	$ -	$ 556,635	$ -	$ 556,635

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

23. FINANCIAL INSTRUMENTS (Continued)

There were no transfers between Level 1, 2 and 3 for the years ended December 31, 2015 and 2014.

23.3 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. For the year ended December 31, 2015, 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:

<u>Currency risk</u>

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.

The sensitivity of the Company's comprehensive loss due to changes in the carrying values of monetary assets and liabilities denominated in foreign currencies is presented below. A positive number indicates an increase in comprehensive loss, whereas a negative number indicates a decrease in comprehensive loss.

	KGS	C$	A$	HK$
10% increase in foreign exchange rate				
Changes to balances as at December 31, 2015	$ 8,670	$ (82,187)	$ 1,631	$ 16,242
Changes to balances as at December 31, 2014	$ 2,130	$ 83,613	$ (229,685)	$ 8,609

	KGS	C$	A$	HK$
10% decrease in foreign exchange rate				
Changes to balances as at December 31, 2015	$ (8,670)	$ 82,187	$ (1,631)	$ (16,242)
Changes to balances as at December 31, 2014	$ (2,130)	$ (83,613)	$ 229,685	$ (8,609)

23. FINANCIAL INSTRUMENTS (Continued)

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

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.

The Company's loan payable to shareholders (Note 11) and equity instrument issued to Powerlite (Note 20.4) accrue interest at fixed rates; therefore the Company is not exposed to interest rate risk on these instruments. The Company's other loans payable (Note 11) are non-interest bearing and interest is calculated using an effective interest rate.

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.

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

23. FINANCIAL INSTRUMENTS (Continued)

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 and cash equivalents, 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 and cash equivalents, 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, 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, 2015	1-3 months	3 months - 1 year	1-5 years	Total for 2015
Trade and other payables	$ 1,888,976	$ 335,111	$ 370,000	$ 2,594,087
Loan payable to shareholders	-	426,445	1,776,000	2,202,445
Other loans payable	-	60,000	100,000	160,000
Total financial liabilities	$ 1,888,976	$ 821,556	$ 2,246,000	$ 4,956,532

As at December 31, 2014	1-3 months	3 months - 1 year	1-5 years	Total for 2014
Trade and other payables	$ 3,020,711	$ 450,000	$ -	$ 3,470,711
Loan payable to shareholders	-	248,522	1,776,000	2,024,522
Deferred consideration	-	700,000	1,000,000	1,700,000
Other loans payable	395,000	435,000	475,000	1,305,000
Other non-current liabilities	-	-	2,228,422	2,228,422
Total financial liabilities	$ 3,415,711	$ 1,833,522	$ 5,479,422	$ 10,728,655

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

24. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Azarga Uranium and its significant subsidiaries and associates listed in the following table:

Name	Country of incorporation	% equity interest As at December 31, 2015	2014
Azarga Resources (Hong Kong) Limited	Hong Kong	100%	100%
Azarga Resources Limited	British Virgin Islands	100%	100%
Azarga Resources Canada Ltd.	Canada	100%	100%
Azarga Resources USA Company	United States of America	100%	100%
UrAsia	Kyrgyz Republic	70%	80%
Powertech USA, Inc.	United States of America	100%	100%
Black Range	Australia	N/A	24%

The Company held a significant influence investment in Powertech until October 28, 2014, at which point the RTO closed (refer to Note 5). The Company held a significant influence investment in Black Range until the close of the Black Range Merger, at which point the Company no longer held significant influence (refer to Note 9.1).

For the years ended December 31, 2015 and 2014, the Company had related party transactions with the Company's directors, shareholders, management and significant influence investees including:

- Interest accruing to certain directors/shareholders of the Company on the Shareholders Loan Agreement;
- The execution of the Third Black Range Convertible Loan (Note 10.2);
- The conversion of the First, Second and Third Black Range Convertible Loans (Note 10.2);
- The execution of the Second Powertech Convertible Loan (Note 10.1);
- The purchase of convertible loans issued by Powertech (Note 10.1);
- The purchase of convertible loans issued by Black Range (Note 10.2);
- Certain shareholders and key management personnel subscribed for the Company's shares under subscription agreements;
- The disposal of Black Range shares (Note 9.1);
- Impairment charges on the Company's investments in Powertech and Black Range (Note 9.1);
- The issuance of the Company's common shares to key management personnel to settle trade and other payables owing; and
- The RTO with Powertech (Note 5).

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

24. RELATED PARTY TRANSACTIONS (Continued)

Related party assets

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

Related party liabilities

	As at December 31,		
	2015	2014	
Loan payable to shareholders	$ 2,202,445	$ 2,024,522	(i)
Trade and other payables for key management personnel - current	435,518	621,707	
Trade and other payables for key management personnel - non-current	370,000	-	
Total liabilities with related parties	$ 3,007,963	$ 2,646,229	

(i) As at December 31, 2015, of the $2,202,445 loan payable to shareholders, $892,883 was payable to a director. As at December 31, 2014, of the $2,024,522 loan payable to shareholders, $820,752 was payable to a director.

Related party expenses

	Year ended December 31,	
	2015	2014
Interest expense on loan payable to shareholders	$ 177,923	$ 177,991
Interest expense on promissory note issued to Powertech for Centennial	-	19,795
Interest expense on put option held by Powertech on Centennial Project	-	17,604
Equity loss pick-up from Black Range	602,375	2,625,218
Realized loss on investment in Black Range	200,363	1,550,695
Impairment of investment in Black Range	520,866	-
Impairment of investment in Powertech	-	3,707,133
Unrealized loss on Black Range convertible loan	16,742	-
Unrealized loss on Powertech convertible loan	-	2,193,710
Total related party expenses	$ 1,518,269	$ 10,292,146

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

24. RELATED PARTY TRANSACTIONS (Continued)

Related party income

	Year ended December 31, 2015	Year ended December 31, 2014
Equity income pick-up from Powertech	$ -	$ 341,757
Gain recognized on assets settled on close of RTO	-	301,133
Unrealized gain on Black Range convertible loans	-	353,778
Dilution gain on investment in associates	138,493	469,784
Total related party income	$ 138,493	$ 1,466,452

Key management personnel compensation

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

	Year ended December 31, 2015	Year ended December 31, 2014
Share-based compensation	$ 121,516	$ 490,992
Salaries, fees and other benefits	532,891	887,029
Share-based payments	407,681	-
Severance benefits	480,000	-
Key management personnel compensation	$ 1,542,088	$ 1,378,021

25. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing activities

For the years ended December 31, 2015 and 2014, the Company entered into the following non-cash investing and financing activities which are not reflected in the consolidated statements of cash flows:

- For the years ended December 31, 2015 and 2014, share-based compensation expense of $37,704 and $24,678, respectively, were capitalized as exploration and evaluation assets;
- For the years ended December 31, 2015 and 2014, no interest or income taxes were paid;

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

25. SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

- For the year ended December 31, 2015, the Third Black Range Convertible Loan was converted into 73,284,314 Black Range shares. The fair value of the Black Range shares issued to the Company was $228,069;
- For the year ended December 31, 2014, the First and Second Black Range Convertible Loans were converted into 163,300,000 and 141,666,667 Black Range shares, respectively. The fair value of the Black Range shares issued to the Company was $1,524,833;
- For the year ended December 31, 2015, the Company issued 928,581 common shares to settle $317,432 of trade and other payables;
- For the year ended December 31, 2014, the Company settled $129,622 of financing costs with the issuance of 242,696 shares; and
- For the year ended December 31, 2015, the Company sold 10% of the charter capital of UrAsia back to the original sellers of UrAsia for consideration that included: i) forgiving the outstanding $1,700,000 of deferred payments related to the Purchase Agreements and ii) extinguishment of the put option on the non-controlling interest of UrAsia.

26. COMMITMENTS

As at December 31, 2015 and 2014, the Company's commitments that have not been disclosed elsewhere in the consolidated financial statements are as follows:

	As at December 31, 2015			
	Within 1 year	**2-4 years**	**Over 4 years**	**Total**
Operating lease commitments	$ 44,160	$ 91,080	$ -	$ 135,240
Exploration and evaluation commitments	521,887	5,854,735	1,918,161	8,294,783
Total commitments	$ 566,047	$ 5,945,815	$ 1,918,161	$ 8,430,023

	As at December 31, 2014			
	Within 1 year	**2-4 years**	**Over 4 years**	**Total**
Operating lease commitments	$ 43,240	$ 135,240	$ -	$ 178,480
Exploration and evaluation commitments	634,860	774,730	1,019,395	2,428,985
Total commitments	$ 678,100	$ 909,970	$ 1,019,395	$ 2,607,465

As at December 31, 2015, exploration and evaluation commitments include lease, mineral claim, exploration license and property purchase agreement payments (the "Leases") required to maintain the surface and/or mineral rights for the Company's mineral properties until the earlier of the Lease expiration or the date of the Lease's expected release.

Azarga Uranium Corp.
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015
(Expressed in U.S. Dollars)

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

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

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS (Continued)

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

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

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

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GENERAL

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Azarga Uranium Corp. ("Azarga Uranium") (formerly Powertech Uranium Corp. ("Powertech")) (which, together with its subsidiaries, is collectively referred to as the "Company") dated March 30, 2016 should be read in conjunction with the consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2015 and 2014. The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in compliance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Financial information presented in this MD&A has been prepared as a continuation of Azarga Resources Limited's ("Azarga Resources") consolidated financial statements. The comparative figures presented include the results of Powertech's operations subsequent to the close of the reverse take-over ("RTO") on October 28, 2014. In the consolidated statement of cash flow for the year ended December 31, 2014, the Company reclassified the purchase of convertible loans of $3,746,788 from financing activities to investing activities.

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

All references to $ in this MD&A refer to the United States Dollar, all references to C$ refer to the Canadian Dollar and all references to A$ refer to the Australian Dollar.

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

SIGNIFICANT EVENTS AND HIGHLIGHTS

The Company's significant events and highlights for the year ended December 31, 2015 and subsequent period to March 30, 2016 are as follows:

- In April 2015, the Company filed a National Instrument 43-101 ("NI 43-101") compliant updated resource estimate and preliminary economic assessment ("PEA") for the Dewey Burdock Project, prepared by TREC Inc. ("TREC") and Rough Stock Mining Services ("Rough Stock"). Refer to the "*Mineral Properties – The Dewey Burdock Project*" section of this MD&A for additional details.

SIGNIFICANT EVENTS AND HIGHLIGHTS (Continued)

- In May 2015, the Company announced that the United States Atomic Safety and Licensing Board ("ASLB") ruled on seven contentions raised by the consolidated intervenors and the Oglala Sioux Tribe (collectively the "Intervenors") regarding the United States Nuclear Regulatory Commission ("NRC") Final Source and Byproduct Materials License for the Dewey Burdock Project. For five contentions, the ASLB ruled in favor of NRC staff and the Company; however, for two contentions, which relate to the identification and protection of historic and cultural resources, the ASLB requested additional consultation between the NRC staff and the Oglala Sioux Tribe. Subsequent to this ruling by the ASLB, the Company and the NRC staff filed petitions for review of the ASLB ruling on the identification and protection of historic and cultural resources to the commission of the United States Nuclear Regulatory Commission (the "NRC Commission"). The Intervenors also filed petitions for review covering most of the contentions heard by the ASLB. The Company and the NRC staff filed responses to these petitions; however, of the Intervenors only the Oglala Sioux Tribe filed a response. Although the above process is ongoing, the Dewey Burdock NRC license remains in effect.

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

- On September 16, 2015, the Western Uranium Corporation ("Western Uranium") and Black Range Minerals Limited ("Black Range") merger closed. Refer to the "*Investments*" section of this MD&A for additional details.

- On November 9, 2015, the Uranium Resources, Inc. ("URI") and Anatolia Energy Limited ("Anatolia") merger closed. Refer to the "*Investments*" section of this MD&A for additional details.

- In March 2016, the Company sold redundant assets for net proceeds of approximately $320,000 (C$430,000) and settled $193,273 (C$262,318) of trade and other payables through the issuance of the Company's common shares.

- The Company announced Board and senior management changes including the appointment of Alexander Bayer and Kim Huatt Ng to the Board, the resignation of Douglas Eacrett from the Board, the temporary leave of Alexander Molyneux from the Company and the appointment of Blake Steele, Chief Financial Officer, as President and Corporate Secretary. Richard Clement, the Company's Chairman and interim CEO, previously held the roles of President and Corporate Secretary.

BACKGROUND

Azarga Uranium is a publicly listed company incorporated in Canada on February 10, 1984 with limited liability under the legislation of the Province of British Columbia and its shares are listed on the Toronto Stock Exchange (symbol: TSX:AZZ) and the Frankfurt Stock Exchange (symbol: FRA:P8AA). The Company is an integrated uranium exploration and development company. On October 28, 2014, Powertech completed a RTO with Azarga Resources. Refer to the *"Reverse Take-over of Powertech Uranium Corp."* section of this MD&A for additional details.

The Company controls uranium properties located in the United States of America ("USA") and in the Kyrgyz Republic. The Company's Dewey Burdock Project, located in South Dakota, is the Company's initial development priority. The Company also owns the Centennial Project in Colorado, the Aladdin Deposit in Wyoming, two uranium exploration properties in Wyoming and 70% of the Kyzyl Ompul Project in the Kyrgyz Republic. As at the date of this MD&A, the Company holds investments in the following uranium exploration and development companies: a 3.6% stake in Western Uranium, a publicly listed company on the Canadian Securities Exchange ("CSE") (symbol: CSE:WUC) (formerly the Company's investment in Black Range) and a 2.7% stake in URI, a publicly listed company on the NASDAQ (symbol: NASDAQ:URRE) (formerly the Company's investment in Anatolia).

Reverse Take-over of Powertech Uranium Corp.

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

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

INDUSTRY TRENDS AND OUTLOOK

The March 2011 Fukushima incident continues to have ramifications on the broader nuclear and uranium industries; however, the Company believes that a turnaround for uranium is underway. Our views are predicated on a number of key elements:

- **Many countries that eliminated or reduced their nuclear reliance are now encountering significant consequences** – Increased cost of electricity generation and increased pollution from switching to fossil fuels is a key issue for such countries. For example, Japanese CO_2 emissions are at an all-time high[1]. However, Japan has now created Asia's first mandatory scheme for cutting emissions, with a plan to cut emissions by 26% by 2030 and to have approximately 20% of the country's electricity generated from nuclear power[1]. Furthermore, the switch away from nuclear has caused a significant increase in Japan's trade deficit[2]. Twenty-six Japanese nuclear reactors have applied for regulatory approvals to re-start operations and two reactors are currently operating[3].

- **Demand is rapidly accelerating in new markets** – The 'BRICS' countries (i.e. Brazil, Russia, India, China and South Africa) are rapidly growing their nuclear power capacity and increasing their reliance on nuclear power as a proportion of overall power generation. In fact, when considering the number of nuclear power plants operating, those under construction and those proposed for construction, the figures have reached an all-time high[4]. China, Russia and India lead the world in terms of the number of new nuclear power plants under construction, with twenty-four, eight and six, respectively[4]. China has recently announced in its latest Five Year Plan that it intends to have at least 110 operating nuclear power reactors by 2030[5], accelerating its approval and construction process from 3-5 units per year (previous Five Year Plan) to 6-8 units per year between 2016 and 2020 and increasing to 10 units per year thereafter[5]. Even the United States is seeing renewed growth in its nuclear industry, with the NRC approving the licensing of new nuclear reactors in the United States for the first time in nearly two decades[6].

[1] Irish Times – *Japan's Emissions Have Soared Since Fukushima Nuclear Disaster (September 21, 2015)*
[2] World Nuclear Association – *Nuclear Power in Japan (March 2016)*
[3] Nuclear Energy Institute – *Japan Nuclear Update (March 24, 2016)*
[4] World Nuclear Association – *World Nuclear Power Reactors & Uranium Requirements (March 1, 2016)*
[5] Barclays Equity Research – *Asia ex-Japan Power & Utilities: Raising the heat in the nuclear space (October 16, 2015)*
[6] Times Free Press – *Watts Bar Nuclear Plant Unit Passes Key Test (October 13, 2015)*

INDUSTRY TRENDS AND OUTLOOK (Continued)

- **Current prices will constrain supply** – According to supply cost curves published by industry analysts, approximately one third of current mine supply is not economic at the current spot price[7]. Low prices are forcing producers to curtail mining, development and exploration. In 2014, annual U_3O_8 supply decreased by approximately 11%[8].

Despite the Company's belief that a uranium industry turnaround is tentatively underway, its strategies are focused on making prudent plans to progress its business, whilst conserving its financial resources. At this time, the Company's strategy involves the following key elements:

- **Continue with the advancement of the Dewey Burdock Project** – Receiving the NRC license for the Dewey Burdock Project in April 2014 and the ASLB ruling in April 2015 were key risk reduction events for the Dewey Burdock Project. The Company is now continuing work to resolve the remaining two contentions on the NRC license and to complete the Environmental Protection Agency ("EPA") and South Dakota state permitting requirements through 2016 and 2017 in order to have the project ready for construction in the second half of 2017. The Company has embarked on a process to consider project-financing options for the Dewey Burdock Project, with a view to having a funding solution in place concurrent with the finalization of permits.

- **Future uranium production off-take** – In 2015, the Company commenced the process of engaging with potential customers for future uranium production off-take. The Company plans to continue these discussions throughout 2016 in parallel with the advancement of the Dewey Burdock Project.

- **Curtail activities in the Kyrgyz Republic** – A maiden NI 43-101 uranium resource was completed in April 2014 on the foundations of a two-year exploration program on the Kyzyl Ompul Project. In 2015, the Company focused on completing desktop studies for the Kyzyl Ompul Project. These desktop studies will continue throughout 2016.

- **Manage investments for value** – The Company's investments in Western Uranium and URI have a combined market value of $1.2 million as at March 29, 2016. The Company will continue to monitor these investments and plans to generate cash through the realization of these investments to fund the Company's 2016 strategic initiatives.

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[7] RBC Capital Markets – *Uranium Market Outlook – Third Quarter 2015 (August 24, 2015)*
[8] Cantor Fitzgerald – *Quarterly Commodity Outlook (October 29, 2015)*

INDUSTRY TRENDS AND OUTLOOK (Continued)

- **Identify opportunities to generate capital through the sale of redundant assets** – The Company expects to generate approximately $300,000 of additional cash from the sale of redundant assets. To date, the Company has sold redundant assets for net proceeds of approximately $700,000. The redundant assets primarily pertain to land at the Centennial Project. As a condition of the sale, the Company will retain the surface rights. The Company does not expect the sale of redundant assets to jeopardize its overall strategy.

The Company believes a unique opportunity exists for investors to build an investment in Azarga Uranium. Firstly, the Company has a firm belief that uranium prices will move higher in the medium term. Secondly, the Company's 'flagship' Dewey Burdock Project is one of the world's leading undeveloped uranium deposits in terms of its low initial capital expenditure and post start-up cash operating costs. Therefore, the Company believes that once permitting is complete, the Company will be able to attract financing and move into the construction phase. Thirdly, the Company has an asset suite inclusive of mineral properties at various stages of development, which provide a pipeline for continued growth. Lastly, management and the board of directors have extensive experience in uranium, the broader mining sector and financial markets.

MINERAL PROPERTIES

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

The Company's 100% owned Dewey Burdock Project is an in-situ recovery ("ISR") uranium project located in the Edgemont uranium district, in South Dakota, USA. Through property purchase agreements, mining leases and/or mining claims, the Dewey Burdock Project is comprised of approximately 13,560 surface acres and 17,900 net mineral acres. The Dewey Burdock Project is the Company's initial development priority.

In April 2015, the Company filed an updated NI 43-101 compliant independent resource estimate and PEA for the Dewey Burdock Project prepared by TREC and Rough Stock (the "Dewey Burdock PEA") with an effective date of January 29, 2015. The Dewey Burdock PEA provides an updated preliminary economic analysis of the Dewey Burdock Project based on exploration and development work performed subsequent to the previous PEA filed in April 2012.

MINERAL PROPERTIES (Continued)

The Dewey Burdock Project contains measured uranium resources of 4,122,000 pounds at 0.33% U_3O_8 and indicated uranium resources of 4,460,000 pounds at 0.21% U_3O_8 at a 0.5 grade-thickness ("GT") cut-off and inferred uranium resources of 3,528,000 pounds at 0.05% U_3O_8 at a 0.2 GT cut-off in the ISR mineral resource estimate. The Company's measured and indicated resources increased by 28% compared to the PEA filed in April 2012 to 8,582,000 pounds of uranium at an average grade of 0.25% U_3O_8. The mineral resource estimate includes an additional 940,000 pounds of non-ISR (located above the water table) inferred resources at 0.17% U_3O_8. The non-ISR resources are not included in the resources presented in the economic analysis of the Dewey Burdock PEA.

Details of the assumptions and parameters used with respect to the Dewey Burdock PEA, including information on data verification, are set out in the Dewey Burdock Technical Report dated January 29th, 2015, a copy of which is available under the Company's profile at www.sedar.com. The Dewey Burdock PEA is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Dewey Burdock PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Dewey Burdock PEA resulted in a pre-federal income tax net present value of $149.4 million at a discount rate of 8% and an internal rate of return of 67% compared to a post-federal income tax net present value of $113.8 million at a discount rate of 8% and an internal rate of return of 57%. The Dewey Burdock PEA post-federal income tax calculations do not include a corporate level assessment of federal income tax liabilities; taxes have only been calculated at the Dewey Burdock Project level. The estimate of federal income tax at the corporate level is subject to a number of additional considerations that have not been factored in when calculating federal taxes at the project level, including but not limited to, the capital structure to finance the Dewey Burdock Project, which has not yet been determined and loss carry forwards available at the corporate level.

The Dewey Burdock PEA assumed uranium prices of $65/lb U_3O_8, cash operating costs of $18.86/lb U_3O_8 and initial capital expenditures of $27.0 million. Total cash operating costs and capital expenditures are assumed to be $35.66/lb U_3O_8 (pre-federal income tax). Over its 16-year mine life, the Dewey Burdock Project is forecast to produce 9.7 million lbs of U_3O_8 with a pay-back period in the third quarter of the second year of production. The estimated federal income tax is equal to US$6.53/lb of estimated U_3O_8 production.

The Company's immediate objective is to obtain the necessary permits and licenses to advance the Dewey Burdock Project to the construction phase.

MINERAL PROPERTIES (Continued)

The NRC issued the final Supplemental Environment Impact Statement ("SEIS") for the Dewey Burdock Project on January 31, 2014. The EPA issued a notice of receipt of the final SEIS on February 7, 2014, starting a 30-day review period and subsequently issued final comments on the SEIS on March 10, 2014. The NRC also prepared a Safety Evaluation Report ("SER"), which was published in November 2013 and a draft Section 106 Programmatic Agreement ("PA"). The final Section 106 PA was executed on April 7, 2014 by the Advisory Council on Historic Preservation, the NRC, the South Dakota State Historic Preservation Office and the Bureau of Land Management ("BLM"). Subsequent to the PA being executed, the NRC issued a revised SER and the Company's Dewey Burdock Project received its Source and Byproduct Materials License SUA-1600 (an operating license) on April 8, 2014, covering 10,580 acres. The Company holds mineral and surface rights for the entire area pertaining to the NRC license.

In August 2014, the evidentiary hearing was held with the ASLB in regards to the limited contentions raised with respect to the Dewey Burdock Project. These hearings with the ASLB are normal practice and are undertaken after the NRC license is granted to determine whether or not the NRC staff has considered all issues related to the license. In April 2015, the ASLB ruled on seven contentions raised by the Intervenors regarding the NRC license for the Dewey Burdock Project. For five contentions, including those related to groundwater usage, groundwater quality, ability to contain fluid migration, mitigation measures, and connected actions, the ASLB ruled in favor of NRC staff and the Company. For the remaining two contentions, which relate to identification and protection of historic and cultural resources, the ASLB requested additional consultation between the NRC staff and the Oglala Sioux Tribe. It also ruled inadmissible two new contentions that were filed by the Intervenors after the evidentiary hearing.

The ASLB determined that its partial initial decision would constitute a final decision in 120 days (i.e. August 28, 2015), subject to an NRC Commission determination that it will review the decision or the NRC Commission granting leave to any appeal. As the Company, the NRC staff and the Intervenors have filed petitions for review of the ASLB ruling, a final decision was not issued by August 28, 2015. Further, the ASLB did not suspend the NRC license. Instead, the ASLB decided to retain jurisdiction of the two contentions and has asked for monthly status reports from the NRC staff until the outstanding issues are addressed. The Company is fully facilitating this process to the extent possible.

MINERAL PROPERTIES (Continued)

The Company and the NRC staff filed petitions for review of the ASLB ruling on the identification and protection of historic and cultural resources to the NRC Commission. The Intervenors also filed petitions for review covering most of the contentions heard by the ASLB. The Company filed responses to each of the petitions for review to the NRC Commission submitted by the Intervenors. The NRC staff filed responses supporting the Company's petition and opposing the Intervenors' petitions, while of the Intervenors, only the Oglala Sioux Tribe filed a response to the Company and NRC staff petitions for review within the assigned timeframe. On September 21, 2015, as anticipated by the Company, all parties received a response from the NRC Commission indicating that the above filings are still being reviewed. The Company anticipates a decision from the NRC Commission in the first half of 2016. However, due to the lack of mandated regulatory timelines, the dates may be subject to change. In March 2016, the Company submitted a status report to the NRC Commission requesting an update on the above filings that are currently under review.

The Company continues to be in compliance with the existing conditions of the NRC license and other permitting/licensing requirements. Prior to commencing construction and operations at the Dewey Burdock Project, the Company requires regulatory approvals from two other major agencies, the EPA and the South Dakota Department of Environment and Natural Resources ("DENR"). These approvals include the Class III and Class V underground injection control ("UIC") permits from the EPA and three state permits to be issued by the South Dakota DENR. Additional requirements that need to be addressed prior to commencing construction and operations at the Dewey Burdock Project include the satisfaction of pre-operational conditions under the NRC license and the development and implementation of mitigation plans for protection of cultural resources under the PA, including resolution of the outstanding consultation with the Oglala Sioux Tribe.

The EPA continues to work on the draft Class III and Class V UIC permits. The EPA has informed the Company that they are currently conducting formal consultations with Native American Tribes that may be potentially impacted by the Dewey Burdock Project. The Company currently anticipates receiving the draft permits in the first half of 2016 and the final Class III and Class V UIC permits in the second half of 2016; however, due to the lack of mandated regulatory timelines, these dates may be subject to change.

MINERAL PROPERTIES (Continued)

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

On July 8, 2014, the BLM requested additional information on the Company's plan of operations for the Dewey Burdock Project. The Company submitted the requested information and anticipates that the BLM will approve the plan of operations for the Dewey Burdock Project in the first half of 2016, at which point it is also anticipated that the BLM will prepare an environmental assessment and issue its Record of Decision.

The Company anticipates the regulatory process with respect to the NRC Commission, the EPA, the South Dakota DENR and the BLM to be completed by the second half of 2017; however, the Company remains cautious regarding the anticipated schedule for obtaining the outstanding regulatory approvals because of factors outside the Company's control, including a lack of mandated regulatory timelines for permit issuances and the logistics of scheduling and holding regulatory hearings.

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

The Company's 100% owned Centennial Project is located in the western part of Weld County in northeastern Colorado. Through property purchase and/or lease agreements, the Centennial Project is comprised of approximately 1,520 acres of surface rights and approximately 6,540 acres of mineral rights.

Historical exploration work included drilling, recovery tests, water well tests and environmental studies. At the request of the Colorado Division of Reclamation, Mining and Safety, the Company prepared and submitted an updated Site Characterization Plan in April 2009. All the required environmental surveys and studies have been completed and the draft reports have been received. The Company completed its application to the EPA for a Class I UIC Permit in November 2010. In December 2010, the EPA informed the Company that the application was deemed complete. The majority of the major mine permit applications for the Centennial Project have not been prepared or submitted to date.

MINERAL PROPERTIES (Continued)

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

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

Subsequent to the Centennial PEA being completed, certain lease agreements with respect to the Centennial Project were not renewed; however, the impact to the Centennial PEA is immaterial.

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

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

The Aladdin Deposit is comprised of approximately 6,810 acres of mineral rights and 7,150 acres of surface rights located along the Wyoming/South Dakota border on the northwestern flank of the Black Hills Uplift, within sandstones of the Lower Cretaceous-age Inyan Kara Group. The Aladdin property is 80 miles northwest of the Dewey Burdock Project. Uranium resources at the Aladdin Deposit have developed within the same host rocks that contain the Dewey Burdock uranium resources.

In June 2012, the Company completed a NI 43-101 compliant technical report for the Aladdin Deposit, with an effective date of June 21, 2012, describing the results of the Company's confirmation drilling program and continued evaluation of the historic exploration drilling data from Teton Exploration Company.

MINERAL PROPERTIES (Continued)

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

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

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

Subsequent to the NI 43-101 compliant technical report being completed, certain lease agreements/claims were not renewed; however, the impact to the Aladdin 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 ("km") east of the capital of Bishkek. More specifically, the Kyzyl Ompul Project is located in the Kochkor region of the Naryn Oblast and the Issyk-Kul region of the Issyk-Kul Oblast. The Kyzyl Ompul Project is 100% owned and operated by UrAsia, in which the Company owns a 70% interest, and consists of one exploration license with an area of 42,379 hectares. The license is valid until December 31, 2020 and permits exploration for uranium.

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

MINERAL PROPERTIES (Continued)

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

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

In 2012, a more extensive exploration program commenced. In 2012 and 2013, the Company completed nine drill holes for approximately 2,275m at the Sai Bezvodniy hydrothermal prospect, 40 drill holes at the Tash Bulak placer prospect, 31 drill holes at the Backe placer prospect and 9 drill holes at the Tunduk placer prospect. The Company also completed 17 drill holes for approximately 4,345m at the Kok Moinok deposit. The 2012 and 2013 drilling program was designed to twin a selection of historic drill holes to confirm mineralized intervals and uranium grades in those mineralized intervals as well as confirm the geological and mineralogical understanding of the Kyzyl Ompul Project.

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

In 2015, the company completed desktop studies for the Kyzyl Ompul Project in order to apply for an extension of the exploration license. The Kyzyl Ompul exploration license was successfully extended until December 31, 2020. In 2016, the Company will focus on completing desktop studies for the Kyzyl Ompul Project to conserve the Company's financial resources.

INVESTMENTS

Uranium Resources, Inc. (2.7% interest as at the date of this MD&A)

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

Western Uranium Corporation (3.6% interest as at the date of this MD&A)

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

The Company will continue to monitor these investments and plans to generate cash through the realization of these investments to fund the Company's 2016 strategic initiatives.

SELECTED ANNUAL INFORMATION

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

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

SELECTED ANNUAL INFORMATION (Continued)

	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Total working capital/(deficit) [(i)]	$ 306,867	$ (1,567,300)	$ (4,406,395)
Total assets	40,354,891	45,531,152	26,062,427
Exploration and evaluation assets	37,174,175	37,433,869	12,418,765
Investments [(ii)]	-	3,951,880	10,344,230
Total non-current liabilities	8,370,749	10,502,309	3,858,509
Net loss attributable to equity holders of the Company	(3,625,050)	(1,277,122)	(4,119,153)
Total comprehensive loss	(4,656,060)	(2,207,652)	(4,393,788)
Basic loss per share	(0.06)	(0.04)	(0.18)
Diluted loss per share	(0.06)	(0.04)	(0.18)

(i) 2015 includes investments in URI and Western Uranium, which have been classified as held for sale
(ii) Includes investments in associates and the investment in Anatolia

As at December 31, 2015, working capital primarily consisted of assets held for sale, which included the Company's investments in URI and Western Uranium and certain exploration and evaluation assets, partially offset by trade and other payables and loans payable, which primarily related to interest owing on the convertible loan agreement with certain shareholders ("Shareholders Loan Agreement"). The Company continues to actively manage and evaluate alternatives to improve its working capital position. As at December 31, 2014, the working capital deficit primarily consisted of deferred consideration owing to the original sellers of UrAsia, trade and other payables and loans payable, which primarily related to the loan agreement with Anadarko Land Corp. ("Anadarko"), partially offset by cash. As at December 31, 2013, the working capital deficit primarily consisted of deferred consideration owing to the original sellers of UrAsia and other current liabilities, which primarily consisted of the put option on the non-controlling interest of UrAsia and the put option held by Anatolia, partially offset by convertible loan receivables and cash.

As at December 31, 2015, the Company's total assets primarily consisted of the Company's investment in exploration and evaluation assets, which primarily included the Company's investment in the Dewey Burdock Project, the Kyzyl Ompul Project and the Centennial Project, and the Company's assets held for sale, which included its investment in Western Uranium and URI and certain exploration and evaluation assets. As at December 31, 2014, the Company's total assets primarily consisted of the Company's investment in exploration and evaluation assets, which primarily included the Company's investment in the Dewey Burdock Project, the Kyzyl Ompul Project and the Centennial Project, the Company's investments, which included its investment in associate (Black Range) and the Company's investment in Anatolia, and cash. As at December 31, 2013, the total assets primarily consisted of the Company's investments, which included its investment in associates (Black Range and Powertech) and the Company's investment in Anatolia, the Company's investment in exploration and evaluation assets, which primarily included the Company's investment in the Kyzyl Ompul Project and convertible loan receivables issued by Powertech and Black Range.

SELECTED ANNUAL INFORMATION (Continued)

As at December 31, 2015, the Company's total non-current liabilities primarily consisted of deferred income tax liabilities and the principal owing under the Shareholders Loan Agreement. As at December 31, 2014, the Company's total non-current liabilities primarily consisted of deferred income tax liabilities, the principal owing under the Shareholders Loan Agreement and the put option on the non-controlling interest of UrAsia. As at December 31, 2013, the Company's total non-current liabilities primarily consisted of deferred income tax liabilities and the principal owing under the Shareholders loan Agreement.

For the year ended December 31, 2015, total comprehensive loss primarily consisted of administration expenses, finance costs, an impairment of an investment in associate (Black Range), the Company's share of equity losses from its investment in associate (Black Range), deferred income taxes and foreign currency translation adjustments, partially offset by realized gains, which primarily related to the gain on extinguishment of other loans payable due to the Anadarko agreement amendment. For the year ended December 31, 2014, total comprehensive loss primarily consisted of administration expenses, unrealized losses, which primarily related to the loss on convertible loans issued by Powertech, finance costs, the net share of equity losses from associates (Powertech and Black Range), an impairment on an investment in associate (Powertech) and foreign currency translation adjustments, partially offset by a bargain purchase gain recognized on close of the RTO. For the year ended December 31, 2013, total comprehensive loss primarily consisted of administration expenses, unrealized losses, which primarily related to the loss on the revaluation of the put option on Anatolia shares and the loss on convertible loans issued by Powertech, and finance costs.

Administration expenses for the year ended December 31, 2015 were $2,828,249 compared to $3,802,907 for the year ended December 31, 2014. The decrease in administration expenses is primarily explained by a decrease in consulting and professional fees and corporate administration expenditures as a result of the Company's effort to conserve cash and a decrease in share based compensation due to stock options issued on the close of the RTO in 2014, partially offset by increased salaries and benefits primarily due to employee severance costs. Administration expenses for the year ended December 31, 2013 were $1,940,724. The increase in administration expenses for the year ended December 31, 2014, is primarily explained by the completion of the RTO, which resulted in increased consulting and professional fees, increased share-based compensation expense and increased salaries and benefits due to additional employees.

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

SUMMARY OF QUARTERLY RESULTS

The following table provides selected quarterly financial information for the most recent eight quarters.

	2015			
QUARTER ENDED	**31-Dec**	30-Sep	30-Jun	31-Mar
Administration expenses	$ (603,380)	$ (425,650)	$ (719,187)	$ (1,080,032)
Finance costs	(47,123)	(135,844)	(146,656)	(164,734)
Unrealized gain/(loss)	(1,111,205)	756,455	404	344,576
Realized gain/(loss)	58,056	85,928	1,084,846	(206,705)
Share of equity income/(loss) from associates	-	4,769	(76,175)	(530,969)
Impairment of investment in associates	-	-	(520,866)	-
Deferred income tax recovery/(expense)	(384,771)	1,579	30,627	(50,435)
Net income/(loss)	(2,097,262)	275,512	(366,262)	(1,556,818)
Net income/(loss) attributable to equity holders of the Company	(2,055,607)	301,374	(343,430)	(1,527,387)
Total comprehensive loss	(2,435,886)	(102,570)	(249,549)	(1,868,055)
Basic income/(loss) per share	(0.03)	0.00	(0.01)	(0.03)
Diluted income/(loss) per share	(0.03)	0.00	(0.01)	(0.03)

	2014			
QUARTER ENDED	31-Dec	30-Sep	30-Jun	31-Mar
Administration expenses	$ (1,622,416)	$ (464,607)	$ (729,183)	$ (986,701)
Finance costs	(164,118)	(138,134)	(546,740)	(478,728)
Unrealized gain/(loss)	(749,459)	(1,283,982)	(52,451)	524,696
Realized gain/(loss)	301,133	170,216	(1,589,776)	946,947
Share of equity income/(loss) from associates	(1,942,957)	234,964	(352,905)	(222,563)
Impairment of investment in associates	(3,707,133)	-	-	-
Gain on bargain purchase on close of RTO	11,605,241	-	-	-
Deferred income tax recovery/(expense)	(122,546)	(33,196)	28,907	(128,260)
Net income/(loss)	3,633,140	(1,514,918)	(3,251,385)	(342,562)
Net income/(loss) attributable to equity holders of the Company	3,723,211	(1,485,273)	(3,239,554)	(275,506)
Total comprehensive income/(loss)	3,238,470	(1,679,572)	(3,093,264)	(673,286)
Basic income/(loss) per share	0.07	(0.04)	(0.12)	(0.01)
Diluted income/(loss) per share	0.07	(0.04)	(0.12)	(0.01)

For the three months ended December 31, 2015

The Company recorded a net loss of $2,097,262 for the three months ended December 31, 2015 compared to net income of $3,633,140 for the three months ended December 31, 2014. The net income/(loss) in each period primarily related to the following:

SUMMARY OF QUARTERLY RESULTS (Continued)

Administration expenses were $603,380 for the three months ended December 31, 2015 compared to $1,622,416 for the three months ended December 31, 2014. The decrease primarily related to decreased consulting and professional fees and corporate administration expenditures as a result of the Company's effort to conserve cash and decreased consulting and professional fees and share based compensation due to the close of the RTO in 2014.

Finance costs were $47,123 for the three months ended December 31, 2015 compared to $164,118 for the three months ended December 31, 2014. The decrease primarily related to $nil interest expense on the put option on the non-controlling interest of UrAsia and $nil interest expense on deferred consideration owing to the original sellers of UrAsia, which were both extinguished in October 2015, and a decrease in interest expense on other loans payable due to the Anadarko agreement amendment.

The Company recognized an unrealized loss of $1,111,205 for the three months ended December 31, 2015 compared to an unrealized loss of $749,459 for the three months ended December 31, 2014. For the three months ended December 31, 2015, the unrealized loss primarily related to losses on the revaluation of the Company's investments in URI and Western Uranium. For the three months ended December 31, 2014, the unrealized loss primarily related to a loss on convertible loans issued by Powertech and a loss from the revaluation of the Company's investment in Anatolia.

The Company recognized a realized gain of $58,056 for the three months ended December 31, 2015 compared to a realized gain of $301,133 for the three months ended December 31, 2014. For the three months ended December 31, 2015, the realized gain primarily related to a gain on the sale of redundant land at the Centennial Project. For the three months ended December 31, 2014, the realized gain primarily related to the settlement of outstanding obligations between the Company and Powertech on close of the RTO.

The Company recognized an equity loss pick-up of $1,942,957 for the three months ended December 31, 2014 related to an equity loss pick-up recognized on the Company's investment in Black Range, partially offset by an equity income pick-up recognized on the Company's investment in Powertech. Subsequent to the Black Range Merger, which occurred in the third quarter of 2015, the Company does not have an investment in an associate.

For the three months ended December 31, 2014, the Company recognized an impairment charge of $3,707,133 on its investment in Powertech prior to completing the RTO based on the fair value of the Company's previously held equity interest in Powertech.

SUMMARY OF QUARTERLY RESULTS (Continued)

For the three months ended December 31, 2014, the Company recognized a $11,605,241 bargain purchase gain on close of the RTO as a result of the fair value of consideration paid being lower than the fair value of the identifiable net assets acquired.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

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

As at December 31, 2015, the Company had working capital of $306,867 and an accumulated deficit of $9,897,079 and will continue incurring losses in the foreseeable future. Additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing, at terms that are acceptable to the Company, will be available. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company has successfully raised financing in the past and will continue to assess available alternatives; however, there is no assurance that the Company will be able to raise additional funds in the future.

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

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

As at December 31, 2015, the Company had cash of $239,327 compared to cash of $3,214,529 as at December 31, 2014. The Company's working capital (current assets less current liabilities) was $306,867 as at December 31, 2015 compared to a working capital deficit of $1,567,300 as at December 31, 2014. The Company continues to actively manage its cash and working capital positions. The Company is not subject to any externally imposed capital requirements.

The Company has also identified opportunities to generate cash through the sale of redundant assets. The Company expects to generate approximately $300,000 of additional cash from the sale of redundant assets. For the year ended December 31, 2015, the Company sold redundant assets for net proceeds of $379,500. Subsequent to December 31, 2015, the Company has sold redundant assets for net proceeds of approximately $320,000.

The Company will also continue to monitor its investments in URI and Western Uranium and plans to generate cash through the realization of these investments to fund the Company's 2016 strategic initiatives.

Powertech Uranium Corp.

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

For the year ended December 31, 2014, the Company drew down $2,575,000, under the Powertech Convertible Loan. For the year ended December 31, 2014, $305,000 was drawn down under the Second Powertech Convertible Loan.

UrAsia in Kyrgyzstan Limited Liability Company

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

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

In October 2015, the Company sold 10% of the charter capital of UrAsia back to the original sellers of UrAsia for consideration that included: i) forgiving the outstanding US$1,700,000 of deferred payments and ii) extinguishment of the put option on the 20% non-controlling interest of UrAsia (the "Amended Purchase Agreement"). The Amended Purchase Agreement resulted in a decrease of the Company's ownership interest in UrAsia to 70%.

For the year ended December 31, 2014, the Company paid $150,000 to settle a portion of the deferred consideration owing to the original sellers of UrAsia. No payments were made for the year ended December 31, 2015.

Investment in Western Uranium (formerly Black Range)

As at March 29, 2016, the Company's ownership interest in Western Uranium was 3.6% and had a market value of $880,737. The Company acquired its ownership in Western Uranium through the Black Range Merger, where each Black Range shareholder received one new Western Uranium share for every 750 Black Range shares held.

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

On October 26, 2013, the Company entered into a second financing agreement with Black Range to provide a A$1,500,000 convertible loan ("Second Black Range Convertible Loan") repayable in cash or Black Range Shares. For the year ended December 31, 2014, Black Range drew down A$500,000 ($447,408) under the Second Black Range Convertible Loan.

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

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

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

For the year ended December 31, 2015, no amounts were drawn under the Third Black Range Convertible Loan. For the year ended December 31, 2014, Black Range drew down A$460,000 ($419,080) under the Third Black Range Convertible Loan.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

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

In July 2015, the Company and Empire Equity agreed to terminate the share sale agreement and economic exposure sharing deed (the "Termination Deed"). Under the Termination Deed, Empire Equity transferred 120,000,000 Black Range Shares to the Company, the Company was not obligated to repay the first installment received from Empire Equity of A$280,000 and the Company granted Empire Equity 1,000,000 stock options to acquire the Company's shares at C$0.35 per share. The stock options expire on their third anniversary, August 6, 2018.

For the year ended December 31, 2015 and prior to the Black Range Merger closing, the Company sold 212,007,381 shares of Black Range for proceeds of $322,892. For the year ended December 31, 2014, the Company sold 39,388,824 Black Range shares for proceeds of $301,062.

For the year ended December 31, 2015 and subsequent to the Black Range Merger closing, the Company sold 20,800 Western Uranium shares for proceeds of $31,762. Subsequent to December 31, 2015, the Company sold 62,700 Western Uranium shares for proceeds of approximately $82,000.

Investment in URI (formerly Anatolia)

As at March 29, 2016, the Company's ownership interest in URI was 2.7% and had a market value of $350,115. The Company acquired its ownership in URI through the Anatolia Merger, where each Anatolia shareholder received one new URI share for every 15 Anatolia shares held.

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

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

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

For the year ended December 31, 2015 and prior to the Anatolia Merger, the Company sold 1,117,611 shares of Anatolia for proceeds of $51,017 and purchased 1,350,000 shares of Anatolia for total consideration of $77,290. For the year ended December 31, 2014, the Company sold 450,000 Anatolia shares for proceeds of $34,172.

For the year ended December 31, 2015 and subsequent to the Anatolia Merger, the Company sold 141,846 URI shares for proceeds of $68,922. Subsequent to December 31, 2015, the Company sold 484,152 URI shares for proceeds of approximately $160,000.

Powerlite Ventures Limited – Powerlite Facility

On May 22, 2013, the Company issued an equity instrument ("Powerlite Facility") to Powerlite for $15,000,000 ("Facility Limit"). In accordance with the Powerlite Facility, as amended, the outstanding principal and interest accrued will be settled through the issuance of the Company's shares at C$1.54 per share. As a result, the financial instrument has been classified as equity. Accrued interest has been recorded to interest expense with the offset being recorded as equity. Other key commercial terms of the financing include:

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

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

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

For the year ended December 31, 2015, the Company did not make any drawdowns under the Powerlite Facility. For the year ended December 31, 2014, the Company drew down $6,000,000 under the Powerlite Facility.

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

Private Placement Financing

Concurrent with the closing of the RTO and the Consolidation, the Company completed a private placement financing for gross proceeds of approximately C$5,000,000 ($4,450,442) (the "Financing") through the issuance of 8,338,134 post-Consolidation units ("Units"), each Unit consisting of one post-Consolidation common share and one-half of a common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one post-Consolidation common share at an exercise price of C$1.00 per share until October 28, 2016. Accounting for the Consolidation adjustment, the Units subscribed for pursuant to the Financing were subscribed for at C$0.60 per Unit. Finder's fees in connection with the Financing consisted of C$145,617 ($129,622) and 242,696 post-Consolidation shares. All securities issued pursuant to the Financing were subject to a hold period that expired March 1, 2015.

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

Shareholders Loan Agreement

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

- Interest – 10% per annum payable on each anniversary date of the Shareholders Loan Agreement;
- Term – 5 years, commencing July 31, 2012;
- Conversion price – C$1.23;
- Shareholders' conversion right – to convert the outstanding balance of the loan plus accrued interest, in whole or in part, into ordinary shares of the Company at the conversion price;
- Extension of the term – the Company has the option, on maturity, to extend the term of the loan for an additional three years. Upon exercise of this option, the annual interest rate increases to 15% per annum;

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

- Early repayment option – the Company has the right, but not the obligation, to repay the whole balance of the loan plus accrued interest at any time out of the proceeds of a capital raising or if the loan is refinanced or replaced by a new loan on or before the maturity; and
- The Shareholders Loan Agreement is unsecured.

The terms of the Shareholders Loan Agreement were further amended to delay the 2014 and 2015 annual interest payments to coincide with the date of the 2016 annual interest payment.

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

Other Loans Payable

The Company assumed loan agreements with Anadarko and Elston on close of the RTO. These agreements include:

<u>Anadarko Agreement</u>

The Company entered into an agreement with Anadarko to purchase uranium rights on certain areas of the Centennial Project for total consideration of $3,000,000 (the "Anadarko Agreement"). As at December 31, 2015, payments totaling $1,835,000 have been made to Anadarko (December 31, 2014: $1,815,000). In April 2015, the Anadarko Agreement was amended to modify the payment amount and the payment terms as follows: $20,000 is payable annually in each of September 2016, 2017 and 2018. An additional $3,165,000 is payable upon receipt of regulatory permits and licenses allowing uranium production on the area of the Centennial Project pertaining to these uranium interests. Other key terms of the Anadarko Agreement include:

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

For the years ended December 31, 2015 and 2014, the Company made payments totaling $20,000 and $nil, respectively.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Elston Agreements

The Company entered into an agreement with Elston to purchase mineral rights on certain areas of the Dewey Burdock Project for total consideration of $600,000, of which $510,000 has been paid as at December 31, 2015 (December 31, 2014: $480,000) (the "Elston Agreement"). The outstanding consideration is payable in three annual installments of $30,000 in May 2016, 2017 and 2018. An additional $1,300,000 is payable, in four equal annual installments, upon receipt of regulatory permits and licenses allowing uranium production on the area of the Dewey Burdock Project pertaining to these mineral interests. Other key terms of the Elston Agreement include:

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

For the years ended December 31, 2015 and 2014, the Company made payments totaling $30,000 and $nil, respectively.

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

Cash Flow Highlights

Net cash used in Operating Activities

For the year ended December 31, 2015, the Company used $2,660,189 of cash in operating activities compared to $2,137,962 for the year ended December 31, 2014. Cash used in operating activities increased for the year ended December 31, 2015 primarily due to changes in working capital items related to trade and other payables and other liabilities, partially offset by reduced administration expenditures due to the Company's efforts to conserve cash.

Net cash used in Investing Activities

For the year ended December 31, 2015, the Company used $256,428 of cash in investing activities compared to $5,745,261 for the year ended December 31, 2014. For the year ended December 31, 2015, net cash used in investing activities primarily related to $1,219,011 of expenditures related to the Company's exploration and evaluation assets, partially offset by proceeds of $474,593 from the partial sale of the Company's investments and proceeds of $339,320 from the sale of exploration and evaluation assets pertaining to redundant land at the Centennial Project.

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

FINANCING, LIQUIDITY AND CAPITAL RESOURCES (Continued)

For the year ended December 31, 2014, net cash used in investing activities primarily related to a $898,100 investment in Anatolia, $3,746,788 to purchase convertible loans in Powertech and Black Range, $348,338 to settle the Anatolia put option agreement and $940,089 of exploration and evaluation expenditures related to the Company's mineral properties, partially offset by $335,232 in proceeds from the partial sale of the Company's investments in Black Range and Anatolia.

Net cash generated by (used in) Financing Activities

For the year ended December 31, 2015, the Company used $60,000 for financing activities compared to generating $10,812,197 from financing activities for the year ended December 31, 2014. For the year ended December 31, 2015, cash used for financing activities related to payments on other loans payable. For the year ended December 31, 2014, cash generated from financing activities related to $6,000,000 drawn under the Powerlite Facility and $4,812,197 of proceeds from share issuances.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at December 31, 2015 and 2014, the Company's contractual obligations are as follows:

As at December 31, 2015	**1-3 months**	**3 months - 1 year**	**1-5 years**	**Total for 2015**
Trade and other payables	$ 1,888,976	$ 335,111	$ 370,000	$ 2,594,087
Loan payable to shareholders	-	426,445	1,776,000	2,202,445
Other loans payable	-	60,000	100,000	160,000
Total contractual obligations	$ 1,888,976	$ 821,556	$ 2,246,000	$ 4,956,532

As at December 31, 2014	**1-3 months**	**3 months - 1 year**	**1-5 years**	**Total for 2014**
Trade and other payables	$ 3,020,711	$ 450,000	$ -	$ 3,470,711
Loan payable to shareholders	-	248,522	1,776,000	2,024,522
Deferred consideration	-	700,000	1,000,000	1,700,000
Other loans payable	395,000	435,000	475,000	1,305,000
Other non-current liabilities	-	-	2,228,422	2,228,422
Total contractual obligations	$ 3,415,711	$ 1,833,522	$ 5,479,422	$ 10,728,655

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

	As at December 31, 2015			
	Within 1 year	**2-4 years**	**Over 4 years**	**Total**
Operating lease commitments	$ 44,160	$ 91,080	$ -	$ 135,240
Exploration and evaluation commitments	521,887	5,854,735	1,918,161	8,294,783
Total commitments	$ 566,047	$ 5,945,815	$ 1,918,161	$ 8,430,023

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS (Continued)

	As at December 31, 2014			
	Within 1 year	**2-4 years**	**Over 4 years**	**Total**
Operating lease commitments	$ 43,240	$ 135,240	$ -	$ 178,480
Exploration and evaluation commitments	634,860	774,730	1,019,395	2,428,985
Total commitments	$ 678,100	$ 909,970	$ 1,019,395	$ 2,607,465

As at December 31, 2015, exploration and evaluation commitments include lease, mineral claim, exploration license and property purchase agreement payments (the "Leases") required to maintain the surface and/or mineral rights for the Company's mineral properties until the earlier of the Lease expiration or the date of the Lease's expected release.

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

OFF BALANCE SHEET ARRANGEMENTS

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

FINANCIAL INSTRUMENTS

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

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

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

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

FINANCIAL INSTRUMENTS (Continued)

  - The fair value of the call option held by the Company for Anatolia shares was determined using the Black-Scholes Option Pricing Model.
  - The fair value of the warrant liability is determined using the Black-Scholes Option Pricing Model.
- The fair value of financial instruments that are not traded in an active market are determined using generally accepted valuation models using inputs that are not directly (i.e. prices) or indirectly (i.e. derived from prices) observable.
  - The loan asset component for Black Range was valued based on the present value of expected future cash flows at the discount rate that would have applied to the financial asset without conversion or other embedded derivative features. None of the fair value change in the convertible loans for the years ended December 31, 2015 and 2014 is related to a change in the credit risk of the convertible loans. All of the change in fair value is associated with changes in market conditions.

The fair value of all other financial instruments of the Company approximates their carrying value because of the demand nature or short-term maturity of these instruments.

	As at December 31,	
	2015	2014
Financial assets		
Loans and receivables		
Cash	$ 239,327	$ 3,214,529
Restricted cash	40,882	231,948
Fair value through profit or loss		
Investment in URI	1,132,695	2,061,257
Investment in Western Uranium	1,195,960	-
Convertible loan issued by Black Range	-	427,139
Call option on Anatolia shares	-	36,878
Total financial assets	$ 2,608,864	$ 5,971,751

FINANCIAL INSTRUMENTS (Continued)

	As at December 31,	
	2015	**2014**
Financial liabilities		
Other financial liabilities		
Trade and other payables	$ 2,594,087	$ 3,470,711
Loan payable to shareholders	2,202,445	2,024,522
Deferred consideration	-	1,400,672
Put option on non-controlling interest of UrAsia	-	1,423,118
Decommissioning liability	118,097	-
Other loans payable	140,053	1,246,094
Fair value through profit or loss		
Warrant liability	3,809	328,213
Empire Equity facility	-	228,422
Total financial liabilities	$ 5,058,491	$ 10,121,752

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

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

The Company is subject to share price risk with respect to its investments in Western Uranium and URI. The Company manages its exposure to share price fluctuations, to the extent possible, by actively monitoring its investments. The Company's maximum exposure to share price risk with respect to its investments is equal to the carrying amount of its investments. The Company's investment in Western Uranium is also subject to currency risk. The Company's investment in Western Uranium is denominated in Canadian Dollars.

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

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

RELATED PARTY TRANSACTIONS

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

Name	Country of incorporation	% equity interest As at December 31, 2015	2014
Azarga Resources (Hong Kong) Limited	Hong Kong	100%	100%
Azarga Resources Limited	British Virgin Islands	100%	100%
Azarga Resources Canada Ltd.	Canada	100%	100%
Azarga Resources USA Company	United States of America	100%	100%
UrAsia	Kyrgyz Republic	70%	80%
Powertech USA, Inc.	United States of America	100%	100%
Black Range	Australia	N/A	24%

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

For the years ended December 31, 2015 and 2014, the Company had related party transactions with the Company's directors, shareholders, management and significant influence investees including:

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

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

RELATED PARTY TRANSACTIONS (Continued)

Related party assets

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

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

Related party liabilities

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

	As at December 31, 2015		As at December 31, 2014		
Loan payable to shareholders	$	2,202,445	$	2,024,522	(i)
Trade and other payables for key management personnel - current		435,518		621,707	
Trade and other payables for key management personnel - non-current		370,000		-	
Total liabilities with related parties	$	3,007,963	$	2,646,229	

(i) As at December 31, 2015, of the $2,202,445 loan payable to shareholders, $892,883 was payable to a director. As at December 31, 2014, of the $2,024,522 loan payable to shareholders, $820,752 was payable to a director.

Related party income and expenses

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

	Year ended December 31, 2015		Year ended December 31, 2014	
Equity income pick-up from Powertech	$	-	$	341,757
Gain recognized on assets settled on close of RTO		-		301,133
Unrealized gain on Black Range convertible loans		-		353,778
Dilution gain on investment in associates		138,493		469,784
Total related party income	$	138,493	$	1,466,452

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

RELATED PARTY TRANSACTIONS (Continued)

	Year ended December 31,			
		2015		2014
Interest expense on loan payable to shareholders	$	177,923	$	177,991
Interest expense on promissory note issued to Powertech for Centennial		-		19,795
Interest expense on put option held by Powertech on Centennial Project		-		17,604
Equity loss pick-up from Black Range		602,375		2,625,218
Realized loss on investment in Black Range		200,363		1,550,695
Impairment of investment in Black Range		520,866		-
Impairment of investment in Powertech		-		3,707,133
Unrealized loss on Black Range convertible loan		16,742		-
Unrealized loss on Powertech convertible loan		-		2,193,710
Total related party expenses	$	1,518,269	$	10,292,146

Key management personnel compensation

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

	Year ended December 31,			
		2015		2014
Share-based compensation	$	121,516	$	490,992
Salaries, fees and other benefits		532,891		887,029
Share-based payments		407,681		-
Severance benefits		480,000		-
Key management personnel compensation	$	1,542,088	$	1,378,021

SHARE CAPITAL

The Company has authorized the issuance of an unlimited number of common and preferred shares with no par value. As at March 30, 2016, the Company had 61,065,181 common shares outstanding and no preferred shares outstanding. The Company also had incentive share options outstanding to acquire 3,023,550 unissued common shares with exercise prices ranging from C$0.34 to C$2.00 per share and share purchase warrants outstanding to acquire 4,169,067 unissued common shares with an exercise price of C$1.00 per share.

SHARE CAPITAL (Continued)

Subsequent to December 31, 2015, 89,461 common shares were issued at a deemed price of C$0.60 per share and 643,405 common shares were issued at a deemed price of C$0.32 per share to settle trade and other payables in the amount of $193,273.

In August 2015, the Company issued 928,581 common shares at an average deemed price of approximately C$0.44 per share to settle trade and other payables of $317,432. In October 2015, the Company recognized a net increase of $1,910,372 in contributed surplus relating to the Amended Purchase Agreement. In addition, for the year ended December 31, 2015, the Company recorded $450,647 to contributed surplus pursuant to equity settled transactions pertaining to the Company's employee share purchase plan ("ESPP"), director service agreements ("DSA") and 2015 employee share-based remuneration not issued pursuant to the ESPP and DSA.

In connection with the closing of the RTO and the Consolidation, the Company completed the Financing through the issuance of 8,338,134 post-Consolidation Units, each Unit consisting of one post-Consolidation common share and one-half Warrant. Each whole Warrant entitles the holder to purchase one post-Consolidation common share at an exercise price of C$1.00 per share until October 28, 2016. Accounting for the Consolidation adjustment, the Units subscribed for pursuant to the Financing were subscribed for at C$0.60 per Unit. Finder's fees in connection with the Financing were comprised of $129,622 (C$145,617) and 242,696 post-Consolidation shares. All securities issued pursuant to the Financing were subject to a hold period that expired March 1, 2015.

In addition, subsequent to the close of the RTO, 252,808 common shares were issued pursuant to a key management employment agreement at an average price of C$0.60, a price equivalent to the fair value of the common shares based on the Financing.

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

SHARE CAPITAL (Continued)

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

Subsequent to December 31, 2015, 2,288,443 stock options were forfeited with an exercise price of C$1.20, 200,000 stock options were forfeited with an exercise price of C$0.34 and 10,000 stock options were forfeited with an exercise price of C$2.00. In addition, subsequent to December 31, 2015, 1,500,000 and 84,980 share purchase warrants with exercise prices of C$2.00 and C$1.15, respectively, expired.

For the year ended December 31, 2015, the Company granted 2,315,000 stock options to officers, employees, directors and other eligible persons at exercise prices ranging from C$0.34 to C$0.38 with expiry dates ranging from August 6, 2018 to June 3, 2020. The weighted average fair value of the options granted in the year ended December 31, 2015 was estimated at C$0.20 per option at the grant date using the Black-Scholes Option Pricing Model.

For the year ended December 31, 2014, the Company granted 2,650,754 stock options to officers, employees, directors and other eligible persons at an exercise price of C$1.20 with an expiry date of October 28, 2019. The weighted average fair value of the options granted in the year ended December 31, 2014 was estimated at C$0.15 per option at the grant date using the Black-Scholes Option Pricing Model.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the Company to establish accounting policies and to make estimates and judgments that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses.

A detailed summary of the Company's significant accounting policies is included in Note 3 to the Company's consolidated annual financial statements for the years ended December 31, 2015 and 2014. Information regarding judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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, 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.

Valuation of derivatives

Certain derivatives issued by the Company are valued using the Black Scholes Option Pricing Model. The Black Scholes Option Pricing Model is a formula that is used to determine the fair value of a call or put option based on factors such as underlying stock volatility, days to expiration, and others. Changes in the inputs to the valuation model could impact the carrying value of the derivatives and the amount of unrealized gains or losses recognized in profit or loss.

Valuation of convertible loans

The Company's convertible loans are valued using a binomial option pricing model, if appropriate. A binomial tree is a valuation model that uses a lattice of the underlying's price varying over discreet time periods and determines the value of an option at each node. The financial asset components are valued based on the present value of expected future cash flows at the discount rate that would have applied to the financial assets without conversion or other embedded derivative features. Changes in the inputs to the valuation model could impact the carrying value of the embedded derivatives and financial assets in the convertible loans and the amount of unrealized gains or losses recognized in profit or loss.

Review of carrying value of assets and impairment charges

In the determination of carrying values and impairment charges, management of the Company reviews the higher of the recoverable amount and the fair value less costs to sell or the value in use in the case of non-financial assets and at objective evidence indicating impairment in the case of financial assets. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Changes in these assumptions may alter the results of non-financial asset and financial asset impairment testing, impairment charges recognized in profit or loss and the resulting carrying amounts of assets.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

As at each reporting date, the Company reviews assets to determine whether there is any indication that those assets have suffered an impairment loss.

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the year 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, history of conversion of mineral deposits to proven and probable mineral reserves, scoping studies, preliminary economic assessments, proximity of operating facilities, operating management expertise and existing permits.

Determination of business combinations and asset acquisitions

Management determines the assets acquired and liabilities assumed constitute a business if it consists of inputs and processes applied to those inputs that have the ability to create outputs. Powertech completed a RTO with Azarga Resources on October 28, 2014 and, in accordance with its policy, applied IFRS 3, *Business Combinations*, and concluded that the transaction qualified as a business combination as significant inputs and processes that constitute a business were identified.

Determination of asset and liability fair values

Business combinations 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 to 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. Changes to the provisional measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined which is within one year of the acquisition date.

Non-current assets held for sale

Management has determined that certain non-current assets meet the definition of non-current assets held for sale under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. The determinations and individual assumptions made by management are based on the best available information at each reporting period. Changes in these assumptions could result in the asset no longer meeting the classification requirements and as a result, the Company may cease to classify these assets as held for sale.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Fair value of investments held for sale

The fair value of the Company's investments held for sale in Western Uranium and URI is based on the price within the bid-ask spread that is most representative of fair value in the circumstances. Changes to the most representative price could impact the fair value of the Company's investments held for sale and the amount of unrealized gains or losses recognized in profit or loss.

Income taxes and recoverability of deferred tax assets

Actual amounts of income tax expense are not final until tax returns are filed and accepted by the taxation authorities. Therefore, profit or loss in future reporting periods will be affected by the amount that income tax expense estimates differ from the final tax returns.

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management of the Company to assess the likelihood that the Company will generate sufficient taxable profit in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable profit are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable profit differ from estimates, the ability of the Company to realize the deferred tax assets recorded on the statement of financial position could be impacted.

RECENT ACCOUNTING PRONOUNCEMENTS

There have been no new and/or revised standards and interpretations issued by the IASB or IFRIC adopted by the Company effective January 1, 2015 that have had a material impact on the consolidated financial statements of the Company.

The standards and interpretations that are issued up to the date of issuance of the Company's financial statements, but were not effective during the year ended December 31, 2015 are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

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

RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

IFRS 5 Amendment	Amendments to IFRS 5 Non Current Assets Held for Sale and Discontinued Operations(i)
IFRS 7 Amendment	Amendments to IFRS 7 Financial Instruments: Disclosures(i)
IFRS 9	Financial Instruments(iii)
IFRS 10 and IAS 28 Amendments	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures(i)
IFRS 11 Amendments	Amendments to IFRS 11 Joint Arrangements(i)
IFRS 15	Revenue from Contracts with Customers(ii)
IAS 1 Amendments	Amendments to IAS 1 Presentation of Financial Statements(i)
IAS 16 and IAS 38 Amendments	Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets(i)

i) Effective for annual periods beginning on or after January 1, 2016
ii) Effective for annual periods beginning on or after January 1, 2017
iii) Effective for annual periods beginning on or after January 1, 2018

The Company is in the process of assessing the impact of the adoption of these standards and interpretations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

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, 2015, 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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING (Continued)

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, 2015.

There has been no change in the Company's internal controls over financial reporting that occurred subsequent to December 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

DISCLOSURE OF A SCIENTIFIC OR TECHNICAL NATURE

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

RISKS AND UNCERTAINTIES

The Company's operations and financial performance are subject to the normal risks of mining investments made in other entities and are subject to various identified factors, which are beyond the control of the Company. Additional risks not currently known to the Company, or that it currently considers immaterial, may also adversely impact the Company's business, operations, financial results or prospects, should any such other events occur.

Global Economic Conditions

In the event of a general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of the Company would not be materially adversely affected. During the past several years, the global economy faced a number of challenges. During the global financial crisis of 2007/2008, economic problems in the United States and Eurozone caused deterioration in the global economy, as numerous commercial and financial enterprises either went into bankruptcy or creditor protection or had to be rescued by governmental authorities. Access to public financing was negatively impacted by sub-prime mortgage defaults in the United States, the liquidity crisis affecting the asset-backed commercial paper and collateralized debt obligation markets and investment losses by banks with resultant recapitalization efforts.

RISKS AND UNCERTAINTIES (Continued)

Although economic conditions have shown improvement in recent years, the global recovery from the recession has been slow and uneven. The effects of the global financial crisis continue to limit growth. In addition, increasing levels of government debt, slowing economic growth in certain key regions, including China, the threat of sovereign defaults and political instability in certain countries continue to weigh on markets. These factors continue to impact the commodities sector and commodities prices, including uranium, as well as currencies, debt markets and stock markets.

These factors may impact the Company's ability to obtain equity, debt, or bank financing on terms commercially reasonable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If these increased levels of volatility and market turmoil continue, or there is a material deterioration in general business and economic conditions, the Company's operations could be adversely impacted and the trading price of the Company's securities could continue to be adversely affected.

Uranium Price Fluctuations

The Company's potential revenue is anticipated to be derived from the sale of uranium products. The Company's financial condition, results of operations, earnings and operating cash flows will be significantly affected by the market price of uranium, which is cyclical and subject to substantial short and long-term price fluctuations. Among other factors, uranium prices also affect the value of the Company's resources, as well as the market price of the Company's common shares.

Market prices are affected by numerous factors beyond the Company's control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; public and political response to a nuclear incident; reprocessing of used reactor fuel, the re-enrichment of depleted uranium tails and the enricher practice of underfeeding; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons; the premature decommissioning of nuclear power plants; and from the build-up of Japanese utility uranium inventories as a result of the Fukushima incident) by governments and industry participants; uranium supply, including the supply from other secondary sources; production levels and costs of production; levels of supply and demand for a broad range of industrial products; substitution of new or different products in critical applications for the Company's potential products; expectations with respect to the rate of inflation; the relative strength of the US dollar and of certain other currencies; interest rates; global or regional political or economic crises; regional and global economic conditions; and sales of uranium by holders in response to such factors.

RISKS AND UNCERTAINTIES (Continued)

If the Company is able to successfully commence uranium production and the price of uranium declines below the Company's cash costs of production and remains at such levels for any sustained period, the Company may determine that it is not economically feasible to continue commercial production at any or all of the Company's sites. The Company's expected business activities are dependent on the Company's and the industry's expectations of uranium prices, which may or may not be realized. In the event the Company concludes that a significant deterioration in expected future uranium prices has occurred, the Company will assess whether an impairment allowance is necessary, which, if required, could be material.

The recent fluctuations in the price of many commodities, including uranium, is an example of a situation over which the Company has no control and which could materially adversely affect the Company in a manner for which it may not be able to compensate.

Government Regulation and Policy Risks

The Company's mineral exploration and planned development activities are subject to various laws governing, among other things; acquisition of the mining interests; maintenance of claims; tenure; expropriation; prospecting; exploration; development; mining; taxes and royalties; labor standards; occupational health; waste disposal; toxic substances; water use; land use; Native American land claims; environmental protection and remediation; endangered and protected species; mine decommissioning and reclamation; mine safety; transportation safety and emergency response; and other matters. Compliance with such laws and regulations has increased the Company's costs of exploring, drilling and developing mineral properties.

It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact the Company's decision as to whether to proceed with exploration or development of mineral properties, or that such laws and regulations may result in the Company incurring significant costs to remediate properties that do not comply with applicable environmental standards at such time. The Company expends significant financial and managerial resources to comply with such laws and regulations. The Company anticipates it will have to continue to do so as the historic trend toward stricter government regulation is likely to continue. There can be no assurance that future changes in applicable laws and regulations will not adversely affect the financial condition of the Company. New laws and regulations, amendments to existing laws and regulations or more stringent implementation of existing laws and regulations, including stricter license and permit conditions, could have a material adverse impact on the Company, increase costs and/or delay or prevent the development of mining properties.

RISKS AND UNCERTAINTIES (Continued)

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration, mining and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of a property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Should the Company be unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which could have a material adverse effect on the Company.

To the extent that the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce otherwise available cash and could have a material adverse effect on the Company. In addition, the Company does not have insurance coverage for certain environmental losses and other risks as such coverage cannot be purchased at a commercially reasonable cost. Compliance with applicable environmental laws and regulations requires significant expenditures and increases mine development and operating costs.

Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies. The development of mines and related facilities is contingent upon governmental approvals that are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The duration and success of such approvals are subject to many variables outside the Company's control. Any significant delays in obtaining or renewing such permits or licenses in the future could have a material adverse effect on the Company. In addition, the international marketing of uranium is subject to governmental policies and certain trade restrictions. Changes in these policies and restrictions may adversely impact the Company's business.

RISKS AND UNCERTAINTIES (Continued)

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

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

With respect to the Company's Centennial Project, originating from opposition to the Centennial Project by numerous interested parties in Colorado, House Bill 1161 was signed creating a specialized regulatory regime for in-situ uranium recovery in the State of Colorado. The implementation of this law may establish standards for in-situ recovery mining and restoration that ultimately affect the financial viability of the Centennial Project.

Public Involvement in the Permitting Process

The process of obtaining radioactive materials licenses ("RML") for the Company's mineral properties in the United States allows for public participation. Third parties may object to the issuance of RMLs and/or permits required by the Company, which may significantly delay the Company's ability to obtain an RML and/or permit. Generally, public objections can be overcome through the procedures set forth in the applicable permitting legislation; however, significant financial resources and managerial resources are required through this process. In addition, the various regulatory agencies must allow and fully consider the public objections/comments according to such procedures set out in the applicable legislation and there can be no assurance that the Company will be successful in obtaining an RML and/or permit, which could have a material adverse effect on the viability of a project.

In the Kyrgyz Republic, the process of obtaining RMLs is determined by the State Agency of Geology, the State Department on Technical Safety, and the State Department of Ecology. There can be no assurance that the Company will be successful in obtaining an RML, which could have a material adverse effect on the viability of a project.

RISKS AND UNCERTAINTIES (Continued)

Please refer to the *"Government Regulation and Policy Risks"* risk factor for specific risks identified pertaining to the Dewey Burdock Project and the Centennial Project that also pertain to *"Public Involvement in the Permitting Process"*.

Native American Involvement in the Permitting Process

None of the Company's mineral properties are located within the boundaries of Native American lands, property interests that are controlled or owned by Native Americans under the jurisdiction of the United States Federal Government. However, under Federal legislation, "*historic cultural properties of religious significance that can be identified are to be avoided or activities are to be mitigated such that the essential nature of the properties is not lost to a culture. Throughout the western United States, Indian tribes have had historical relationship with properties that are now owned by private parties, the Federal Government or State Government. In any Federal permitting action on these properties, the agency involved is required to make an effort to communicate with Native American Tribes to determine any areas of "Traditional Cultural Significance*". This process involves "Government to Government" discussions with the potentially affected Native American Tribes; therefore, delays in permitting may occur through this process. In the event that "Traditional Cultural Properties" are identified within a project area, the Company and the agency must determine the best method of development to ensure that disturbances are minimized or mitigated. Please refer to the *"Government Regulation and Policy Risks"* risk factor for specific risks identified pertaining to the Dewey Burdock Project that also pertain to *"Native American Involvement in the Permitting Process"*. As noted under the *"Government Regulation and Policy Risks"* risk factor, if the Company is unable to resolve the remaining two contentions favorably or the Intervenors are successful in their appeal or the NRC Commission determines to review the partial decision of the ASLB, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations. In addition, the Company will have to assess whether an impairment allowance is necessary, which, if required, could be material. Further, this process could also impact the timing of final licensing and permitting being granted at the Company's Dewey Burdock Project.

RISKS AND UNCERTAINTIES (Continued)

Environmental Regulatory Requirements and Risks

The Company is required to comply with environmental protection laws and regulations and permitting requirements in the jurisdictions in which it operates. The uranium industry is subject not only to health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with the uranium industry. The Company expends significant resources, both financial and managerial, to comply with these laws and regulations. The possibility of more stringent regulations exists in the areas of worker health and safety, storage of hazardous materials, standards for heavy equipment used in mining, the disposition of wastes, the decommissioning and reclamation of exploration and in-situ sites, climate change and other environmental matters, each of which could have a material adverse effect on the cost or the viability of a particular project.

The Company cannot predict what environmental legislation, regulations or policies will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation is generally towards stricter standards, and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, mine reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies, stricter interpretation of existing laws and stricter permit and license conditions, may necessitate significant capital outlays, may materially affect the Company's results of operations and business or may cause material changes or delays in the Company's intended activities. There can be no assurance of the Company's continued compliance or ability to meet stricter environmental laws and regulations and permit or license conditions. Delays in obtaining permits and licenses could impact the Company's anticipated development plans.

The Company's operations may require additional analysis in the future including environmental, cultural and social impact and other related studies. Certain activities require the submission and approval of environmental impact assessments. The Company cannot provide assurance that it will be able to obtain or maintain all necessary permits that may be required to continue exploration and development of its properties or, if feasible, to commence construction or operation of mining facilities at such properties on terms that enable operations to be conducted at economically justifiable costs. If the Company is unable to obtain or maintain, licenses, permits or other rights for development of its properties, or otherwise fails to manage adequately future environmental issues, its operations could be materially and adversely affected.

RISKS AND UNCERTAINTIES (Continued)

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities is also likely to be significantly affected by short-term changes in uranium prices, changes in industry forecasts of uranium prices, other mineral prices, currency exchange fluctuations, its financial condition or results of operations. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company.

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

Growth of the uranium and nuclear industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, including the risk of a nuclear incident, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal, hydro-electricity and renewable energy sources. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity may result in lower demand for uranium concentrates. Technical advancements in renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates.

RISKS AND UNCERTAINTIES (Continued)

The Company Will Require Significant Amounts of Additional Capital in the Future

The Company has limited financial resources. The Company will need additional financing in connection with the implementation of its business and strategic plans from time to time, including the continued exploration and development of its mineral properties. The exploration and development of mineral properties requires a substantial amount of capital and may depend on the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. The Company may accordingly need further capital in order to take advantage of further opportunities or acquisitions.

The Company's financial condition, general market conditions, volatile uranium markets, volatile interest rates, a claim against the Company, a significant disruption to the Company's business or operations or other factors may make it difficult to secure financing necessary for exploration and development of the Company's mineral properties or to take advantage of opportunities for acquisitions. Further, continuing volatility in the credit markets may increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks, or may affect the ability of the Company, or third parties it seeks to do business with, to access those markets. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms, if at all.

Failure to obtain such financing, including further advances under the Powerlite Facility, could result in a delay or indefinite postponement of further exploration and development of the Company's mineral properties, including the loss of rights associated with such mineral properties. In the event the Company's exploration and development of mineral properties is delayed, the Company will assess whether an impairment allowance is necessary, which, if required, could be material.

Competition for Properties and Experienced Employees

The Company competes with other mining companies and individuals for capital, mining interests on exploration properties and undeveloped lands, acquisitions of mineral resources and reserves and other mining assets. The Company also competes with other mining companies to attract and retain key executives and employees. There can be no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties and assets or in attracting and retaining skilled and experienced employees. The mining industry has been impacted by increased worldwide demand for critical resources such as input commodities, drilling equipment, tires and skilled labor, and these shortages have caused unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

RISKS AND UNCERTAINTIES (Continued)

The Company may be at a competitive disadvantage due to the fact that many of the Company's competitors have greater financial resources to source mineral properties and attract and retain key executives and employees. Accordingly, there can be no assurance that the Company will be able to compete successfully with industry competitors.

Uranium Industry Competition and International Trade Restrictions

The international uranium industry, including the supply of uranium concentrates, is competitive. The Company is marketing uranium in direct competition with supplies available from both public and private uranium mining companies, from nationalized uranium mining companies, from uranium produced as a byproduct of other mining operations, from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium, from used reactor fuel, and from the use of excess Russian enrichment capacity to re-enrich depleted uranium tails held by European enrichers in the form of UF_6. A large quantity of current World production is inelastic, in that uranium market prices have little effect on the quantity supplied. The supply of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of uranium available in the United States and the rest of the World.

Exposure to Emerging Markets

Emerging markets such as the Kyrgyz Republic are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kyrgyz Republic continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kyrgyz Republic is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. Varying interpretations of the above frameworks could have a material adverse effect on the Company's operations.

RISKS AND UNCERTAINTIES (Continued)

Possible Loss of Interests in Exploration and Development Properties

If the Company does not have the financial capacity (see the above risk "*The Company Will Require Significant Amounts of Additional Capital in the Future"*) to make required payments or minimum expenditures to maintain mineral properties in good standing, the Company may lose some, or all, of its interest in those mineral properties. This is particularly significant with respect to the Company's material property, the Dewey Burdock Project in the United States. A loss of an interest at the Dewey Burdock Project could have a material adverse effect on the Company's reported resources. In addition, the Company will have to assess whether an impairment allowance is necessary, which, if required, could be material.

Further, in accordance with the terms of the Company's Anadarko Agreement, which pertains to the Company's Centennial Project, if the Company does not obtain regulatory permits and licenses allowing uranium production by September 27, 2019, the uranium rights will transfer back to Anadarko, at Anadarko's option. This could have a material adverse effect on the Company's reported resources. In addition, the Company will have to assess whether an impairment allowance is necessary, which, if required, could be material.

Mining and Mineral Exploration is Inherently Dangerous and Subject to Factors Beyond the Company's Control

The Company's business, and any future development or mining operations, will involve various types of risks and hazards typical of companies engaged in the mining industry. These risks will affect the exploration and development of the Company, and will affect its business to an even larger extent once commercial mining operations, if any, commence.

Such risks include, but are not limited to: industrial accidents, unusual or unexpected rock formations, structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities, fire, flooding and earthquakes, rock bursts, minerals losses, periodic interruptions due to inclement or hazardous weather conditions, environmental hazards, discharge of pollutants or hazardous materials, failure of processing and mechanical equipment and other performance problems, geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions, unanticipated variations in grade and other geological problems, water, surface or underground conditions, labor disputes or slowdowns, work force health issues as a result of working conditions, and force majeure events, or other unfavorable operating conditions.

RISKS AND UNCERTAINTIES (Continued)

These risks, conditions and events could result in: damage to, or destruction of, the value of, the Company's projects or their facilities, personal injury or death, environmental damage to the Company's projects or the properties of others, delays or prohibitions on mining or the transportation of minerals, monetary losses, and potential legal liability. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, and results of operation or prospects.

The Company's Mineral Resources are Estimates

Mineral resources are statistical estimates of mineral content, based on limited information acquired through drilling and other sampling methods, and require judgmental interpretations of geology. The Company's mineral resources are estimates and no assurance can be given that the estimated resources are accurate or that the indicated level of uranium will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Mineral resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill-hole information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained. It should not be assumed that all or any part of the Company's mineral resources, constitute or will be converted into reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of resources and reserves is influenced by economic and technological factors, which may change over time.

Nature of Exploration and Development Projects

The exploration and development of mineral properties involves significant risks. Development of exploration properties, in which the Company has an interest, will only follow subsequent to obtaining satisfactory exploration results. The exploration and development of mineral properties involves significant risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral property may result in significant rewards, few properties, which are explored are ultimately developed into producing mines. Significant expenses may be required to establish mineral reserves and mineral resources and to construct mining and processing facilities. It is impossible to ensure that the Company's exploration and development properties will result in a profitable commercial mining operation.

RISKS AND UNCERTAINTIES (Continued)

Whether a mineral property will be commercially viable depends on a number of factors, which include, among other things: the accuracy of reserve and resource estimates; the particular attributes of the deposit, such as its size and grade; ability to economically recover commercial quantities of the minerals; proximity to infrastructure; financing costs and governmental regulations, including regulations relating to prices, taxes, royalties; infrastructure; land use; importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Political Risk

The Company's prospects may be affected by political decisions that impact the uranium market. There can be no assurance that the United States, the Kyrgyz Republic or other government / quasi-governmental authorities in the jurisdictions in which the Company operates or holds investments in will not enact legislation restricting uranium exploration, development, extraction and processing or the actual sale of uranium. In addition, the price of uranium may be impacted by decisions of national governments to decommission nuclear weapons; thus, increasing the supply of uranium.

Currency Fluctuations

The Company's operations are subject to foreign currency fluctuations. The Company's operating expenditures are primarily incurred in United States Dollars, while some of the Company's cash balances and expenses are measured in Canadian Dollars, Kyrgyz Som and Australian Dollars. The appreciation/depreciation of the United States Dollar against the Canadian Dollar, Kyrgyz Som and Australian Dollar will consequently have an impact on the Company's financial results.

The Company has no History of Mining Operations

The Company has never owned/operated uranium-producing properties. There is no assurance that commercially viable quantities of uranium will be discovered at the Company's mineral properties nor is there any assurance that the Company's exploration and development programs will yield positive results. Even if commercially viable quantities of uranium are discovered, there can be no assurance that any of the Company's mineral properties will be brought to a stage of profitable production or that an adequate return on invested capital will be achieved. Factors that may limit the ability of the Company to produce uranium resources from its properties include, but are not limited to, the price of uranium, the availability of additional capital and financing and the nature of the mineral deposits.

RISKS AND UNCERTAINTIES (Continued)

Property Title Rights

The Company has investigated its rights to explore and develop its material properties and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company's detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including by local governments and title insurance is generally not available.

The validity of unpatented mining claims on United States public lands is sometimes difficult to confirm and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on United States public lands, the Company's United States properties are subject to various title uncertainties which are common to the industry or the geographic location of such claims, with the resultant risk that there may be defects in its title. The Company's surface or mineral properties may also be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Such third party claims could have a material adverse impact on the Company's reported resources and operations. In addition, the Company may be unable to enforce its rights or operate the impacted mineral property as previously permitted.

Dependence on Key Personnel and Qualified and Experienced Employees

The Company's success will largely depend on the efforts and abilities of certain senior officers and key employees. Certain of these individuals have significant experience in the uranium industry. The number of individuals with significant experience in this industry is small. While the Company does not foresee any reason why such officers and key employees will not remain with the Company, other than through retirement, if for any reason they do not, the Company could be adversely affected.

The Company's success will also depend on the availability of qualified and experienced employees to work on the Company's operations and the Company's ability to attract and retain such employees. The number of individuals with relevant mining and operational experience in this industry is small.

Delineation of Mineral Reserves and Additional Mineral Resources

The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of resources and reserves is influenced by economic and technological factors, which may change over time. At present, the Company does not have any mineral reserves.

RISKS AND UNCERTAINTIES (Continued)

There can be no assurance that the Company's future exploration, development and acquisition efforts will be successful in determining mineral reserves and additional mineral resources. The Company's ability to delineate mineral reserves and additional mineral resources may impact future operations. There can be no assurance that the Company will be able to bring any of its mineral properties into production or identify mineral reserves on any of its mineral properties.

Insurance Coverage

The Company's business will be subject to a number of risks and hazards (as further described herein). Although the Company will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, such insurance will likely not cover all the potential risks associated with its activities, including any future mining operations. The Company may also be unable to maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development or production may not be available to the Company on acceptable, or any, terms. The Company might also become subject to liability for pollution or other hazards, which it is not currently insured against and/or in the future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Dilution from Further Equity Financing and Outstanding Stock Options and Share Purchase Warrants

If the Company raises additional funding by issuing additional equity securities or convertible securities, exercisable or exchangeable for equity securities, such financing may substantially dilute the interests of shareholders of the Company and reduce the value of their investment.

In addition, the Company currently has outstanding stock options and share purchase warrants, which if exercised, may substantially dilute the interests of shareholders of the Company and reduce the value of their investment.

RISKS AND UNCERTAINTIES (Continued)

The Company has Never Paid Dividends and May Not do so in the Foreseeable Future

The Company has never paid dividends and intends to retain its future earnings, if any, to fund the development and growth of its business and does not anticipate paying any dividends in the near future. Thus, shareholders of the Company will have to rely on capital appreciation, if any, to earn a return on their investment in the Company's shares for the foreseeable future. The Board will review the Company's dividend policy from time to time.

Litigation and Other Legal Proceedings

The Company is subject to litigation and other legal proceedings arising in the normal course of business and may be involved in disputes with other parties in the future, which may result in litigation. The causes of potential future litigation and legal proceedings cannot be known and may arise from, among other things, business activities, environmental laws, permitting and licensing activities, volatility in stock prices or failure to comply with disclosure obligations. The results of litigation and proceedings cannot be predicted with certainty, and may include potential injunctions pending the outcome of such litigation and proceedings. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations. Securities class-action litigation often has been brought against companies in periods of volatility in the market price of their securities, and following major corporate transactions or mergers and acquisitions. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Technical Innovation and Obsolescence

Requirements for the Company's potential products may be affected by technological changes in nuclear reactors, enrichment and used uranium fuel reprocessing. These technological changes could reduce the demand for uranium. In addition, the Company's competitors may adopt technological advancements that give them an advantage over the Company.

RISKS AND UNCERTAINTIES (Continued)

Disclosure and Internal Controls

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.

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.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation. A control failure could have a material adverse effect on the Company's operations.

Conflicts of Interest

Some of the directors of the Company are also directors/employees of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. In particular, one of the consequences will be that corporate opportunities presented to a director of the Company may be offered to another company or companies with which the director is associated, and may not be presented or made available to the Company. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any interest, which they may have in any project or opportunity of the Company, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the procedures prescribed in the Company's Code of Ethics and by the Business Corporations Act (British Columbia).