AZARGA URANIUM CORP.
Formerly Powertech Uranium Corp
MANAGEMENT DISCUSSION AND ANALYSIS
(November 12, 2014)

GENERAL

The following discussion of performance, financial condition and future prospects in this Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim condensed consolidated financial statements of Azarga Uranium Corp. (the "Company" or "Azarga Uranium") and notes thereto for the three and nine months ended September 30, 2014.

Additional information about the Company is available on SEDAR at www.sedar.com. All dollar amounts are stated in United States dollars unless noted. References to "C$" refer to Canadian currency and references to "$" refer to United States currency.

DISCLAIMER FOR FORWARD LOOKING INFORMATION

Certain statements in this MD&A are forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views, and are based on certain assumptions, and speak only as of November 12, 2014. These assumptions, which include, management's current expectations, estimates and assumptions about certain projects and the markets the Company operates in, the global economic environment, interest rates, exchange rates and the Company's ability to manage its assets and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause its actual results to differ materially from those expressed or implied by the forward looking statements, including, but not limited to: (1) that events in Japan in early 2011 may continue to affect public acceptance of nuclear energy and the Company's permitting timelines; (2) a decrease in the market price of uranium; (3) a decrease in the demand for uranium and uranium related products; (4) discrepancies between actual and estimated mineral resources and mineral reserves; (5) changes to the cost of commencing production and the time when production commences, and actual ongoing costs; (6) the occurrence of risks associated with the development and commencement of mining operations; (7) unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions; (8) the failure to obtain governmental approvals and fulfill contractual commitments, and the need to obtain new or amended licenses and permits; (9) unforeseen changes in the costs of material inputs, including fuel, steel and other construction materials; (10) the loss of key employees; (11) the loss of, or defective title to, exploration and mining claims, rights, leases or licenses; (12) the number of competitors; (13) political and economic conditions in uranium producing and consuming countries; (14) failure to obtain additional capital in sufficient amounts or on commercially reasonable terms; (15) other factors beyond the Company's control; and (16) those factors described in the section entitled "Risks and Uncertainties".

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made or incorporated by reference in this MD&A. The Company undertakes no obligation to update forward-looking statements if management's beliefs, estimates and opinions or the Company's circumstances as at the date hereof should change. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether, as a result of new information, future events or otherwise.

OVERALL PERFORMANCE

Acquisition of Azarga Resources Limited

In February 2014, the Company and Azarga Resources Limited ("Azarga Resources") entered into a share purchase agreement, as amended, pursuant to which the Company will acquire all of the issued and outstanding common shares of Azarga Resources in exchange for common shares of the Company (the "Transaction"). The Transaction was approved by the shareholders of the Company at the annual general and special meeting of shareholders held on June 30, 2014. The Transaction was completed on October 28, 2014. Concurrent with the closing of the Transaction, the Company completed a private placement financing for gross proceeds of approximately C$5.0 million (the "Financing"). In connetion with the closing of the Transaction and the Financing, the Company has changed its name from "Powertech Uranium Corp." to "Azarga Uranium Corp." (the "Name Change") and completed a consolidation of its outstanding common shares on the basis of one (1) post-consolidation share for ten (10) pre-consolidation shares (the "Consolidation").

The Company commenced trading under its new name, stock symbol "AZZ" on a post-consolidation basis on October 31, 2014.

The Financing raised gross proceeds of approximately C$5,000,000 through the issuance of 8,338,134 post-Consolidation units ("Units"), each Unit consisting of one post-Consolidation common share and one-half of a common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one post-Consolidation common share at an exercise price of C$1.00 per share until October 28, 2016. Accounting for the Consolidation adjustment, the Units subscribed for pursuant to the Financing were subscribed for at C$0.60 per Unit. Finder's fees in connection with the Financing comprised of C$145,617 and 242,696 post-Consolidation shares. The net proceeds of the Financing have been released from escrow.

On closing of the Transaction, the Financing and the Consolidation (the "Closing"), 59,403,732 common shares will be issued and outstanding. The undiluted capitalization of the Company after Closing is as follows:

	Post-Consolidation
Shares outstanding before Closing (excluding shares owned by Azarga Resources)	8,658,912
Shares issued to Azarga Resources shareholders on close of the Transaction	41,911,182
Shares issued pursuant to the Financing (including Finder's Fee)	8,580,830
Shares issued pursuant to employment agreements	252,808
Total post-Consolidation common shares outstanding	59,403,732

All securities issued pursuant to the Transaction are subject to a 24 month escrow and will be released from escrow as follows: Nil on the closing date, 25% of the escrowed securities 12 months after the closing date and the remaining escrowed securities 24 months after the closing date. All securities issued pursuant to the Financing are subject to a hold period expiring March 1, 2015.

In addition, in accordance with the terms and conditions of the share purchase agreement, as amended, between the Company and Azarga Resources, on October 28, 2014, the Company issued 3,070,506 post-Consolidation share options with post-Consolidation exercise prices between C$1.20 to C1.50 and expiries ranging from May 1, 2018 to of October 28, 2019.

In connection with the Transaction, additional nominees were added to the Board and management team such that the directors and officers of the Company upon completion of the Transaction are: Alexander Molyneux, Chairman; Richard F. Clement Jr., President, Chief Executive Officer, Corporate Secretary and director; Curtis Church, VP International Operations and director; Douglas Eacrett, independent director; Paul Struijk, independent director; Matthew O'Kane, independent director; Joseph Havlin, independent director; Blake Steele, Chief Financial Officer ("CFO"); and John Mays, Chief Operating Officer. Mr. Steele was formerly CFO of Azarga Resources and has been appointed CFO of Azarga Uranium replacing Adria Hutchison.

Financial information presented as of September 30, 2014 has not been adjusted to reflect the Consolidation; however, financial information impacted by the Consolidation and presented subsequent to October 31, 2014, the effective date of the Consolidation, has been presented on a post-Consolidation basis.

Nature of Business

The Company is a mineral exploration/development company that owns uranium projects, deposits and prospects in the USA (South Dakota, Wyoming and Colorado) and the Kyrgyz Republic, together with investment holdings in Anatolia Energy Limited (ASX:AEK – 11%) and Black Range Minerals Limited (ASX:BLR – 19%). The Dewey Burdock Project in South Dakota is the main initial development priority, which has received its final Nuclear Regulatory Commission ("NRC") License. Azarga's common shares are listed for trading on the Toronto Stock Exchange ("TSX") (symbol "AZZ") and the Frankfurt Stock Exchange.

Industry Trends

Uranium is mainly used as the feedstock for nuclear power generation.

In March of 2011, a meltdown occurred at the Fukushima Daiichi Nuclear Power Plant in Japan following an earthquake and tsunami. The result was the suspension of all of Japan's nuclear reactors, with Japan at the time having the world's second largest nuclear power industry (second to the USA). Reduction of Japanese demand for nuclear fuel was combined with uncertainty from many other influential governments and regulators. Some additional countries suspended their nuclear power programs and Germany and Switzerland announced their phased exit from nuclear power. The uranium price fell from pre-Fukushima levels to a nine-year low in mid-2014 and most uranium related equities (i.e., producers, developers and explorers) share prices followed.

During the second half of 2014, some positive signs have emerged for the nuclear power industry. Japan made progress towards restarting the first two of its 48 idled but operational reactors. That country's Nuclear Regulation Agency approved the restart of two reactors located at Sendai and the approval has been endorsed by local and prefecture assemblies. Another 18 reactors have applied for restart at this time. After new safety measures were put in place, China resumed construction of nuclear power plants at the end of 2012 and then it followed in mid-2014 by opening up approvals for new projects. China now has 21 nuclear reactors in operation with another 28 under construction. The NRC approved the licensing of new nuclear reactors in the United States for the first time in 34 years. According to the World Nuclear Association, there are now 72 new nuclear power plants under construction around the world, more than were under construction immediately prior to the Fukushima incident.

During the third quarter of 2014, uranium spot price rose by 25% to US$35.30/lb. However, at such levels the price remains below the cash cost of production for a significant proportion of existing producing mines and so supply cut backs and difficult investment conditions remain.

Resource Property Interests

South Dakota, USA

Dewey Burdock Project – Custer and Fall River Counties

The Company's Dewey Burdock Project is located in the Edgemont Uranium District. The project is comprised of approximately 50 mining leases and approximately 370 mining claims covering approximately 14,500 surface acres and 17,800 net mineral acres

Dewey Burdock is the Company's primary focus for development. The Dewey Burdock Project includes 10,580 acres licensed by the NRC. The Company requires regulatory approvals from two additional major agencies prior to initiation of construction and operation of the project. These approvals include the Class III and Class V underground injection control ("UIC") permits from the United States Environmental Protection Agency ("EPA") and three state permits to be issued by South Dakota ("SD") Department of Environment and Natural Resources ("DENR"), including a large scale mine permit and two water rights permits. The state permits have been recommended for approval by the DENR staff to the Mining Board and Water Board, and are pending following receipt of the permits from the EPA.

The Company's primary focus continued on the evidentiary hearing which was held during August 18-21, 2014 in front of the Atomic Safety and Licensing Board ("ASLB") in regard to contentions raised by opponents to the development of the project. The ASLB granted a hearing on these limited contentions prior to the writing of the final supplemental environmental impact statement ("SEIS"). Hearings in front of the ASLB are undertaken after the NRC license is granted to determine if the NRC staff has considered all issues. The Company is represented by experienced attorneys, with prior experience dealing with the NRC licensing proceedings related to in-situ recovery ("ISR") and has also assembled a team of expert witnesses who have worked extensively on the project and within the industry. Oral questions from the ASLB judges were responded to during the hearing by panels of expert witnesses from the NRC, opposing parties and the Company. During the proceedings, the additional borehole log data recently purchased by the Company from Energy Fuels Resources, Inc. was agreed to be disclosed and is currently under review by all parties until November 21, 2014. NRC consultants completed a review of the data and found it to support the findings of the SEIS. Limited additional evidence and testimony may still be presented and based upon a scheduling order from the ASLB a final decision is currently estimated to be made during the first quarter of 2015.

As allowed by regulation, a motion to stay the license was submitted by project opposition to the ASLB on April 14, 2014. Following brief oral arguments, this motion was denied by the ASLB on May 20, 2014 and the license currently remains in full effect while the hearing process proceeds. Upon receipt of the other required permits, previously discussed, the Company can immediately commence construction and then operation of the project.

The regulatory process is currently estimated to be completed by the third quarter of 2015, which would allow construction to commence at that time. In July 2014, the Company submitted its financial assurance estimate and initial construction plan to the NRC to begin in the second quarter of 2015. However, because draft permits from EPA have not yet been issued, completion of full project permitting has been further delayed. The Company remains cautious regarding the anticipated schedule for obtaining the outstanding regulatory approvals because of factors outside the Company's control, including a lack of specified regulatory deadlines for permit issuances and the logistics of scheduling and holding of regulatory hearings.

In May 2014, the Company engaged TREC, LLC, an Engineering, Procurement, and Construction contractor to update the Dewey Burdock preliminary economic assessment with a revised mine plan including updated costs and a new schedule of project construction. TREC's experience includes constructing three separate uranium ISR projects in Wyoming.

Regulatory Agency Review

The Company's business objectives currently focus on complying with its NRC license while obtaining the remaining permits necessary to commence construction and operation of the Dewey Burdock Project. To comply with its NRC license and obtain the remaining permits required, the Company must:

- meet certain conditions of its NRC license SUA-1600;
- continue to interface with the EPA regarding its UIC Class III and Class V permit applications, of which the Class III application was submitted in December 2008 and deemed complete in February 2009, and the Class V application was submitted in March 2010 and deemed complete in April 2010;
- continue to interface with the Bureau of Land Management (the "BLM") by responding to requests for information to gain approval of its Plan of Operations, which was submitted in October 2009;
- continue to interface with the DENR regarding (i) the large-scale mine ("LSM") permit application submitted to the DENR September 28, 2012 and recommended by the DENR for approval with conditions on April 15, 2013, (ii) the Groundwater Discharge Plan ("GDP") permit application submitted to the DENR March 9, 2012 and recommended by the DENR for approval with conditions on December 12, 2012, and (iii) the Water Rights ("WR") applications submitted to the DENR June 12, 2012 and recommended by the DENR for approval with conditions on November 8, 2012; and

- respond to requests for additional information from the EPA and BLM as necessary to obtain remaining permits and approvals required.

The Company continues to be in compliance with all NRC licensing and other permitting/licensing requirements.

Recent submissions and pending activities to be completed by the Company with respect to the Dewey Burdock Project include the following:

- a draft avian plan was submitted to the SD Game Fish and Parks and the SD Ecological Field Services Office in September 2013;
- a hearing before the SD Board of Minerals and Environment ("BME") began in September 2013 and was postponed in November 2013 pending NRC and EPA rulings and setting of surety;
- a hearing before the SD Water Management Board ("WMB") on the water rights and groundwater discharge plan permits began in October 2013 and was postponed in November 2013 pending NRC and EPA rulings and setting of surety;
- an updated technical report compiling the application and responses to the NRC's requests for additional information was submitted to the NRC in January 2014;
- a take permit application was submitted to U.S. Fish and Wildlife Service in January 2014;
- a Section 106 Programmatic Agreement ("PA") was executed April 7, 2014;
- commenced preparation of a 40 CFR 61.07 Application for Approval of Construction or Modification (ponds) in compliance with the newly proposed Subpart W rule change for submittal to the EPA that was promulgated April 17, 2014;
- a report addressing supplemental air monitoring data was submitted to the NRC July 1, 2014 to comply with a portion of License Condition ("LC") 9.2;
- an annual wildlife monitoring report was submitted to the DENR July 2, 2014;
- a revised decommissioning, decontamination and reclamation plan was submitted to the NRC July 8, 2014 to comply with LC12.23;
- a financial assurance estimate was submitted to the NRC July 8, 2014 to comply with LC 9.5;
- a response to a July 8, 2014 letter from the BLM that requested additional information on the Company's Plan of Operations is in preparation;

The NRC issued the final SEIS for the Dewey Burdock Project January 31, 2014. The EPA issued a notice of receipt of the final SEIS on February 7, 2014, starting a final 30-day review period, and subsequently issued final comments on the final SEIS on March 10, 2014. The NRC also prepared a Safety Evaluation Report ("SER"), which was initially issued in March 2013, and a Section 106 Programmatic Agreement ("PA"), which was executed April 7, 2014 by the Advisory Council on Historic Preservation, the NRC, the South Dakota State Historic Preservation Office, and the BLM. Upon execution of the PA, the NRC issued a revised SER and the Company's Dewey Burdock Source and Byproduct Materials License SUA-1600 on April 8, 2014. The ASLB issued a temporary stay of the license until oral arguments were heard by the ASLB concerning cultural resource protection on May 13, 2014. The stay was lifted on May 20, 2014. The proceeding has currently progressed through the end of written testimony and oral arguments were completed during August 2014. Currently, the record for submitting evidence is expected to close in the fourth quarter of 2014 and a final decision is currently estimated to be made during the first quarter of 2015.

The EPA continues to work on draft Class III and Class V UIC permits, which were scheduled for issuance in April 2014, though have still not been issued as of October 2014. The EPA has advised that it responded to a Freedom of Information Act ("FOIA") request for the Dewey Burdock Project and conducted various briefings while it continued to work on finalization of draft permits.

The BLM issued a letter to the Company on July 8, 2014 requesting additional information on the Plan of Operations. The Company anticipates submitting its responses prior to the end of the year. The BLM will then prepare an environmental assessment ("EA") and issue its Record of Decision ("ROD").

South Dakota applications for GDP, WR and LSM permits were submitted to the DENR in 2012. All have been deemed complete and have been recommended for conditional approval by the DENR staff. The GDP and WR permits have been finalized subject to continuation of a hearing before the WMB, which began on October 28, 2013 and was continued on November 25, 2013 until such time as the NRC and EPA have ruled and set the federal surety. The LSM permit application was also deemed complete and recommended for conditional approval by the DENR staff. The LSM permit has been finalized subject to continuation of a hearing before the BME, which began the week of September 23, 2013 and was postponed in November 2013 pending NRC and EPA rulings and setting the federal surety, and until such time as the WMB has rendered a decision.

The Company estimates the BLM approval of its Plan of Operations and issuance of an EA and ROD will occur during the second quarter of 2015. In addition, it anticipates draft Class III and V permits from EPA in 2014 and final EPA and DENR permits in 2015. However, due to lack of mandated regulatory timelines and uncertainty for scheduling of state hearings, the dates may be subject to change.

Preliminary Economic Assessment

On April 19, 2012, the Company announced that it had received the results of a revised Preliminary Economic Assessment dated effective April 17, 2012 (the "April 2012 PEA") for its Dewey Burdock Project. The PEA was prepared in accordance with National Instrument 43-101 by SRK Consulting (U.S.), Inc. ("SRK") and Lyntek Incorporated ("Lyntek"). SRK and Lyntek are based in Lakewood, Colorado and are well known as providers of a full range of engineering and construction services for the global uranium sector. These results will be updated with a revised PEA that is expected to be completed in the fourth quarter of 2014.

The following table identifies the updated economic parameters as reported in the April 2012 PEA:

April 2012 PEA
NPV = US$109.1 million @ 8% DCF; US$65 U3O8
IRR = 48%
Cash Operating Cost = US$33.31/lb. - U3O8
Capital Cost (Phase I) = US$54.3 million
Life of Mine 9 years, Producing 8.4 million lbs
Payback = 4th Quarter Production Year 2

Details of the assumptions and parameters used with respect to the April 2012 PEA, including quality estimates and information on data verification are available at www.azargauranium.com and under the Company's profile on SEDAR at www.sedar.com.

Colorado, USA

<u>Centennial Project – Weld County</u>

Subsequent to September 30, 2014 and on completion of the Transaction, the Company now holds a 100% interest in the Centennial Project. The Centennial Project is located in the western part of Weld County in northeastern Colorado. Through property purchase and/or lease agreements, the Centennial Project is comprised of approximately 3,600 acres of surface rights and approximately 7,100 acres of mineral rights.

Historical exploration work included drilling, recovery tests, water well tests and environmental studies. At the request of the Colorado Division of Reclamation, Mining and Safety, the Company prepared and submitted an updated Site Characterization Plan in April 2009. All the required environmental surveys and studies have been completed and the draft reports have been received. The Company completed its application to the EPA for a Class I UIC Permit in November 2010. In December 2010, the EPA informed the Company that the application was deemed complete.

On August 13, 2010, an independent Preliminary Economic Assessment (the "Centennial PEA") was prepared in accordance with NI 43-101 prepared by SRK Consulting (U.S.), Inc. ("SRK") and Lyntek Incorporated ("Lyntek"). The Centennial PEA indicated that the Centennial Project could be developed using the in situ recovery method and resulted in a net present value of $51.8 million, at a discount rate of 8%, and an internal rate of return of 18%. The Centennial PEA assumed uranium prices of $65/lb U3O8, cash operating costs of $34.95/lb U3O8 and capital costs of $71.1 million. The Centennial PEA included 9.5 million lbs of indicated resources and 2.1 million pounds of inferred resources, at a grade of 0.09% U3O8 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 quality estimates and information on data verification are available at www.azargauranium.com and under the Company's profile on SEDAR at www.sedar.com.

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

The Company has engaged an independent mining consultant to prepare development scenarios for the Centennial Project in order to maximize the value that can be extracted from this project. A revised preliminary economic assessment is expected to be completed mid-2015.

Kyzyl Ompul Project (80% interest)

Subsequent to September 30, 2014 and on completion of the Transaction, the Company obtained an 80% interest in the Kyzyl Ompul Project. The uranium deposit/prospects and rare earth prospects of the Kyzyl Ompul Project are located in the Kyrgyz Republic, approximately 125 kilometers ("km") east of the capital of Bishkek. More specifically, the Kyzyl Ompul Project is located in the Kochkor region of the Naryn Oblast and the Issyk-Kul region of the Issyk-Kul Oblast. The Kyzyl Ompul Project consists of one exploration license with an area of 42,379 hectares. The license is valid until December 31, 2015 and permits exploration for uranium, thorium, iron, titanium, phosphate, rare earth elements and feldspar.

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

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

Further exploration was undertaken from 2005 to 2008, with the aim to confirm the hydrothermal uranium mineralization and placer uranium mineralization by targeting previously identified uranium deposits and prospects. The exploration program during this period included traverses, geological mapping (80km2), trenching (4,300m3), soil gas radon emanation surveys (60 readings), geophysical surveys and the collection of 84 hydrogeological samples for radon assays, 7,458 channel samples, 455 rock chip samples and 28 crushed samples.

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

In April 2014, Ravensgate prepared a maiden NI 43-101 compliant independent uranium resource estimate for the Kok Moinok deposit located within the Kyzyl Ompul Project. Ravensgate estimated that the Kok Moinok deposit contained inferred resources of 15.13 million tonnes at 225.2 parts per million U3O8 for 7.51 million pounds of contained U3O8. The mineral resource estimate was prepared using a cut-off of 100 parts per million. Details of the assumptions and parameters used with respect to the maiden NI 43-101, including quality estimates and information on data verification are available at www.azargauranium.com and under the Company's profile on SEDAR at www.sedar.com.

In 2014, a limited exploration program has been undertaken on the Kyzyl Ompul Project to further investigate the potential for rare earth elements. The field work has been completed and the lab analysis is currently being prepared.

Black Range Minerals Limited (19% interest as at the date of this MD&A)

Subsequent to September 30, 2014 and on completion of the Transaction, the Company obtained a 19% interest in Black Range Minerals Limited ("Black Range"). Black Range is focused on growth through acquisition, exploration and development of uranium projects, particularly in the United States. Its growth strategy is underpinned by its 100% interest in the Hansen/Taylor Ranch Uranium Project located approximately 30 kilometers northwest of Cañon City in Colorado, USA. On April 23, 2013, Black Range issued a press release announcing a JORC code 2012 compliant resource estimate for the Hansen/Taylor Ranch Uranium Project. Please refer to Black Range's press release entitled "Hansen/Taylor Ranch Uranium Project – JORC Code 2012 Mineral Resource Estimate" for details of the assumptions and parameters used to calculate the resources and uranium quality estimates and information on data verification.

Anatolia Energy Limited (11% interest as at the date of this MD&A)

Subsequent to September 30, 2014 and on completion of the Transaction, the Company obtained an 11% interest in Anatolia Energy Limited ("Anatolia"). Anatolia's primary focus is its advanced exploration and development projects in the central Anatolian region of Turkey. Anatolia owns 100% of the Temrezli Uranium Project in Turkey. On May 12, 2014, Anatolia issued a press release stating the results of its updated PEA for the Temrezli Uranium Project prepared by WWC Engineering of Sheridan, Wyoming. Please refer to Anatolia's press release entitled "Release of updated Preliminary Economic Assessment" for details of the assumptions and parameters used to calculate the resources and uranium quality estimates and information on data verification.

Resource Property Interests – Capitalized Costs

Costs reflected in resource property interests for the year ended December 31, 2013 and the nine months ended September 30, 2014 are detailed below:

	South Dakota	Wyoming	Colorado	Total
Balance, December 31, 2012	$ 30,397,541	$3,732,395	$14,839,382	$ 48,969,318
Legal fees	490,338	–	–	490,338
Claim fees	51,800	106,678	–	158,478
Land/lease payments	134,225	89,350	13,986	237,561
Permitting	1,693,675	–	–	1,693,675
Impairment	–	–	(12,344,868)	(12,344,868)
Sale of property	–	–	(1,600,000)	(1,600,000)
Wages	690,000	81,000	–	771,000
Balance, December 31, 2013	$ 33,457,579	$4,009,423	$ 908,500	$ 38,375,502
Data acquisition costs	200,000	–	–	200,000
Land services	12,000	–	–	12,000
Legal fees	381,038	–	–	381,038
Claim fees	57,350	117,790	–	175,140
Land/lease payments	135,499	25,332	–	160,831
Engineering	150,599	–	–	150,599
Permitting	699,935	–	–	699,935
Wages	540,750	44,250	–	585,000
Balance, September 30, 2014	$ 35,634,750	$4,196,795	$ 908,500	$ 40,740,045

SUMMARY OF QUARTERLY RESULTS

The following tables provide selected financial information for the most recent eight quarters, stated in US dollars in accordance with IFRS:

	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Income Statement				
Interest income	$ –	$ –	$ –	$ –
Interest expense	–	–	–	(74,510)
Impairment charges	–	–	–	–
Gain (loss) on re-measurement of warrant liability	(13,063)	154,769	129,658	83,659
Gain (loss) on re-measurement of financial and derivative liability	(343,025)	(354,834)	85,532	82,701
Gain on extinguishment of debt	–	–	–	–
Gain on sale of property	–	–	–	60,000
G&A and accretion	(299,524)	(655,184)	(432,613)	(903,591)
Deferred tax recovery (expense)	–	–	–	–
Net income (loss)	(655,612)	(855,249)	(217,423)	(751,741)
Net income (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)
Balance Sheet				
Cash and cash equivalents	43,913	1,424	68,616	133,510
Total assets	41,597,424	40,505,125	39,809,743	39,377,921
Working capital (deficit)[1]	(4,712,647)	(2,971,321)	(1,922,287)	(1,500,353)

[1] Working capital/(deficit) does not include the warrant liability or deferred compensation which are a non-cash liabilities.

	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Income Statement				
Interest income	$ 4	$ 1,681	$ 2,027	$ 190
Interest expense	–	–	–	–
Impairment charges	(12,344,868)	–	–	(64,745)
Gain (loss) on re-measurement of warrant liability	(21,473)	291,459	35,638	–
Gain (loss) on re-measurement of financial and derivative liability	(42,423)	–	–	345,701
Loss on sale of property	–	–	–	(117,635)
Gain on extinguishment of debt	–	–	–	169,354
G&A and accretion	(515,408)	(516,309)	(562,719)	(525,642)
Deferred tax recovery (expense)	–	–	–	212,116
Net income (loss)	(12,924,168)	(223,169)	(525,024)	19,339
Net income (loss) per share	(0.09)	(0.00)	(0.00)	0.00
Balance sheet				
Cash and cash equivalents	306,366	101,581	951,115	649,828
Total assets	39,934,101	50,783,05213	50,959,350	50,041,875
Working capital (deficit)[1]	(2,349,207)	(632,768)	541,078	285,359

[1] Working capital/(deficit) does not include the warrant liability or deferred compensation which are non-cash liabilities.

RESULTS OF OPERATIONS – Three and Nine Months Ended September 30, 2014 Compared to Three and Nine Months Ended September 30, 2013

During the three and nine months ended September 30, 2014, the Company continued to focus on development of its mineral property interests. Net loss during the three and nine months ended September 30, 2014 was $655,612 and $1,728,284, respectively, compared to net loss for the three and nine months ended September 30, 2013 of $12,924,168 and $13,672,391, respectively, and is discussed further below.

General and administrative and accretion expenses were $299,524 for the three months ended September 30, 2014 compared to $515,408 for the same period in 2013 primarily due to a decrease in management and consulting fees as certain contracts were terminated during October 2013 and an increase in non-cash foreign exchange gain. General and administrative and accretion expenses were $1,387,321 for the nine months ended September 30, 2014 compared to $1,594,436 for the same period in 2013 primarily due to an increase in legal and audit fees associated with the acquisition of Azarga Resources (as defined below), which was more than offset by a decrease in management and consulting fees for certain contracts that were terminated during October 2013.

Gain (loss) on re-measurement of warrant liability associated with equity obligations resulted in a loss of $13,063 and $21,473 for the three months ended September 30, 2014 and 2013, respectively, and a gain of $271,364 and $305,624 for the nine months ended September 30, 2013, respectively. The Company's exercise price on certain share purchase warrants are denominated in Canadian dollars which differs from the Company's functional currency of US dollars, and as such, these instruments meet the definition of a financial liability and are measured at each reporting period at their fair values using the Black-Scholes option pricing model. The change in the fair value from period-to-period is recognized as a gain or loss in the Consolidated Statements of Comprehensive Income (Loss).

Re-measurement of the derivative liability associated with debt obligations resulted in a loss of $343,025 and $612,327 for the three and nine months ended September 30, 2014, respectively, and $42,423 for each of the three and nine month periods ended September 30, 2013. During October 2013, the Company entered into a loan facility agreement, which has an option to convert the debt obligation to common shares under certain circumstances. The Company elected to measure the instrument at fair value through profit and loss due to its many embedded derivatives. The change in the fair value from period-to-period is recognized as a gain or loss in the Consolidated Statement of Comprehensive Income (Loss).

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2014, the Company had cash and cash equivalents of $43,913 and negative working capital of $4,712,647, excluding the warrant liability of $94,724 and deferred compensation of $335,156, compared to cash and cash equivalents of $133,510 and negative working capital of $1,500,353, excluding the warrant liability of $376,821 and deferred compensation of $294,844, as of December 31, 2013.

Net cash provided by (used in) operating activities was $7,828 for the nine months ended September 30, 2014 compared to ($345,621) for the nine months ended September 30, 2013. The change is primarily attributable to a decrease in the level of G&A operating expense and an increase in accounts payable and accrued liabilities.

Net cash used in investing activities was $2,854,201 for the nine months ended September 30, 2014 compare to $2,215,074 for the nine months ended September 30, 2013. All investing activities relate to the Company's mineral property interests, primarily the Dewey Burdock Project.

Net cash provided by financing activities were $2,760,000 and $1,835,048 for the nine months ended September 30, 2014 and 2013, respectively. During February 2013, the Company completed a private placement offering, which is discussed further below. During July and October 2013, the Company completed debt issuances, as discussed below.

On July 31, 2013, Azarga Resources agreed to make a strategic investment in the Company and to form certain strategic alliances with the Company. The Company issued a debenture to Azarga in the principal amount of $500,000 (the "Debenture") pursuant to the terms and conditions of a private placement agreement dated July 31, 2013 (the "Private Placement Agreement") between the Company and Azarga Resources. The Debenture did not bear interest and was unsecured. The Debenture was to mature on July 31, 2015 (the "Maturity Date"), and could have been prepaid by the

Company, in whole or in part, during the first 12 months for an amount equal to 115% of the principal sum being repaid, and during the second 12 months, but on or before the Maturity Date, for an amount equal to 130% of the principal sum being repaid.

The Company, at its option and any time on or before the Maturity Date, had the right to convert all or a portion of the principal amount of the Debenture into common shares of the Company (each, a "Share") at a price of C$0.07 per Share, subject to adjustment in accordance with the terms of the Debenture (the "Conversion Price"). The number of Shares to be issued if the conversion was in the first 12 months after issuance would be equal to the number of Shares as determined by dividing the amount which is 115% of the principal amount being converted by the Conversion Price, and if the conversion was in the second 12 months after issuance, would be equal to the number of Shares as determined by dividing the amount which is 130% of the principal amount being converted by the Conversion Price. The Debenture could have been converted by Azarga Resources, at its option, at any time after the Company's Board of Directors (the "Board") recommended or approved a change of control of the Company or after the occurrence of an event of default under the terms of the Debenture which was not cured within any applicable grace periods.

The Company and Azarga Resources also agreed to form certain strategic alliances pursuant to the Private Placement Agreement. In particular, the parties have agreed to share data and expertise, Azarga has agreed to provide certain advisory services to the Company and use its best efforts to support any equity financings undertaken by the Company and the Company agreed to appoint a representative of Azarga Resources to the Board and to the Company's audit committee for so long as Azarga Resources and/or its affiliates own in the aggregate at least 10% of the issued and outstanding Shares.

In addition, Azarga Resources purchased a 60% interest in the Company's Centennial Project located in Weld County, Colorado for a total purchase price of $1,500,000. The Company retained a 40% interest in the Centennial Project. For details of this transaction, refer to the section entitled "Resource Property Interests – Colorado, USA" in the Company's annual financial statements for the year ended December 31, 2013.

In accordance with the Company's accounting policy on mineral properties, discussed below, this transaction, once approved by the Company's shareholders, triggered management's assessment of the Centennial Project for impairment, which had a carrying value of $14,844,868 as of June 30, 2013. As a result of this assessment, the Company incurred an impairment charge of $12,344,868 for the year ended December 31, 2013.

Pursuant to the Loan Agreement (the "Loan Agreement") dated October 21, 2013, Azarga Resources agreed to make available to the Company a loan facility (the "Loan Facility") in the amount of $3,600,000 (the "Loan Amount").

Concurrent with the closing of the Loan Facility, the Company converted the Debenture into 8,450,035 common shares of the Company at C$0.07 per share, appointed a new director to the Board, changed certain officers, terminated certain management contracts and proceeded with closing its Vancouver office.

The Loan Facility provides for Azarga to make one or more advances of the Loan Amount to the Company (each, an "Advance") provided that: (a) there shall be only one Advance in any calendar month, (b) if Azarga and the Company cannot agree on the applicable amount of the Advance, the amount of the Advance will be $300,000, and (c) until such time as the Company has obtained disinterested shareholder approval for the Loan Facility (and the conversion right thereunder) (the "Shareholder Approval"), the aggregate amount of Advances shall be limited to $2,450,000. The Company obtained the Shareholder Approval on December 18, 2013. Since the closing of the Loan Facility Azarga has advanced the full amount of the Loan Facility as of September 30, 2014.

The Loan Amount matures October 2015 (the "Maturity Date") or on such earlier date as the principal amount of all Advances owing from time to time and all other amounts (collectively, the "Principal Amount") may become payable under the Loan Agreement, and may be repaid by the Company, in whole or in part, prior to October 2014, for an amount equal to 115% of the Principal Amount being repaid, and after October 2014, but on or before the Maturity Date, for an amount equal to 130% of the Principal Amount being repaid.

The Principal Amount are convertible into Shares as follows (each, a "Conversion"):

- by Azarga Resources, at its option and any time after the earlier of (i) the Board approving a transaction (other than the Loan Facility transaction) which would result in a change of control of the Company or Powertech USA, (ii) a change of control of the Company or Powertech USA, and (iii) the occurrence of an event of default under the Loan Agreement that is not cured within any applicable grace periods;
- by Azarga Resources, at its option in whole or in part, at any time after the date that is nine months following the date of the initial advance under the Loan Facility;
- by the Company, in whole or in part, at any time on or before the Maturity Date; and
- automatically on the Maturity Date;

at a conversion price of C$0.095 per Share (the "Facility Conversion Price"), subject to adjustment as provided for in the Loan Facility, or at such other higher price per Share as is provided in the Loan Facility.

The amount of Shares to be issued if the conversion is prior to October 2014 will be equal to the number of Shares as determined by dividing the amount which is 115% of the outstanding Principal Amount by the Facility Conversion Price, and if the conversion is after October 2014, will be equal to the number of Shares as determined by dividing the amount which is 130% of the outstanding Principal Amount by the Facility Conversion Price. For the purposes of the Conversion, the Principal Amount shall be converted into Canadian dollars at the time of Conversion at an exchange rate of C$1.03 per $1.00 of Principal Amount.

As part of the closing of the Loan Facility, the Company agreed to settle all amounts owing to certain officers and directors in consideration of the issuance of 3,694,736 Shares at the rate of C$0.095 per Share.

During September 2014, Azarga Resources agreed to make available to the Company an additional loan facility (the "Additional Loan Facility") in the amount of $650,000 (the "Loan Amount") subject to the same terms and conditions as the original Loan Facility with the exception of:

- the conversion price is C$0.06 per share;
- The Additional Loan Facility shall be translated into Canadian dollars at the time of conversion at an exchange rate of C$1.10 per $1.00; and
- If a monthly advance cannot be agreed upon, the amount of the advance will be $200,000.

This Additional Loan Facility matures September 2016 or on such earlier date as the principal amount of all advances owing from time to time and all other amounts may become payable under the Additional Loan Facility. As at September 30, 2014, the Company has drawn down $225,000 of the Additional Loan Facility.

Subsequent to September 30, 2014 and on completion of the Transaction, the Loan Facility and the Additional Loan Facility agreements were terminated in accordance with the terms and conditions of the share purchase agreements, as amended.

On October 28 2014, the Company closed a private placement financing (the "Financing") to raise C$5,000,000 (before transaction costs) through the issuance of 8,338,134 post-Consolidation units ("Units"), with each Unit consisting of one post-Consolidation common share and one-half of a common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one post-Consolidation common share at an exercise price of C$1.00 per share until October 28, 2016. Accounting for the Consolidation adjustment, the Units subscribed for pursuant to the Financing were subscribed for at C$0.60 per Unit. Finder's fees in connection with the Financing comprised of C$145,617 and 242,696 post-Consolidation shares. The net proceeds of the Financing have been released from escrow.

The proceeds of the 2014 Financing will be used for: continuation of the permitting process for the Dewey Burdock Uranium Project; land and claim payments with respect to the Company's five directly controlled projects in the USA and Kyrgyz Republic; exploration; and general working capital purposes.

Powerlite Ventures Limited – Powerlite Facility

Subsequent to September 30, 2014 and on completion of the Transaction, the Company was assigned a $26,000,000 equity instrument (the "Powerlite Facility) with Powerlite Ventures Limited. Key commercial terms of the Powerlite Facility include:

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

The facility limit is $26,000,000, of which $18,000,000 has been drawn down to date. Of the remaining $8,000,000 available to draw, $5,000,000 can only be drawn in 2015 and is subject to a mutually agreed upon draw down schedule.

The $18,000,000 drawn down to date was converted to shares prior to completion of the Transaction and was exchanged into Azarga Uranium shares as part of the Transaction in accordance with the terms and conditions of the Share Purchase Agreement, as amended.

Shareholder Loan – Shareholder Loan Agreement

Subsequent to September 30, 2014 and on completion of the Transaction, the Company was assigned a $1,800,000 convertible loan agreement with certain Azarga Uranium shareholders ("Shareholder Loan Agreement"). The key commercial terms of the Shareholder Loan Agreement include:

- Interest – 10% per annum payable on each anniversary date of the Shareholder Loan Agreement;
- Term – 5 years, commencing July 31, 2012;
- Conversion price – the higher of the Company's 20 day volume weighted average share price or C$1.20;
- Shareholders' conversion right – convert the outstanding balance of the loan plus accrued interest, in whole or in part, into Azarga Uranium shares at the conversion price;
- Extension of the term – the Company has the option, on maturity, to extend the term of the loan for an additional three years. Upon exercise of this option, the annual interest rate increases to 15% per annum;
- Early repayment option – the Company has the right, but not the obligation, to repay the whole balance of the loan plus accrued interest at any time out of the proceeds of a capital raising or if this loan is refinanced or replaced by a new loan on or before the maturity; and
- Other - the convertible loan is unsecured.

The Company has drawn $1,776,000 under the Shareholders Loan Agreement; however, under the terms of the Shareholders Loan Agreement, additional draws cannot be made.

Convertible Loan issued by Black Range

Subsequent to September 30, 2014 and on completion of the Transaction, the Company, through its wholly owned subsidiary, Azarga Resources, became party to an A$2,000,000 convertible loan agreement (the "Black Range Convertible Loan") with Black Range.

The Black Range Convertible Loan was signed on February 25, 2014 and is repayable in cash or shares. Key commercial terms of the loan include:

- Term - 12 months from the date of the first draw down (the "CL Maturity Date");
- Conversion price – the higher of the three month volume weighted average trading price from the date of the first draw down or A$.007;
- Early repayment option – Black Range may repay the loan, in whole or in part, before the CL Maturity Date;
- Conversion - If not repaid or converted, the loan is automatically converted to shares of Black Range at the CL Maturity Date;
- Azarga Uranium conversion option – subject to Black Range obtaining regulatory approvals, Azarga Uranium can convert the outstanding amount of the Black Range Convertible Loan three months after the first draw down;
- Conversion/redemption amount – 115% or 130% of the principal sum being repaid/converted if the repayment/conversion occurs before 6 months or more than 6 months from issuing the Black Range Convertible Loan, respectively;
- Right to appoint a second director – if the fully diluted voting power of Azarga Uranium exceeds 35%; and
- Other - the Black Range Convertible Loan is non-interest bearing and unsecured.

To date, A$460,000 has been drawn under the Black Range Convertible Loan.

Anatolia Call Option

Subsequent to September 30, 2014 and on completion of the Transaction, the Company, through its wholly owned subsidiary, Azarga Resources, became party to a call option agreement with Anatolia. The call option agreement provides the Company with the ability to acquire up to 8,333,334 shares in Anatolia at a price of A$0.08 per share and expires on March 31, 2015.

Going concern – Liquidity Risk:

The Company is expected to incur future losses which casts significant doubt as to the Company's ability to continue as a going concern, which is dependent upon its ability to raise the necessary funds and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

CONTRACTUAL COMMITMENTS

Long-term Debt Obligations

The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations as of September 30, 2014:

	Payments Due by Period				
	Less than 1 year	1 to 3 years	4 to 5 years	Thereafter	Total
Lease obligations	$ 688,290	$ 783,973	$ 446,318	$ 247,490	$ 2,166,071
Accounts payable and accrued liabilities	1,547,974	198,000	–	–	1,745,974
Deferred compensation (1)	335,156	–	–	–	335,156
Agreements payable (2)	830,000	495,000	–	–	1,325,000
Loan facility amounts (3)	–	3,825,000	–	–	3,825,000
	$ 3,401,420	$ 5,301,973	$ 446,318	$ 247,490	$ 9,397,201

(1) The Company reached an agreement with certain employees and officers to settle deferred compensation in common shares; thus the payment of the liability will not result in cash outflow.

(2) These agreements have additional liabilities upon receipt of certain permits, not yet obtained as of the date of this filing, on our respective projects as follows: a) $750,000 in increments of $187,500 annually for four years, b) $1,300,000 in increments of $325,000 annually for four years, and c) $2,000,000 due immediately. These

contingent payments are similar to monthly rental payments which future unpaid rents are not considered off balance sheet liabilities.

(3) The Loan Facility and the Additional Loan Facility may be converted to common shares and may not result in a cash outflow. This amount represents the face value of the debt obligation, not its fair value at the balance sheet date. See discussion in Notes 7 and 8 to the Company's audited annual consolidated financial statements. Subsequent to September 30, 2014 and on completion of the Transaction, the Loan Facility and the Additional Loan Facility agreements were terminated in accordance with the terms and conditions of the share purchase agreements, as amended.

OFF BALANCE SHEET ARRANGEMENTS

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

LEGAL MATTERS

The Company is subject from time to time to legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of these proceedings and claims cannot be predicted with certainty, the Company's management does not believe that the outcome of any of these legal matters will have a material adverse effect on its consolidated financial position, results of operations or cash flows.

RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2014, the Company entered into certain transactions with related parties, which primarily related to the payment of salaries and consulting fees. The terms and conditions of the transactions with key management personnel, directors and other related parties, were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related parties on an arm's length basis. The following table sets out information about the related party transactions that the Company was party to during the nine months ended September 30, 2014:

Name	Relationship to the Company	Business Purpose of Transaction	Amount
Richard F. Clement	President, CEO, Corporate Secretary and Director	Salary	$180,000
		Benefits	$8,018
		Deferred compensation(1)	$45,000
Adria Hutchison	Chief Financial Officer	Salary	$58,500
John Mays	Chief Operations Officer	Salary	$150,000
		Benefits	$13,011
		Deferred compensation(1)	$25,000
Jim Bonner	Former VP – Exploration(3)	Salary(1)	$37,500
		Benefits	$3,727
Richard Blubaugh	VP – Health, Safety and Environmental Resources	Salary(1)	$112,500
		Benefits	$3,052
		Deferred compensation(1)	$20,781
Malcolm Clay	Former Director(4)	Director Fees	$8,304(2)

Name	Relationship to the Company	Business Purpose of Transaction	Amount
Douglas Eacrett	Director	Director Fees	$12,455(2)
Matthew O'Kane	Director	Director Fees	$12,455(2)
Paul Struijk	Director	Director Fees	$12,455(2)

(1) Deferred compensation is salary/consulting fees earned but not paid per the respective deferred compensation agreements. These amounts are expected to be settled in the Company's common shares and may not result in cash outflow.
(2) For the nine months ended September 30, 2014, these directors earned C$1,500 monthly, which was converted into US Dollars for the purposes of this table at an average exchange rate of $0.92.
(3) Mr. Bonner resigned as VP – Exploration of the Company on March 31, 2014.
(4) Mr. Clay resigned as a director of the Company on June 30, 2014.

Additionally, the all of the transactions involving Azarga discussed under the headings "Financing, Liquidity and Capital" were also considered related party transactions, as Azarga has been a significant shareholder of the Company since October 2013.

SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value that are issuable in a series.

Common Shares

There were 152,946,133 common shares outstanding at December 31, 2013 and 155,580,690 as of September 30, 2014.

During May 2014, the Company entered into a Transfer, Bill of Sale and Assignment Agreement dated effective as of May 9, 2014 (the "Data Purchase Agreement") with Energy Fuels Resources (USA) Inc. ("Energy Fuels"), whereby the Company has agreed to purchase certain data (the "Data") concerning the Dewey Burdock uranium property located in Fall River and Custer Counties, South Dakota from Energy Fuels.

In consideration for the transfer and conveyance of the Data, the Company has agreed to pay to Energy Fuels a total purchase price of $200,000 (the "Purchase Price") on the terms and conditions of the Data Purchase Agreement, which Purchase Price was payable as follows: (a) a down payment of $100,000 payable in common shares of the Company (collectively, the "Payment Shares"), with the number of Payment Shares to be allotted and issued calculated based on the volume weighted average price for the five trading days immediately preceding the date of payment or as otherwise required by the TSX, and (b) $100,000 payable in cash no later than August 15, 2014, provided that if, at the end of the four month statutory hold period on the Payment Shares (the "Hold Period") which commences on the date of issuance of the Payment Shares, the aggregate value of the Payment Shares, based upon the volume weighted average price for the five trading days immediately preceding the last day of the Hold Period (the "Share Value"), is less than $100,000, then the Company shall promptly pay in cash to Energy Fuels the difference between $100,000 less the Share Value.

During July 2014, the Company issued 1,745,902 Payment Shares at a deemed price of C$0.061 per Payment Share and paid $100,000 to Energy Fuels in satisfaction of the Purchase Price in accordance with the Data Purchase Agreement. The Payment Shares are subject to a Hold Period expiring on November 10, 2014. The Company and Energy Fuels have an arm's length relationship. The Data Purchase Agreement and transactions contemplated thereby, including issuance of the Payment Shares, have been approved by the TSX.

The data acquired consists of historical drill hole logs and maps prepared by the Tennessee Valley Authority from the 1970's and 1980's when the Dewey Burdock uranium deposit was originally discovered, as well as digitized data generated from this work. This data is expected to assist the Company's planning of wellfields for the Dewey Burdock uranium property by providing additional quality data to complement its existing database.

During August 2014, the Company settled its deferred compensation liability of $71,248 with certain former employees by issuing 888,655 common shares.

Subsequent to September 30, 2014 and on closing of the Transaction, the Financing and the Consolidation, the Company had 59,403,732 common shares outstanding. See "Acquisition of Azarga" for additional details.

Share Purchase Warrants:

There were 20,849,800 share purchase warrants outstanding at December 31, 2013 and September 30, 2014. Of the 20,849,800 share purchase warrants outstanding as of September 30, 2014, 5,000,000 pre-Consolidation warrants expired November 6, 2014 and 15,849,800 warrants expire February 27, 2016.

Subsequent to September 30, 2014 and on closing of the Transaction, the Financing and the Consolidation, the Company has 5,754, 046 share purchase warrants outstanding. In connection with the Financing, 4,169,066 post-Consolidation share purchase warrants were issued with a post-Consolidation exercise price of C$1.00 per share and expiry of October 28, 2016. See "Acquisition of Azarga" for additional details.

Share Options

At September 30, 2014, there were 2,750,000 options outstanding entitling the holders thereof to purchase one common share for each option held, respectively. Share options outstanding were as follows:

Grant Date	Expiration Date	Exercise (C)	Outstanding at December 31, 2013	Granted during period	Expired/ Forfeited during period	Outstanding at September 30, 2014	Vested and exercisable
May 15, 2012	May 15, 2017	$0.20	3,450,000	–	(700,000)	2,750,000	2,750,000
Weighted average exercise price (C)			$0.20			$0.20	$0.20
Weighted average life remaining (years)			3.37			2.62	2.62

Subsequent to September 30, 2014 and on closing of the Transaction, the Financing and the Consolidation, the Company has 3,345,506 share options outstanding. In connection with the Transaction, the Company issued 3,070,506 post-Consolidation share options with post-Consolidation exercise prices between C$1.20 to C1.50 and expiries ranging from May 1, 2018 to October 28, 2019.

SIGNIFICANT ACCOUNTING POLICIES

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

A detailed summary of all of the Company's significant accounting policies is included in note 4 to the Company's consolidated financial statements for the year ended December 31, 2013. Please refer to note 4 of the Company's December 31, 2013 consolidated financial statements for information regarding the accounting judgments and estimates that have the most significant effect on the amounts recognized in the Company's consolidated financial statements. There have been no significant changes to the significant accounting judgments and estimates since December 31, 2013.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Statement of Compliance

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

The Company's unaudited interim condensed consolidated financial statements were authorized for issue by the Board on November 12, 2014.

FINANCIAL INSTRUMENTS

The carrying values of cash, receivables, note receivables and accounts payable and accrued liabilities approximate fair value because of the short-term maturity of those instruments. The current bank accounts, note receivables and accounts payable are non-interest bearing. The Loan Facility is measured at fair value at each reporting period using an acceptable valuation model. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company to date has not used any formal currency hedging contracts to manage currency risk.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's unaudited interim condensed consolidated financial statements, which were prepared by the Company's management in accordance with IFRS, are the responsibility of the Company's management, and have been approved by the Board. The Company's unaudited interim condensed consolidated financial statements include certain amounts based on Management's estimates and assumptions in order to ensure that the Company's audited annual consolidated financial statements are presented fairly in all material respects.

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in provincial securities legislation. The Company evaluated its disclosure controls and procedures as defined under National Instrument 52-109 as of September 30, 2014. This evaluation was performed by the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") with the assistance of other employees to the extent necessary and appropriate. Based on this evaluation, the CEO and CFO concluded that the design and operation of the Company's disclosure controls and procedures were effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company maintains internal controls over financial reporting which has been designed to provide reasonable assurance of the reliability of external financial reporting in accordance with IFRS as required by National Instrument 52-109. The Company evaluated its internal controls over financial reporting as of September 30, 2014. The evaluation was performed by the CEO and the CFO with the assistance of other employees to the extent necessary and appropriate. Based on this evaluation, the CEO and the CFO, concluded the Company's internal controls over financial reporting were effective.

RISKS AND UNCERTAINTIES

There are certain risks involved in the Company's operations, some of which are beyond its control. Material risks and uncertainties affecting the Company, their potential impact and the Company's principal risk management strategies are, other than as described below, substantially unchanged from those disclosed in the Company's MD&A for the year ended December 31, 2013, which is available on SEDAR at www.sedar.com.

Exposure to Emerging Markets

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

Possible Loss of Interests in Exploration Properties

If the Company fails to make any property payments or expenditures required to maintain its properties in good standing in a timely fashion, the Company may lose some or all of its interest in those properties. This is particularly significant with respect to the Dewey Burdock Project, the Centennial Project and the Kyzyl Ompul Project. A loss of an interest in such properties could have a material adverse effect on the Company's reported indicated and inferred resources.

OTHER INFORMATION

This management discussion and analysis of the financial position and results of operations of the Company for the three and nine months ended September 30, 2014, and as of November 12 2014, should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2014. Additional information relating to the Company, including the Company's Annual Information Form, can be accessed at the Company's website at www.azargauranium.com or through the Company's public filings on SEDAR at www.sedar.com.

This MD&A has been reviewed and approved by Mr. Richard F. Clement, Jr., President and CEO of Azarga, under whose direction the Company's operations are being carried out. Mr. Clement, P.G., MSc. is a Qualified Person as defined by National Instrument 43-101.

Disclosure of a scientific or technical nature in this MD&A related to the Kyzyl Ompul Project was extracted from a technical report entitled "NI 43-101 Technical Report on the Kyzyl Ompul License for UrAsia in Kyrgyzstan LLC" dated effective April 14, 2014 prepared by Stephen Hyland and Sam Ulrich of Ravensgate Mining Industry Consultants. Mr. Hyland and Mr. Ulrich are independent Qualified Persons as defined under National Instrument 43-101 ("NI 43-101") and prepared the Technical Report in accordance with NI 43-101.