Azarga Uranium Corp.
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019
(Expressed in U.S. Dollars)

BDO

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Independent Auditor's Report

To the Shareholders of Azarga Uranium Corp.

Opinion

We have audited the accompanying consolidated financial statements of Azarga Uranium Corp. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018 and the related consolidated statements of 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Azarga Uranium Corp. as at December 31, 2019 and 2018 and the consolidated statements of 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 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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 $26,988,501. These events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Bryndon Kydd.

(signed) “BDO Canada LLP”

Chartered Professional Accountants
Vancouver, British Columbia

March 26, 2020

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

	Notes		As at December 31, 2019		2018
ASSETS					
Current assets					
Cash		$	184,447	$	352,001
Other assets			23,913		26,810
Total current assets			208,360		378,811
Non-current assets					
Restricted cash			22,716		39,963
Exploration and evaluation assets	6		41,440,616		46,696,473
Property, plant and equipment			67,577		90,106
Right-of-use assets			111,357		-
Reclamation bonds	8		-		99,000
Total non-current assets			41,642,266		46,925,542
Total assets		$	41,850,626	$	47,304,353
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables		$	793,864	$	1,302,085
Operating lease obligations			45,014		-
Total current liabilities			838,878		1,302,085
Non-current liabilities					
Trade and other payables	15		70,000		150,000
Deferred income tax liabilities	21		3,112,193		4,233,790
Decommissioning liabilities	8		251,550		223,442
Operating lease obligations			70,445		-
Warrant liabilities	9		265,029		247,654
Total non-current liabilities			3,769,217		4,854,886
Total liabilities			4,608,095		6,156,971
Equity					
Common shares	10		60,303,924		57,976,321
Contributed surplus	10		1,117,679		1,001,818
Share option reserve	11		2,809,429		2,500,078
Foreign currency translation reserve			-		(863,092)
Accumulated deficit			(26,988,501)		(18,973,266)
Equity attributable to the equity holders of the Company			37,242,531		41,641,859
Non-controlling interest	20		-		(494,477)
Total equity			37,242,531		41,147,382
Total liabilities and equity		$	41,850,626	$	47,304,353
Corporate information and going concern	1				

Approved by the Board of Directors of the Company:

"Joseph L. Havlin", Director　　　　"Matthew O'Kane", Director

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

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

	Notes		Year ended December 31, 2019		2018
Administrative expenses	12	$	(1,943,285)	$	(2,040,580)
Foreign exchange loss			(93,382)		(946)
Impairment of exploration and evaluation assets	6		(2,422,398)		-
Loss from operations			(4,459,065)		(2,041,526)
Finance costs	13		(9,734)		(154,913)
Gain on settlement of trade and other payables	10		-		34,485
Unrealized gain on warrant liabilities	9		371,983		51,789
Loss before income tax			(4,096,816)		(2,110,165)
Deferred income tax recovery (expense)	21		122,000		(181,000)
Net loss from continuing operations			(3,974,816)		(2,291,165)
Net loss from discontinued operations	14		(3,763,180)		(117,560)
Net loss			(7,737,996)		(2,408,725)
Net loss attributable to:					
Equity holders of the Company			(7,464,073)		(2,379,290)
Non-controlling interest	20		(273,923)		(29,435)
Net loss		$	(7,737,996)	$	(2,408,725)
Basic and diluted loss per share					
Basic and diluted loss per share from continuing operations		$	(0.02)	$	(0.02)
Basic and diluted loss per share from discontinued operations		$	(0.02)	$	(0.00)
Basic and diluted loss per share		$	(0.04)	$	(0.02)
Weighted average number of common shares outstanding			181,477,536		125,183,747
Net loss		$	(7,737,996)	$	(2,408,725)
Other comprehensive income (loss)					
Item that may be reclassified subsequently as profit or loss					
Foreign currency translation adjustment			1,080,330		(50,154)
Total other comprehensive loss		$	(6,657,666)	$	(2,458,879)
Other comprehensive income (loss) attributable to:					
Equity holders of the Company			1,065,341		(35,108)
Non-controlling interest	20		14,989		(15,046)
Other comprehensive income (loss)		$	1,080,330	$	(50,154)

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)

	Attributable to equity holders of the Company								
	Number of shares	Common shares	Contributed surplus	Share option reserve	Foreign currency translation reserve	Accumulated deficit	Total equity	Non-controlling interest	Total equity
Balances, December 31, 2018	169,833,806	$ 57,976,321	$ 1,001,818	$ 2,500,078	$ (863,092)	$ (18,973,266)	$ 41,641,859	$ (494,477)	$ 41,147,382
Issuance of shares for private placement	13,106,046	1,871,110	-	-	-	-	1,871,110	-	1,871,110
Issuance of shares to settle employee remuneration	900,000	170,068	(170,068)	-	-	-	-	-	-
Issuance of shares to settle ESPP	1,380,521	231,424	(231,424)	-	-	-	-	-	-
Issuance of shares to settle DSA	323,553	55,001	(55,001)	-	-	-	-	-	-
Compensation to be settled by equity	-	-	572,354	-	-	-	572,354	-	572,354
Share-based compensation	-	-	-	309,351	-	-	309,351	-	309,351
NCI adjustment on acquisition of 23.1% of UrAsia	-	-	-	-	(202,249)	(551,162)	(753,411)	753,411	-
Net loss for the year	-	-	-	-	-	(7,464,073)	(7,464,073)	(273,923)	(7,737,996)
Other comprehensive income for the year	-	-	-	-	1,065,341	-	1,065,341	14,989	1,080,330
Balances, December 31, 2019	185,543,926	$ 60,303,924	$ 1,117,679	$ 2,809,429	$ -	$ (26,988,501)	$ 37,242,531	$ -	$ 37,242,531

	Attributable to equity holders of the Company								
	Number of shares	Common shares	Contributed surplus	Share option reserve	Foreign currency translation reserve	Accumulated deficit	Total equity	Non-controlling interest	Total equity
Balances, December 31, 2017	83,619,850	$ 41,286,853	$ 768,652	$ 1,427,563	$ (827,984)	$ (16,593,976)	$ 26,061,108	$ (449,996)	$ 25,611,112
Acquisition of URZ Energy	58,107,109	11,273,920	686,314	769,169	-	-	12,729,403	-	12,729,403
Issuance of shares to settle Shareholders' Loan	11,269,243	2,201,024	-	-	-	-	2,201,024	-	2,201,024
Issuance of shares for private placements	780,000	140,804	-	-	-	-	140,804	-	140,804
Issuance of shares on exercise of warrants	11,950,866	2,347,295	(520,217)	-	-	-	1,827,078	-	1,827,078
Issuance of shares for repurchase of royalties	104,166	19,391	-	-	-	-	19,391	-	19,391
Issuance of shares to settle trade and other payables	2,033,334	391,014	-	-	-	-	391,014	-	391,014
Issuance of shares to settle employee remuneration	550,000	93,500	(93,500)	-	-	-	-	-	-
Issuance of shares to settle ESPP	1,115,301	215,344	(215,344)	-	-	-	-	-	-
Issuance of shares to settle DSA	303,937	58,669	(58,669)	-	-	-	-	-	-
Issuance of warrants	-	(51,493)	-	-	-	-	(51,493)	-	(51,493)
Compensation to be settled by equity	-	-	434,582	-	-	-	434,582	-	434,582
Share-based compensation	-	-	-	303,346	-	-	303,346	-	303,346
Net loss for the year	-	-	-	-	-	(2,379,290)	(2,379,290)	(29,435)	(2,408,725)
Other comprehensive loss for the year	-	-	-	-	(35,108)	-	(35,108)	(15,046)	(50,154)
Balances, December 31, 2018	169,833,806	$ 57,976,321	$ 1,001,818	$ 2,500,078	$ (863,092)	$ (18,973,266)	$ 41,641,859	$ (494,477)	$ 41,147,382

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, 2019	2018
OPERATING ACTIVITIES			
Net loss from continuing operations		$ (3,974,816)	$ (2,291,165)
Adjustments for:			
Depreciation		44,560	2,696
Share-based compensation	11	252,790	266,044
Impairment of exploration and evaluation assets	6	2,422,398	-
Gain on settlement of trade and other payables	10	-	(34,485)
Unrealized gain on warrant liabilities	9	(371,983)	(51,789)
Deferred income tax expense (recovery)	21	(122,000)	181,000
Equity compensation expense	10	572,354	434,582
Finance costs	13	9,734	154,913
Unrealized foreign exchange (gain) loss		12,277	(75,398)
Operating cash flows before changes in non-cash working capital items		(1,154,686)	(1,413,602)
Change in other assets		2,897	145,542
Change in trade and other payables		(296,541)	(465,357)
Net cash used in operating activities of continuing operations		(1,448,330)	(1,733,417)
Net cash used in operating activities of discontinued operations		(41,176)	(117,560)
INVESTING ACTIVITIES			
Cash received on acquisition of URZ Energy, net of transaction costs	5	-	423,924
Expenditures on exploration and evaluation assets	6	(1,316,974)	(1,304,967)
Recoveries of expenditures on exploration and evaluation assets	6	2,000	-
Sale of property, plant and equipment		1,126	-
Reclamation bonds	8	99,000	(2,000)
Net cash used in investing activities of continuing operations		(1,214,848)	(883,043)
Net cash generated by financing activities of discontinued operations		99,700	260,172
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	10	2,266,169	1,984,444
Share issue costs	10	(16,553)	-
Loan proceeds received	7	-	515,000
Payment of other loans payable	7	-	(105,000)
Net cash generated by financing activities of continuing operations		2,249,616	2,394,444
Net cash generated by financing activities of discontinued operations		191,409	-
Effect of foreign exchange rate changes on cash		(3,925)	(787)
Decrease in cash from continuing operations		(417,487)	(222,803)
Increase in cash from discontinued operations		249,933	142,612
Cash, beginning of year		352,001	432,192
Cash, end of year		$ 184,447	$ 352,001

Supplemental cash flow information, see Note 19

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

1. CORPORATE INFORMATION AND GOING CONCERN

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

The Company controls uranium properties located in the United States of America ("USA") with a primary focus of developing in-situ recovery uranium projects. The Company's Dewey Burdock Project, located in South Dakota, USA, is the Company's initial development priority. The Company also owns uranium projects in Wyoming, Colorado, and Utah. Until sold in October 2019, the Company also held an interest in a project in the Kyrgyz Republic, see Note 6.

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

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, 2019, the Company had a working capital deficit of $630,518 and an accumulated deficit of $26,988,501 and will continue incurring losses for the foreseeable future. Additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing, at terms that are acceptable to the Company, will be available. Further, at present, the COVID-19 pandemic is negatively impacting financial markets globally and this may adversely affect the Company's ability to raise capital for future operations and exploration and development of the Company's mineral properties. The Company has successfully raised financing in the past and will continue to assess available alternatives; however, there is no assurance that the Company will be able to raise additional funds in the future. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

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

2. BASIS OF PRESENTATION

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 for the year ended December 31, 2019 were approved and authorized for issue by the Company's Board of Directors on March 26, 2020.

2.2 Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. The Company's financial instruments are further disclosed in Note 16.

2.3 Presentation currency

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

2.4 Significant accounting judgments and estimates

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

Liquidity and going concern assumption

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments, management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include forecasted capital deployment, progress on permitting, results from the exploration and development of its properties and general industry conditions. Changes in these inputs may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern, see Note 1.

2. BASIS OF PRESENTATION (Continued)

2.4 Significant accounting judgments and estimates (Continued)

Indicators of impairment of exploration and evaluation assets

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

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

Carrying value of exploration and evaluation assets

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

During the year ended December 31, 2019, the Company recorded an impairment charge of $4,140,444 on its Kyzyl Ompul project in Kyrgyzstan and an impairment charge of $2,422,398 on its Centennial project in Colorado, see Note 6.

2. BASIS OF PRESENTATION (Continued)

2.4 Significant accounting judgments and estimates (Continued)

Capitalization of exploration and evaluation costs

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

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

As required by IFRS 3 *Business Combinations* ("IFRS 3"), the Company is required to determine whether the acquisition of URZ Energy should be accounted for as a business combination or an asset acquisition, see Note 5. Under IFRS 3, the components of a business must include inputs, processes and outputs. Management has determined that URZ Energy did not include all the necessary components of a business. Accordingly, the acquisition of URZ Energy has been recorded as an acquisition of URZ Energy's net assets, consisting principally of exploration and evaluation assets and working capital.

Identifying the acquirer in an acquisition

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

Determination of asset and liability fair values

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

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

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.

Name of subsidiary	Place of incorporation	Ownership interest at December 31, 2019	Principal activity
Powertech (USA) Inc.	USA	100%	Operating uranium exploration company
Ucolo Exploration Corp. *	USA	100%	Operating uranium exploration company
UrAsia in Kyrgyzstan LLC **	Kyrgyz Republic	0%	Operating uranium exploration company
URZ Energy Corp. *	Canada	100%	Holding company
Azarga Resources Limited	BVI	100%	Holding company
Azarga Resources (Hong Kong) Limited	Hong Kong	100%	Holding company
Azarga Resources Canada Ltd.	Canada	100%	Holding company
Azarga Resources USA Company	USA	100%	Holding company

* acquired in July 2018, see Note 5
** sold in October 2019, see Note 6

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 income or 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 on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Foreign currency translation

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 LLC, whose functional currency is the Kyrgyz Som.

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 income or loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income or loss in the consolidated statements of profit or loss and other comprehensive income or loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income or 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 income or 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)

3.3 Restricted cash

Restricted cash consists of deposits held for collateral pursuant to bonds provided to state authorities in connection with exploration and evaluation property activities. The Company makes such cash deposits for restoration provisions related to rehabilitation obligations.

3.4 Property, plant and equipment

Property, plant and equipment ("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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment (Continued)

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.

3.5 Exploration and evaluation assets

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, salaries and consulting, rehabilitation costs and license fees, inclusive of land payments and claims maintenance. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur. Payments received by the Company from exploration and evaluation partners are credited to the capitalized cost of the exploration and evaluation asset. If the payments received exceed the capitalized cost of the exploration and evaluation asset, the excess is recognized as a gain.

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 are recognized in 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” in the consolidated statement of financial position. As part of the reclassification, “mines under construction” will be tested for impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 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.

3.7 Taxation

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

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute current income taxes for each jurisdiction in which the Company operates, are those that are substantively enacted at the end of each reporting period. The Company incurred no current income taxes for the years ended December 31, 2019 and 2018.

Deferred income tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Taxation (Continued)

Deferred income tax (Continued)

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.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Taxation (Continued)

Deferred income tax (Continued)

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 income or loss are recognized in equity and not in profit or loss or other comprehensive income or 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.

3.8 Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Financial Instruments (Continued)

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income or loss.

Financial assets at FVTOCI
Financial assets, such as investments in equity instruments, classified at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income or loss.

3.9 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 income or 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)

3.9 Derivative financial instruments (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 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. 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 recorded as profit or loss over the expected life of the financial liabilities.

3.10 Impairment of financial assets

Assets carried at amortized cost

At the end of each reporting period, the Company assesses whether a financial asset is impaired.

If there is objective evidence that an impairment loss 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 and 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.

3.11 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)

3.11 Impairment of non-financial assets (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 the current market 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 is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, but not above the original carrying amount.

3.12 Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the Company has transferred substantially all the risks and rewards of ownership. On derecognition, 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 underlying 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, unless the financial liability is settled with the Company's shares, in which case it is recognized in profit or loss or equity.

3.13 Common shares

Common shares are classified as equity. Costs directly attributable to the issuance of common shares are shown in equity as a reduction, net of tax, of the proceeds.

3.14 Share purchase warrants

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. As a result, the fair value of the share purchase warrants are calculated on the issuance date using the Black-Scholes option pricing model. Any foreign exchange or change in the fair value of the warrant subsequent to the initial recognition is recorded in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Share-based compensation

Where equity-settled share options are granted to employees, inclusive of directors of the Company, the fair value of the options granted is measured using the Black-Scholes option pricing model and is charged to the statement of profit or loss or capitalized to exploration and evaluation assets over the vesting period. An individual is classified as an employee when the individual is an employee for legal or tax purposes (a "direct employee") or provides services similar to those performed by a direct employee. Certain employees of the Company receive a portion of their remuneration in the form of share-based payments.

Where equity-settled share options are granted to non-employees, they are measured at the fair value of the goods or services received. However, if the value of goods or services received in exchange for the options cannot be reliably estimated, the options are measured using the Black-Scholes option pricing model.

All equity-settled share-based compensation is reflected in share option reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share option reserve is credited to common shares, together with any consideration received.

3.16 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.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding share options on loss per share would be anti-dilutive.

3.17 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 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.

3.19 Adoption of new standards, interpretations and amendments

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

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

During the year ended December 31, 2019, the Company recorded interest expense of $9,734, accretion of $46,489, and depreciation of $40,857.

3.20 Standards issued but not yet effective

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

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

4. SEGMENTED INFORMATION

The Company had two reportable business segments being the United States Uranium Division and the Kyrgyzstan Uranium Division. The Company's chief operating decision maker reviews both business segments' discrete financial information to make decisions about resources to be allocated to each segment and to assess their performance.

The carrying amount of the Company's assets, liabilities and exploration and evaluation assets and the Company's loss before income tax and impairment of exploration and evaluation assets analyzed by operating segment are as follows:

	United States Uranium Division	Kyrgyzstan Uranium Division *	Unallocated **	Consolidated Total
Segment assets				
As at December 31, 2019	$ 41,614,854	$ -	$ 235,772	$ 41,850,626
As at December 31, 2018	$ 42,730,212	$ 4,389,464	$ 184,677	$ 47,304,353
Segment liabilities				
As at December 31, 2019	$ 3,529,037	$ -	$ 1,079,058	$ 4,608,095
As at December 31, 2018	$ 3,589,458	$ 1,633,878	$ 933,635	$ 6,156,971
Exploration and evaluation assets (Note 6)				
As at December 31, 2019	$ 41,440,616	$ -	$ -	$ 41,440,616
As at December 31, 2018	$ 42,471,383	$ 4,225,090	$ -	$ 46,696,473
Net loss before income tax				
Year ended December 31, 2019	$ (2,625,178)	$ (3,763,180)	$ (1,471,638)	$ (7,859,996)
Year ended December 31, 2018	$ (443,236)	$ (117,560)	$ (1,666,929)	$ (2,227,725)
Impairment of exploration and evaluation assets (Note 6)				
Year ended December 31, 2019	$ (2,422,398)	$ (4,140,444)	$ -	$ (6,562,842)
Year ended December 31, 2018	$ -	$ -	$ -	$ -

* the Company sold the Kyrgyzstan Uranium Division in October 2019, See Note 6.
** the unallocated amount contains all amounts associated with the corporate division.

5. ACQUISITION OF URZ ENERGY

On July 5, 2018, the Company completed the acquisition of URZ Energy through the issue of 57,920,716 common shares of the Company valued at $11,237,756. Each URZ Energy shareholder received two Azarga Uranium shares for each URZ Energy share held (the "Exchange Ratio").

All outstanding share purchase warrants and stock options of URZ Energy were adjusted in accordance with their terms and the Exchange Ratio such that Azarga Uranium reserved for issue:

- 14,806,700 share purchase warrants with an exercise price of C$0.20 expiring August 15, 2018. The share purchase warrants were valued at $644,530 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.90%; an expected volatility of 55.1%; an expected life of 0.11 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.3143;
- 2,304,184 share purchase warrants with an exercise price of C$0.375 expiring June 19, 2019. The share purchase warrants were valued at $41,784 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.90%; an expected volatility of 55.1%; an expected life of 0.96 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.3143; and
- 4,480,000 stock options with an exercise price of C$0.075 expiring March 14, 2027. The stock options were valued at $769,169 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.12%; an expected volatility of 76.5%; an expected life of 8.7 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.3143.

The Company paid transaction costs of $146,601 in cash and issued 186,393 common shares of the Company valued at $36,164.

URZ Energy, a British Columbia Corporation, owns all the issued and outstanding shares of Ucolo Exploration Corp. ("Ucolo"), a Utah Corporation. As discussed further in Note 6, at acquisition, Ucolo held certain uranium projects located in Wyoming, Colorado and Utah.

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

5. ACQUISITION OF URZ ENERGY (Continued)

Consideration		
Shares issued	$	11,237,756
Warrants issued		686,314
Options issued		769,169
Transaction costs - shares		36,164
Transaction costs - cash		146,601
Due from Azarga Uranium *		(468,567)
Total	$	12,407,437

Net assets received		
Cash	$	570,525
Other assets		49,192
Exploration and evaluation assets		12,167,005
Property, plant and equipment		2,894
Reclamation bonds		97,000
Trade and other payables		(417,035)
Decommissioning liabilities		(62,144)
Total	$	12,407,437

* In May 2018, URZ Energy advanced $465,000 to the Company, see Note 7.2. The loan accrued interest at 5% through completion of the acquisition. All principal and interest was settled on completion of the acquisition.

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

6. EXPLORATION AND EVALUATION ASSETS

	South Dakota	Wyoming			Colorado		Utah	Kyrgyz Republic	
	Dewey Burdock	Gas Hills	Juniper Ridge	Other	Centennial	JB	Ticaboo	Kyzyl Ompul	Total
Balance, December 31, 2018	$26,908,029	$ 8,634,378	$ 2,747,392	$ 911,128	$ 2,379,738	$ 427,716	$ 463,002	$ 4,225,090	$46,696,473
Salaries and consulting	468,525	78,819	50,743	43,504	21,000	7,000	12,833	17,940	700,364
License fees	342,758	104,756	23,370	140,762	6,000	11,006	5,898	67,810	702,360
Decommissioning liabilities	-	12,308	-	-	11,607	-	8,292	-	32,207
Share-based compensation	31,676	2,180	872	2,617	4,053	872	2,180	12,111	56,561
Depreciation	-	-	-	-	-	-	-	2,943	2,943
Option payments received	-	-	-	-	-	-	-	(130,000)	(130,000)
Recoveries	-	-	-	-	-	-	(2,000)	(25,779)	(27,779)
Currency translation effect	-	-	-	-	-	-	-	(29,671)	(29,671)
Impairment	-	-	-	-	(2,422,398)	-	-	(4,140,444)	(6,562,842)
Balance, December 31, 2019	$27,750,988	$ 8,832,441	$ 2,822,377	$ 1,098,011	$ -	$ 446,594	$ 490,205	$ -	$41,440,616

	South Dakota	Wyoming			Colorado		Utah	Kyrgyz Republic	
	Dewey Burdock	Gas Hills	Juniper Ridge	Other	Centennial	JB	Ticaboo	Kyzyl Ompul	Total
Balance, December 31, 2017	$25,909,535	$ -	$ -	$ 692,775	$ 2,332,215	$ -	$ -	$ 4,069,145	$33,003,670
Acquisition of URZ Energy	-	8,512,595	2,724,761	63,645	-	415,467	450,537	-	12,167,005
Acquisition costs	31,250	-	-	-	-	-	-	-	31,250
Salaries and consulting	652,800	21,097	1,580	25,427	28,000	1,400	3,500	46,409	780,213
License fees	276,072	97,525	20,509	127,653	2,530	10,307	5,317	468,918	1,008,831
Decommissioning liabilities	-	1,806	-	-	14,281	-	2,293	-	18,380
Share-based compensation	18,981	1,355	542	1,628	2,712	542	1,355	10,187	37,302
Depreciation	-	-	-	-	-	-	-	5,930	5,930
Repurchase of royalties	19,391	-	-	-	-	-	-	-	19,391
Option payments received	-	-	-	-	-	-	-	(290,000)	(290,000)
Recoveries	-	-	-	-	-	-	-	(68,697)	(68,697)
Currency translation effect	-	-	-	-	-	-	-	(16,802)	(16,802)
Balance, December 31, 2018	$26,908,029	$ 8,634,378	$ 2,747,392	$ 911,128	$ 2,379,738	$ 427,716	$ 463,002	$ 4,225,090	$46,696,473

6. EXPLORATION AND EVALUATION ASSETS (Continued)

6.1 Dewey Burdock Project, South Dakota

The Dewey Burdock Uranium Project is an in-situ recovery uranium project located in the Edgemont uranium district in South Dakota. The Dewey Burdock Uranium Project is the Company's initial development priority.

In 2006, the Company entered into an option agreement to purchase mineral rights on certain areas of the Dewey Burdock Project for consideration of $200,000 plus contingent payments of $750,000 payable in four equal instalments of $187,500 commencing 12 months subsequent to the receipt of all regulatory permits and licenses allowing uranium production on the area of the Dewey Burdock Project pertaining to these mineral interests. The Company has disclosed these contingent amounts as a commitment in Note 18.

In 2008, the Company entered into an option agreement to purchase mineral rights on certain areas of the Dewey Burdock Project for consideration of $600,000 plus contingent payments of $1,300,000. On October 31, 2018, the Company entered into an amending agreement whereby the $1,300,000 contingent payments are payable as follows: $31,250 on signing the amending agreement; nine payments of $31,250 payable each May 31 and October 1; and ten payments of $98,750 payable thereafter each May 31 and October 1 with the final payment of $98,750 being made on May 31, 2028. If the Company receives all regulatory permits and licenses allowing uranium production on the area of the Dewey Burdock Project pertaining to these mineral interests before completion of the aforementioned payments, then the balance of payments owing shall be payable in four equal installments annually beginning one year from that date with a minimum payment of $98,750 a year until paid in full. The Company has disclosed these contingent amounts as a commitment in Note 18.

On December 7, 2017, the Company entered into an agreement to repurchase royalties related to uranium production on certain areas of the Dewey Burdock project for C$25,000 which was settled on March 23, 2018 by the issue of 104,166 common shares valued at $19,391, see Note 10.2.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

6.2 Centennial Project, Colorado

The Centennial Uranium Project is located in the western part of Weld County in northeastern Colorado.

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

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

The Company has disclosed the contingent amount of $3,165,000 as a commitment in Note 18.

6.3 URZ Energy uranium projects

In July 2018, the Company acquired URZ Energy and the Gas Hills, Juniper Ridge and Shirley Basin uranium projects in Wyoming, the JB uranium project in Colorado and the Ticaboo uranium project in Utah, See Note 5.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

6.4 Kyzyl Ompul Project, Kyrgyz Republic

In October 2019, the Company sold its interest in UrAsia in Kyrgyzstan Limited Liability Company ("UrAsia") to Central Asian Uranium Company Limited Liability Company ("Central"). UrAsia held a 100% interest in the Kyzyl Ompul Project.

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

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

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

6. EXPLORATION AND EVALUATION ASSETS (Continued)

6.4 Kyzyl Ompul Project, Kyrgyz Republic (Continued)

In October 2019, the Company sold its 93.1% interest in UrAsia for cash consideration of $232,750. In addition, UrAsia granted the Company a 1.862% net smelter return royalty on any future uranium production from the Kyzyl Ompul Project up to $4,655,000.

Consideration received		
Cash *	$	192,250
NSR royalty **		-
Total	$	192,250

Net assets (liabilities) sold		
Cash	$	841
Restricted cash		17,314
Exploration and evaluation assets ***		-
Property, plant and equipment		13,091
Trade and other payables		(338,169)
Total	$	(306,923)
Gain on sale of UrAsia	$	499,173

* the cash consideration has been grossed up to 100% and adjusted for the cash consideration of $57,750 not received to date
** the Company did not assign a value to the 1.862% net smelter return royalty due to the uncertainty over its realization.
*** As described above, the Company recognized a full impairment charge of the Kyzyl Ompul Project prior to the sale of UrAsia. Accordingly, the net book value of exploration and evaluation assets at the time of sale was $Nil.

7. LOANS PAYABLE

7.1 Loan payable to shareholders

On July 31, 2012, the Company entered into a convertible loan agreement with certain shareholders of the Company for $1,776,000 (the "Shareholders' Loan"). Pursuant to the agreement, as amended, the Shareholders' Loan accrued interest at 15% per annum payable on each anniversary of the agreement, was unsecured, was convertible into shares of the Company at the shareholders' option at C$1.23, and matured July 31, 2020. The annual interest that was due on July 31, 2017 was deferred until July 31, 2018. During the year ended December 31, 2018, the Company recorded interest expense of $143,219.

In July 2018, the Company issued 11,269,243 common shares of the Company valued at $2,201,024 in full and final settlement of the Shareholders' Loan, including principal of $1,776,000 and accrued interest to the date of settlement of $425,024.

7.2 URZ Energy Loan

In May 2018, URZ Energy advanced $465,000 to the Company. The loan accrued interest at 5% through completion of the acquisition of URZ Energy. All principal and interest was thereafter settled on completion of the acquisition. During the year ended December 31, 2018, the Company recorded interest expense of $3,567.

7.3 Other loans payable

As at December 31, 2017, the Company had other loans outstanding of $46,873. During the year ended December 31, 2018, the Company received $50,000 from a third party and recorded interest expense of $8,127 on other loans. During the year ended December 31, 2018, principal and interest totaling $105,000 was repaid in full.

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

8. DECOMMISSIONING LIABILITIES

	Year ended December 31, 2019		2018
Balance, beginning of year	$	223,442	$ 142,918
Assumed on acquisition of URZ Energy		-	62,144
Additions		-	1,281
Accretion		28,108	17,099
Balance, end of year	$	251,550	$ 223,442

Decommissioning liabilities include the net present value of the estimated cost of reclaiming exploration ground on the Company's Centennial, Gas Hills and Ticaboo projects. The Company has no material restoration, rehabilitation and environmental obligations on its other uranium projects as environmental disturbance to date has been minimal or reclamation has been completed.

The Company assumed reclamation bonds on acquisition of URZ Energy of $63,000 for Gas Hills and $34,000 for Ticaboo. These reclamation bonds, along with an additional $2,000 bond posted in 2018, were recorded on the consolidated statement of financial position as at December 31, 2018, until surety bond financing was obtained in 2019.

9. WARRANT LIABILITIES

	Year ended December 31, 2019	2018
Balance, beginning of year	$ 247,654	$ 258,116
Issuance of warrants - private placements	378,506	68,055
Un realized gain on revaluation	(371,983)	(51,789)
Currency translation effect	10,852	(26,728)
Balance, end of year	$ 265,029	$ 247,654

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.

Warrant liabilities were revalued as at December 31, 2019 and 2018 using the Black-Scholes option pricing model with the following assumptions: a risk free interest rate of 1.68% (2018 – 1.85%); an expected volatility of 61.8% (2018 – 58.4%); an expected life of 1-3 years (2018 – 1-3 years); a forfeiture rate of zero (2018 – zero); an expected dividend of zero (2018 – zero); and an exchange rate of 1.2988 (2018 – 1.3642).

10. EQUITY

10.1 Authorized share capital

The Company has authorized the issuance of an unlimited number of common and preferred shares with no par value. As at December 31, 2019 and 2018, the Company had 185,543,926 and 169,833,806 common shares outstanding, respectively, and no preferred shares were outstanding.

10.2 Issued share capital

During the year ended December 31, 2019, the Company completed the following equity transactions:

- In March 2019, the Company closed a non-brokered private placement for gross proceeds of $2,266,169 (C$3,014,391) through the issuance of 13,106,046 units at a price of C$0.23 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of C$0.31 per share until March 20, 2022.

  The warrants were valued on a relative fair value basis at $378,506 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.61%; an expected volatility of 63.4%; an expected life of 3 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of $/C$ 1.3335.

  The Company paid cash finder's fees of $5,696 and other share issue costs of $10,857.

- In July 2019, the Company issued 900,000 common shares to settle $170,068 of outstanding employee remuneration. As a result, $170,068 was reclassified from contributed surplus to share capital.

- During the year ended December 31, 2019, the Company issued 1,380,521 common shares to settle $231,424 owing pursuant to the Company's employee share purchase plan ("ESPP") and 323,553 common shares to settle $55,001 owing pursuant to the Company's director services agreements ("DSA").

During the year ended December 31, 2018, the Company completed the following equity transactions:

- In January 2018, the Company closed the second and final tranche of its non-brokered private placement for gross proceeds of $157,366 (C$195,000) through the issuance of 780,000 units at a price of C$0.25 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of C$0.35 per share until December 22, 2020.

10. EQUITY (Continued)

10.2 Issued share capital (Continued)

The warrants were valued on a relative fair value basis at $16,562 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.99%; an expected volatility of 61.1%; an expected life of 3 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.2321.

- In March 2018, the Company issued 186,512 common shares to a shareholder in settlement of $36,169 (C$46,628) of trade and other payables.

- In March 2018, the Company issued 104,166 common shares valued at $19,391 (C$25,000) to repurchase royalties on the Dewey Burdock Project, see Note 6.

- In June 2018, the Company issued 578,822 common shares to a director valued at $108,828 to settle trade and other payables of $187,500 and accordingly recorded a gain on settlement of $78,672.

- In July 2018, the Company issued 550,000 common shares to settle $93,500 of outstanding employee remuneration. As a result, $93,500 was reclassified from contributed surplus to share capital.

- In July 2018, the Company issued 57,920,716 common shares valued at $11,237,756 for the acquisition of URZ Energy, see Note 5. In addition, the Company issued 186,393 common shares valued at $36,164 for transaction costs.

- In July 2018, the Company issued 1,268,000 common shares valued at $246,017 to settle trade and other payables of $201,830 and accordingly recorded a loss on settlement of $44,187.

- In July 2018, the Company issued 11,269,243 common shares valued at $2,201,024 in full and final settlement of the Shareholders' Loan, see Note 7.1.

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

- During the year ended December 31, 2018, the Company issued 1,115,301 common shares to settle $215,344 owing pursuant to the Company's ESPP and 303,937 common shares to settle $58,669 owing pursuant to the Company's DSA.

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

10. EQUITY (Continued)

10.3 Share purchase warrants

The continuity of share purchase warrants for the year ended December 31, 2019 is as follows:

Expiry date	Exercise price C$	Balance, December 31, 2018	Issued	Exercised	Expired	Balance, December 31, 2019
June 19, 2019	$ 0.375	2,304,184	-	-	(2,304,184)	-
September 23, 2019	$ 0.35	4,621,665	-	-	(4,621,665)	-
July 27, 2020	$ 0.36	2,333,968	-	-	-	2,333,968
December 22, 2020	$ 0.35	1,567,500	-	-	-	1,567,500
March 20, 2022	$ 0.31	-	6,553,022	-	-	6,553,022
		10,827,317	6,553,022	-	(6,925,849)	10,454,490
Weighted average exercise price (C$)		$ 0.36	$ 0.31	$ -	$ 0.36	$ 0.33

The weighted average remaining contractual life is 1.67 years.

The continuity of share purchase warrants for the year ended December 31, 2018 is as follows:

Expiry date	Exercise price C$	Balance, December 31, 2017	Issued	Exercised	Expired	Balance, December 31, 2018
September 23, 2019	$ 0.35	4,621,665	-	-	-	4,621,665
July 27, 2020	$ 0.36	1,833,968	500,000	-	-	2,333,968
December 22, 2020	$ 0.35	677,500	890,000	-	-	1,567,500
August 15, 2018	$ 0.20	-	14,806,700	(11,950,866)	(2,855,834)	-
June 19, 2019	$ 0.375	-	2,304,184	-	-	2,304,184
		7,133,133	18,500,884	(11,950,866)	(2,855,834)	10,827,317
Weighted average exercise price (C$)		$ 0.35	$ 0.23	$ 0.20	$ 0.20	$ 0.36

In July 2018, the Company issued 1,000,000 share purchase warrants to an insider of the Company as part of two private placements completed in 2017. The Company issued 500,000 share purchase warrants with an exercise price of C$0.36 and an expiry date of July 27, 2020 and 500,000 share purchase warrants with an exercise price of C$0.35 and an expiry date of December 22, 2020 upon receipt of disinterested shareholder and TSX approval.

The 1,000,000 warrants were valued at $51,493. The warrants were valued using the Black-Scholes option pricing model with the following assumptions: a risk free interest rate of 1.99%; an expected volatility of 61.09%; an expected life of 2-3 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.3143.

10. EQUITY (Continued)

10.4 Equity settled compensation arrangements

ESPP

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

For the years ended December 31, 2019 and 2018, Employee Contributions totaled $149,701 and $124,941, respectively, and Matching Contributions totaled $99,807 and $83,296, respectively. As at December 31, 2019, a cumulative total of 5,062,690 common shares have been issued pursuant to the ESPP. Subsequent to December 31, 2019, the Company issued 457,648 common shares pursuant to the ESPP, see Note 22.

DSA

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

For the years ended December 31, 2019 and 2018, $55,001 and $56,277, respectively, were expensed under the DSA. As at December 31, 2019, a cumulative total of 1,556,594 common shares had been issued pursuant to the DSA. Subsequent to December 31, 2019, the Company issued 87,543 common shares pursuant to the DSA, see Note 22.

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

11. SHARE OPTION RESERVE

11.1 Stock option plan

In July 2018, the Company adopted a new rolling stock option plan, which permits the Board of Directors of the Company to grant stock options for up to 10% of the outstanding common shares of the Company. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX. The maximum term of the stock options is ten years from the grant date. Vesting terms are at the discretion of the Board of Directors.

11.2 Stock option continuity

The continuity of stock options for the year ended December 31, 2019 is as follows:

Expiry date	Exercise price C$	Balance, December 31, 2018	Issued	Exercised	Expired/ Forfeited	Balance, December 31, 2019
October 27, 2019	$ 1.20	393,336	-	-	(393,336)	-
May 19, 2020	$ 0.335	1,015,000	-	-	(85,000)	930,000
May 19, 2021	$ 0.36	1,165,000	-	-	(35,000)	1,130,000
May 16, 2022	$ 0.32	2,040,000	-	-	(45,000)	1,995,000
August 22, 2023	$ 0.24	3,692,500	-	-	-	3,692,500
May 23, 2024	$ 0.23	-	2,395,000	-	-	2,395,000
March 14, 2027	$ 0.075	4,480,000	-	-	-	4,480,000
		12,785,836	2,395,000	-	(558,336)	14,622,500
Weighted average exercise price (C$)		$ 0.24	$ 0.23	$ -	$ 0.94	$ 0.21

As at December 31, 2019, 11,795,000 stock options were exercisable.

The weighted average remaining contractual life is 4.30 years.

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

11. SHARE OPTION RESERVE (Continued)

11.2 Stock option continuity (Continued)

The continuity of stock options for the year ended December 31, 2018 is as follows:

Expiry date		Exercise price C$	Balance, December 31, 2017	Issued	Exercised	Expired/ Forfeited	Balance, December 31, 2018
April 30, 2018	$	1.20	165,163	-	-	(165,163)	-
August 6, 2018	$	0.35	1,000,000	-	-	(1,000,000)	-
November 3, 2018	$	1.20	15,513	-	-	(15,513)	-
November 3, 2018	$	1.50	54,750	-	-	(54,750)	-
October 27, 2019	$	1.20	393,336	-	-	-	393,336
May 19, 2020	$	0.335	1,030,000	-	-	(15,000)	1,015,000
May 19, 2021	$	0.36	1,185,000	-	-	(20,000)	1,165,000
May 16, 2022	$	0.32	2,060,000	-	-	(20,000)	2,040,000
March 14, 2027	$	0.075	-	4,480,000	-	-	4,480,000
August 22, 2023	$	0.24	-	3,692,500	-	-	3,692,500
			5,903,762	8,172,500	-	(1,290,426)	12,785,836
Weighted average exercise price (C$)			$ 0.43	$ 0.15	$ -	$ 0.52	$ 0.24

11.3 Share-based compensation

During the years ended December 31, 2019 and 2018, the Company recognized share-based compensation expense of $309,351 and $303,346, respectively, of which $252,790 and $266,044, respectively has been allocated to administrative expenses and $56,561 and $37,302, respectively has been allocated to exploration and evaluation assets.

In May 2019, the Company granted 2,395,000 stock options to officers, employees, directors and other eligible persons at an exercise price of C$0.23 with an expiry date of May 23, 2024. The weighted average fair value of the options granted was estimated at C$0.12 per option at the grant date using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.57%; an expected volatility of 62.6%; an expected life of 5 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.348.

In August 2018, the Company granted 3,692,500 stock options to officers, employees, directors and other eligible persons at an exercise price of C$0.24 with an expiry date of August 22, 2023. The weighted average fair value of the options granted was estimated at C$0.14 per option at the grant date using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.53%; an expected volatility of 68.5%; an expected life of 5 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.302.

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

12. ADMINISTRATIVE EXPENSES

	Year ended December 31, 2019	2018
Salaries and benefits	$ 932,070	$ 929,232
Consulting and professional fees	394,747	399,197
Corporate administration	319,118	443,411
Depreciation of property, plant and equipment	3,703	2,696
Depreciation of right-of-use assets	40,857	-
Share-based compensation	252,790	266,044
	$ 1,943,285	$ 2,040,580

13. FINANCE COSTS

	Note	Year ended December 31, 2019	2018
Interest expense on operating lease obligations		$ 9,734	$ -
Interest expense on Shareholders' Loan	7.1	-	143,219
Interest expense on URZ Energy Loan	7.2	-	3,567
Interest expense on other loans payable	7.3	-	8,127
		$ 9,734	$ 154,913

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

14. DISCONTINUED OPERATIONS

In October 2019, the Company sold its Kyzyl Ompul project located in Kyrgyzstan, see Note 6. The Company's operations in Kyrgyzstan represented a separate geographical segment and accordingly the Company has presented these operations as discontinued operations for years ended December 31, 2019 and 2018.

	Year ended December 31, 2019	2018
Administrative expenses	$ 41,176	$ 104,715
Foreign exchange loss	1,080,330	12,845
Reversal of deferred income tax liabilities on impairment of exploration and evaluation assets	(999,597)	-
Impairment of exploration and evaluation assets	4,140,444	-
Gain on sale of UrAsia	(499,173)	-
Net loss from discontinued operations	$ 3,763,180	$ 117,560

15. RELATED PARTY TRANSACTIONS AND BALANCES

15.1 Related party transactions

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

- The issuance of 800,000 common shares to executive management of the Company to settle employee remuneration, see Note 10.2.

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

- Interest accruing to certain shareholders of the Company on the Shareholders' Loan, see Note 7.1;
- The issuance of 11,269,243 common shares to settle the Shareholders' Loan, see Note 7.1;
- The issuance of 186,512 common shares to a shareholder of the Company to settle trade and other payables, see Note 10.2;
- The issuance of 578,822 common shares to a director of the Company to settle trade and other payables, see Note 10.2; and
- The issuance of 450,000 common shares to executive management of the Company to settle employee remuneration, see Note 10.2.

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

15. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

15.2 Key management personnel compensation

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

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

* Salaries and benefits are included in administrative expenses (Note 12) and exploration and evaluation assets (Note 6).

15.3 Related party liabilities

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

Included in trade and other payables as at December 31, 2019 and 2018 is $346,042 and $326,422, respectively, owing to related parties of the Company, of which $170,000 and $230,000, respectively, is owed to a former director of the Company. On February 14, 2018, the Company entered into an amended severance agreement with this director to pay the remaining severance payments over 49 months, whereby the amount payable was increased to $370,000. During the year ended December 31, 2019 and 2018, the Company paid the former director $60,000 and $140,000, respectively, towards the outstanding balance. The Company has classified $100,000 as current and $70,000 as non-current as at December 31, 2019 and $80,000 as current and $150,000 as non-current as at December 31, 2018. In June 2018, the Company settled other deferred compensation of $187,500 with this same former director through the issuance of 578,822 common shares of the Company, see Note 10.2.

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

16.1 Categories of financial instruments

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or, at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

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

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

16.2 Fair value

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

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

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

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

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

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

16.3 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. During the year ended December 31, 2019, there were no significant changes in the Company's financial risk management objectives and policies. The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Market risk

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

<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. Management believes the currency risk related to currency conversions is minimal and therefore, does not hedge its currency risk.

<u>Price risk</u>

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.

<u>Interest rate risk</u>

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.

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

16.3 Financial risk management objectives and policies (Continued)

Credit risk

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

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

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

Liquidity risk

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

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

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

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

17. CAPITAL RISK MANAGEMENT

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

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 adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt or acquire or dispose of assets. To facilitate management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, progress on permitting, results from the exploration and development of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors. During the year ended December 31, 2019, 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, 2019, the Company's capital structure consists of its equity, see Note 10.

18. COMMITMENTS

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

* annual license payments include lease, mineral claim, and exploration license payments
** the contingent payments are payable upon receipt of regulatory permits and licenses allowing uranium production on the area of the Centennial Project pertaining to these uranium interests. Further, since the required licenses and permits were not received by September 27, 2019, the uranium rights, at the option of the seller, can be transferred back to the seller. The Company is attempting to renegotiate the Centennial Project option agreement, see Note 6.

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

19. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2019, the Company completed the following non-cash investing and financing activities:

- Issued 1,380,521 common shares to settle $231,424 owing pursuant to the Company's ESPP;
- Issued 323,553 common shares to settle $55,001 owing pursuant to the Company's DSA;
- Issued 900,000 common shares to settle $170,068 of outstanding employee remuneration;
- Issued 6,553,022 share purchase warrants valued at $378,506 as part of the March 2019 financing; and
- No cash interest or income taxes were paid.

During the year ended December 31, 2018, the Company completed the following non-cash investing and financing activities:

- Issued 57,920,716 common shares valued at $11,237,756 for acquisition of URZ Energy;
- Issued 186,393 common shares valued at $36,164 for transaction costs;
- Issued 11,269,243 common shares to settle the Shareholders' Loan of $2,201,024;
- Issued 1,115,301 common shares to settle $215,344 owing pursuant to the Company's ESPP;
- Issued 303,937 common shares to settle $58,669 owing pursuant to the Company's DSA;
- Issued 104,166 common shares to repurchase royalties for $19,391;
- Issued 2,033,334 common shares to settle trade and other payables of $391,014;
- Issued 550,000 common shares to settle $93,500 of outstanding employee remuneration;
- Issued 390,000 share purchase warrants valued at $16,562 as part of the January 2018 financing; and
- No cash interest or income taxes were paid.

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

20. NON-CONTROLLING INTEREST

As at December 31, 2018, the Company held a 70.0% interest in UrAsia. On May 23, 2019, the Company acquired an additional 23.1% interest from two minority shareholders for a nominal cost giving the Company a 93.1% interest in UrAsia. In October 2019, the Company sold its 93.1% interest in UrAsia, see Note 6.

Changes in the Company's non-controlling interest for the years ended December 31, 2019 and 2018 were as follows:

	Year ended December 31, 2019	2018
Balance, beginning of year	$ (494,477)	$ (449,996)
Non-controlling interest adjustment on acquisition of 23.1% of UrAsia	753,411	-
Non-controlling interest share of net loss	(273,923)	(29,435)
Non-controlling interest from other comprehensive income (loss)	14,989	(15,046)
Balance, end of year	$ -	$ (494,477)

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

	As at September 30, 2019	As at December 31, 2018
Current		
Assets	$ 841	$ 129,395
Liabilities	(338,169)	(424,147)
Total current net liabilities	(337,328)	(294,752)
Non-current		
Assets	30,405	4,187,711
Liabilities	-	(975,342)
Total non-current net assets	30,405	3,212,369
Net assets (liabilities)	$ (306,923)	$ 2,917,617

* September 30, 2019 financial information is presented above, being the assets and liabilities sold

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

20. NON-CONTROLLING INTEREST (Continued)

		Period ended September 30, 2019		Year ended December 31, 2018
Net loss before tax	$	(3,763,180)	$	(117,560)
Deferred income tax recovery (expense)		(16,238)		17,222
Net loss		(3,779,418)		(100,338)
Other comprehensive income (loss)		863,092		(35,108)
Total other comprehensive loss	$	(2,916,326)	$	(135,446)

* Nine months ended September 30, 2019 financial information is presented above, being the loss for the period prior to the sale of UrAsia

		Period ended September 30, 2019		Year ended December 31, 2018
Net cash used in operating activities	$	(228,218)	$	(160,580)
Net cash generated from investing activities		99,700		260,172
Net cash generated from financing activities		-		-
Change in cash		(128,518)		99,592
Cash, beginning of period		129,395		30,556
Effect of foreign exchange rate changes on cash		(36)		(753)
Cash, end of period	$	841	$	129,395

* Nine months ended September 30, 2019 financial information is presented above, being the cash flows for the period prior to the sale of UrAsia

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

21. DEFERRED INCOME TAX

21.1 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.

21.2 Deferred income tax expenses

	Year ended December 31, 2019		2018
Net loss before income tax	$	4,096,816	$	2,110,165
Statutory tax rate		27%		27%
Deferred income tax recovery based on statutory rate	$	1,106,000	$	570,000
Effect of different tax rates applicable in foreign jurisdictions		(163,000)		(46,000)
Effect of disposition of subsidiary		(346,000)		-
Unrecognized deferred tax assets		(270,000)		(966,000)
Effect of non-deductible expenses and non-taxable revenue and other		(205,000)		261,000
Deferred income tax (expense) recovery	$	122,000	$	(181,000)

21.3 Deferred tax balances

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

		As at December 31, 2019		2018
Exploration and evaluation assets	$	3,112,193	$	3,119,790
Inter-company loans eliminated on consolidation		-		1,114,000
Deferred tax liabilities	$	3,112,193	$	4,233,790

As at December 31, 2019 and 2018, the Company has not recognized any deferred tax assets.

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

21. DEFERRED INCOME TAX (Continued)

21.3 Deferred tax balances (Continued)

Changes in the Company's deferred tax liabilities for the years ended December 31, 2019 and 2018 were as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Opening balance	$ 4,233,790	$ 4,052,790
Reversal of deferred income tax on inter-company loans	(999,597)	-
Deferred income tax (recovery) expense	(122,000)	181,000
Deferred tax liabilities	$ 3,112,193	$ 4,233,790

21.4 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 tax affected amounts:

	As at December 31, 2019	As at December 31, 2018
Non-capital losses	$ 3,812,000	$ 3,565,000
Deductible temporary differences	44,000	21,000
Total unrecognized amounts	$ 3,856,000	$ 3,586,000

As at December 31, 2019 and 2018, the Company had unrecognized deferred tax assets attributable to deductible temporary differences of $44,000 and $21,000, respectively, which are primarily related to value added tax receivables and certain deferred payments not being recognized.

The deferred tax assets related to the temporary differences and non-capital losses were not recognized as their recoverability was not considered to be probable.

Corporate taxpayers in the USA that generate a loss in a taxable year beginning after December 31, 2017, will be able to carry forward the NOL indefinitely but utilization will be subject to an annual deduction limitation of 80 percent of taxable income. The losses will not be allowed to be carried back.

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

21. DEFERRED INCOME TAX (Continued)

21.5 Expiry dates

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

		As at December 31, 2019	
Non-capital losses			
United States	$	7,688,000	2027 to indefinite
Canada		8,092,000	2027 to indefinite
Hong Kong		651,000	Indefinite
	$	16,431,000	

22. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Company completed the following transactions:

- In January 2020, the Company issued 457,618 common shares to settle $71,877 owing pursuant to the Company's ESPP and 87,543 common shares to settle $13,750 owing pursuant to the Company's DSA; and

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

Azarga Uranium Corp.
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

DESCRIPTION OF THE BUSINESS

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

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

OPERATIONAL HIGHLIGHTS

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

- **Dewey Burdock Project**

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

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

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

- **Private Placement** – In March 2019, the Company closed a non-brokered private placement for gross proceeds of $2,266,169 (C$3,014,391) through the issuance of 13,106,046 units at a price of C$0.23 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of C$0.31 per share until March 20, 2022.

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

INDUSTRY TRENDS AND OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MINERAL PROPERTIES

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

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

Summary of Mineral Resources and PEA

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

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

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

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

The Dewey Burdock PEA resulted in a pre-income tax NPV of $171.3 million at a discount rate of 8% and an IRR of 55% compared to a post-income tax NPV of $147.5 million at a discount rate of 8% and an IRR of 50%. The Dewey Burdock PEA post- income tax calculations do not include a corporate level assessment of income tax liabilities; taxes have only been calculated at the Dewey Burdock Project level. The estimate of income tax at the corporate level is subject to a number of additional considerations that have not been factored in when calculating income taxes at the project level, including, but not limited to, the capital structure to finance the Dewey Burdock Project, which has not yet been determined and loss carry forwards available at the corporate level.

The Dewey Burdock PEA estimated uranium prices of $55/lb U_3O_8, direct cash operating costs of $10.46 per pound of production and royalties and local taxes (excluding property tax) of $5.15 per pound of production. The total pre-income tax cost of uranium production is estimated to be $28.88 per pound of production. Income taxes are estimated to be $3.39 per pound of production.

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

Details of the assumptions and parameters used with respect to the Dewey Burdock PEA, including information on data verification, are set out in the "NI 43-101 Technical Report Preliminary Economic Assessment, Dewey Burdock Uranium ISR Project, South Dakota, USA, dated January 17, 2020, with an effective date of December 3, 2019, a copy of which is available under the Company's profile at www.sedar.com. The Dewey Burdock PEA is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Dewey Burdock PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Summary of Permitting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Gas Hills Project (100% interest), Wyoming, USA</u>

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

Summary of Mineral Resources

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

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

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

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

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

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

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

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

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

The Company's 100% owned Centennial Project is located in the western part of Weld County in north-eastern Colorado. Through property purchase and lease agreements, the Centennial Project is comprised of approximately 1,365 acres of surface rights and 6,238 acres of net mineral rights.

Historical exploration work included drilling, recovery tests, water well tests and environmental studies. At the request of the Colorado Division of Reclamation, Mining and Safety, the Company prepared and submitted an updated Site Characterization Plan in April 2009. All the required environmental surveys and studies have been completed and the draft reports have been received. The Company completed its application to the EPA for a Class I UIC Permit in November 2010. In December 2010, the EPA informed the Company that the application was deemed complete; however, the Company withdrew its application in the fourth quarter of 2018. The EPA will retain the application should the Company wish to resume the process. The majority of the major mine permit applications for the Centennial Project have not been prepared or submitted to date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In June 2012, the Company completed a NI 43-101 compliant technical report for the Aladdin Project, with an effective date of June 21, 2012, describing the results of the Company's confirmation drilling program and continued evaluation of the historic exploration drilling data from the Teton Exploration Company. The Aladdin Project contains indicated uranium resources of 1,038,023 pounds at 0.111% U_3O_8 and inferred uranium resources of 101,255 pounds at 0.119% U_3O_8 at a 0.20 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In addition, using the same cut-off, the quantity of mineralization for the exploration target was determined to be 5.0 to 11.0 million pounds of uranium, averaging 0.11% - 0.12% U_3O_8. In over 80% of the project area, the density of exploration drilling is light and insufficient to calculate resources. In these lightly explored areas, there is sufficient drill hole control for subsurface geochemical mapping and thirteen mineralized trends were identified. This estimation used a range of i) mineralized trend lengths, ii) widths of mineralization and iii) grades of mineralization. The grade and quantity of this exploration target is conceptual in nature and there has been insufficient exploration work performed with respect to the exploration target to define a NI 43-101 compliant resource. It is uncertain whether further exploration of the exploration target will result in the delineation of a NI 43-101 compliant resource.

Details of the assumptions and parameters used with respect to the Aladdin NI 43-101 compliant technical report, including quality estimates and information on data verification, are available under the Company's profile on SEDAR at www.sedar.com.

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

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

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

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

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

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

QUALIFIED PERSON

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

SELECTED ANNUAL INFORMATION

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

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

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

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

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

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

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

SUMMARY OF QUARTERLY RESULTS

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

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

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

(1) The three months ended September 30, 2019 included an impairment charge of $2,422,398 for the Centennial Project.
(2) The three months ended June 30, 2019 included an impairment charge of $4,140,444 for the Kyzyl Ompul Project.

FOURTH QUARTER 2019

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

To date, the Company has not generated revenues from operations and is currently in the exploration and development stage. As at December 31, 2019, the Company had a working capital deficit of $630,518 and an accumulated deficit of $26,988,501 and will continue incurring losses for the foreseeable future. Additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing, at terms that are acceptable to the Company, will be available. Further, at present, the COVID-19 pandemic is negatively impacting financial markets globally and this may adversely affect the Company's ability to raise capital for future operations and exploration and development of the Company's mineral properties. The Company has successfully raised financing in the past and will continue to assess available alternatives; however, there is no assurance that the Company will be able to raise additional funds in the future. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

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

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

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

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

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

Fair value

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

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

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

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

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

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

Financial risk management objectives and policies

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

Market risk

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

Currency risk

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

Price risk

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

Interest rate risk

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

Credit risk

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

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

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

Liquidity risk

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

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

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

RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

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

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

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

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

Key management personnel compensation

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

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

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

Related party liabilities

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

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

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

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

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

USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

Liquidity and going concern assumption

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

Indicators of impairment of exploration and evaluation assets

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

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

Carrying value of exploration and evaluation assets

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

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

Capitalization of exploration and evaluation costs

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

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

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

Identifying the acquirer in an acquisition

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

Determination of asset and liability fair values

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

RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of new standards, interpretations and amendments

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

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

Standards issued but not yet effective

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

PROPOSED TRANSACTIONS

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

DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

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

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

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

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

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

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