



# UNKUR – A RUSSIAN SILVER-COPPER PROJECT

Investor Presentation – September 2016



**AZARGA**  
METALS

TSX-V: AZR

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Certain technical data in this presentation was taken from the technical report entitled “Technical Report for the Unkur Copper-Silver Deposit, Kodar-Udokan Area, Russian Federation” dated March 2016, prepared by Robin Simpson of SRK Consulting (Russia) Ltd. (the “**Technical Report**”) and is subject to the assumptions, qualifications and procedures described therein. The Technical Report is preliminary in nature and includes historical resource estimates that are considered too speculative geologically to be qualified as Resources under Canadian NI 43-101. Nor can any economic analysis be applied based on the data contained. Nothing contained in the Technical Report constitutes presentation of data as Mineral Reserves.

The qualified person for any technical information in this presentation is Dorian (Dusty) Nicol, President and CEO and a qualified person under NI 43-101.

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy securities.

# Overview

Summary: establishing a large high-grade silver-copper deposit, right next door to China

- Unkur Silver-Copper Project – 60% owned by Azarga Metals, with a ‘put and call’ arrangement over the remaining 40%
- Unkur hosts a large, shallow sediment-hosted stratiform copper and silver deposit
- Historical exploration including drilling results with significant silver and copper over >4.5km of strike
- Excellent location <400km from China with rail, road and power
- 8-10 hole (approx. 3,000 cumulative linear meters) first phase drilling program initiated in August, with assays back for the first two holes
  - Hole AM-003: **16 meters at 84.0g/t silver and 0.79% copper** from 56.5 meters (ie, 144.5g/t silver equivalent\*), including a **five meter sub-section at 200.4g/t silver and 1.39% copper** from 59.5 meters (ie, 306.8g/t silver equivalent\*)
  - Hole AM-007: **10 meters at 20.4g/t silver and 0.29% copper** from 49.0 meters (ie, 42.4g/t silver equivalent\*)
- Assays to continue in September through December period
- Plan for maiden NI 43-101 compliant Resource estimate in Q1 2017 and possibly straight to a Preliminary Economic Assessment

\* Note: Using silver price of US\$18.69/oz and copper price of US\$2.09/lb and assuming 100% recoveries

# Overview

## Capitalization and key assets

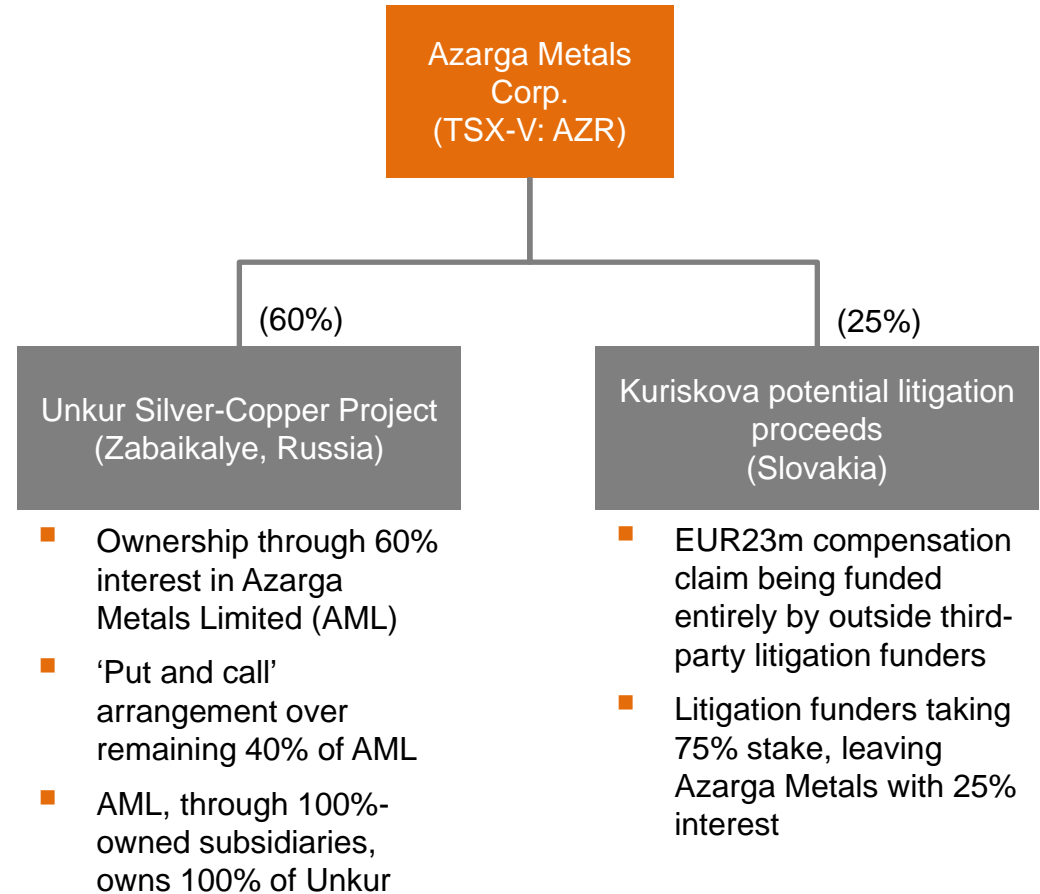
### Capitalization

Shares outstanding <sup>1</sup>	43.0m
Share price (TSX-V: AZR) <sup>1</sup>	C\$0.30/share
Market cap (CAD)	C\$12.9m
Cash (CAD) <sup>2</sup>	C\$1.6m

Notes: 1. As at 1 September 2016. 2. As at 30 June 2016.

- Share ownership by directors, management and insiders – 36%

### Key assets



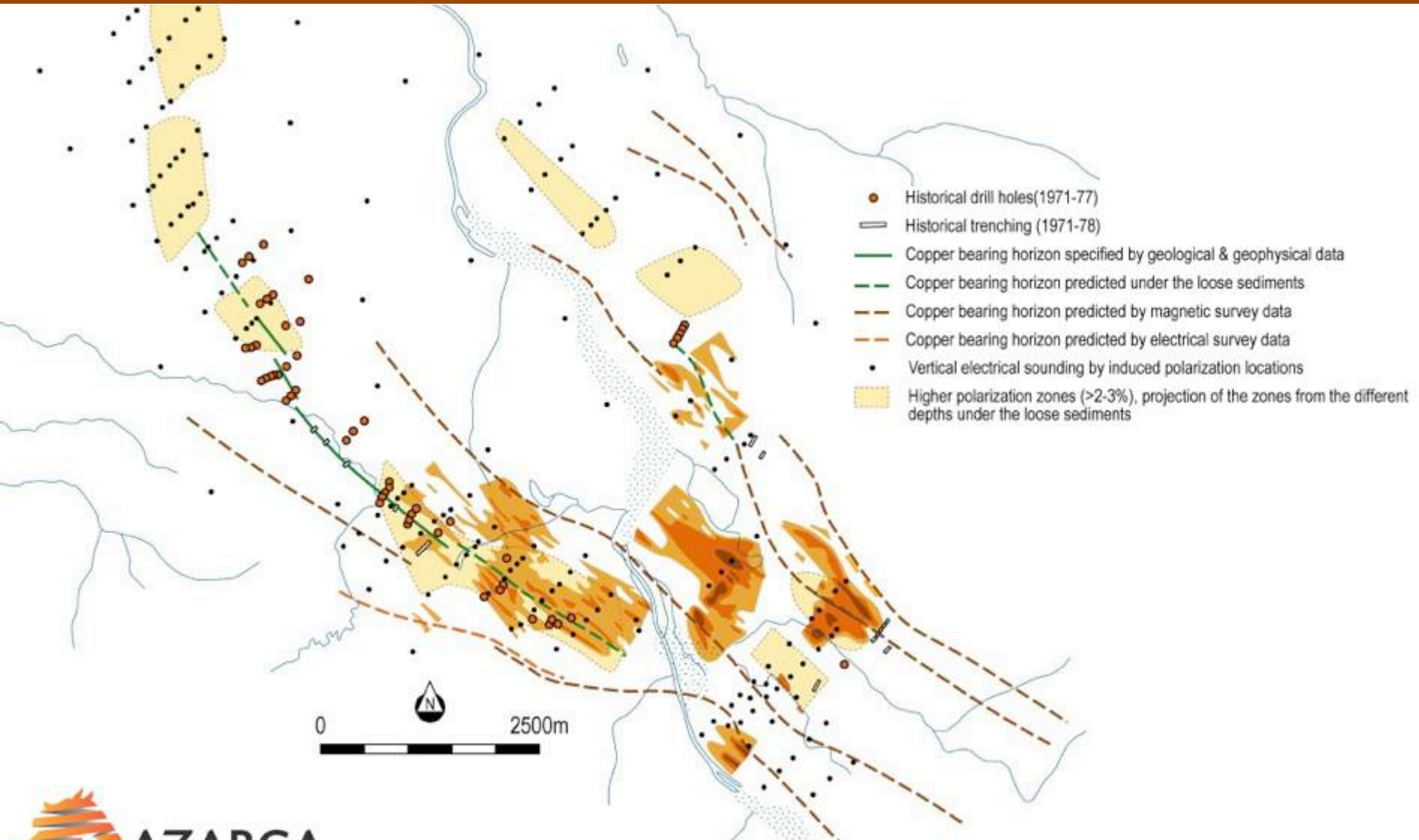
# Unkur Silver-Copper Project

## Project history

- Discovered in 1962 with historical physical exploration undertaken from 1969 to 1978, including: surface sampling; trenching; and drilling
- Historical drilling results included significant copper and silver over >4.5km of strike
  - Multiple intersections in 11 historical drill holes with copper grades 0.2-3.5%
  - 11 composite samples for silver with grades 11.2-164.6g/t (note: composite samples are selective samples and are not representative of the mineralization hosted on the property)
- 25-year, 5,390ha mineral exploitation license acquired via Russian Federation public tender in 2014 after conducting prospecting at site 2012 and 2013
- 2013 collected surface rock chip samples, which returned high grades of copper and silver
- 350kg oxidized surface sample taken for metallurgical testing in 2015, which averaged 1.3% copper and 28.2g/t silver – hydrometallurgical test recoveries were 95.9-98.4% for copper and 96% for silver
- 2016 European Uranium Resources acquired 60% of Unkur and changed its name to Azarga Metals to focus on Unkur as its core exploration and development property

# Unkur Silver-Copper Project

Map of historical exploration activities



# Unkur Silver-Copper Project

Location

## Regional location of Zabaikalye



Source: Azarga Metals

## Commentary

- Zabaikalye has a direct land border with China
- It includes the world's third and 14<sup>th</sup> largest undeveloped copper deposits, both, which have been moved forward to construction



## Unkur, local geography and infrastructure



Source: Azarga Metals

# Unkur Silver-Copper Project

## Terrain and infrastructure



### Terrain

- 400 – 500m above sea level
- Relatively flat



### Transport

- 7km from BAM Railway
- 2,800km to Vladivostock (Pacific port)



### Power

- High voltage substation at Novaya Chara (within 10km) with capacity of 200Mw and powerline on the license area



### Water

- Plentiful groundwater nearby
- Chara, Kalar and Lower Ingamakit rivers

## Unkur area terrain



## BAM Railway near Chara



Source: Azarga Metals



# Unkur Silver-Copper Project

## Current work program

- August 2016 commenced 'first phase' drilling program
- 8-10 diamond drill holes approx. 3,000 cumulative linear meters
- Key objectives from first phase drilling
  - Verify high-grade intercepts observed in historic drilling
  - Compile sub-surface data for NI 43-101 Inferred Resource
  - Better core recovery than historic to confirm grades
  - Assess distribution of silver mineralization relative to copper mineralization envelope
- Assays expected September through December
- Aim for maiden Resource in Q1 2017



# Azarga Metals leadership

## Board of directors

Dorian (Dusty) Nicol  
(CEO and Director)

- CEO European Uranium (now Azarga Metals) (2008 – present)
- 40-years international experience in exploration and mining
- Successful track record of managing exploration and development projects worldwide
- Member of the American Institute of Professional Geologists, a Fellow of the Society of Economic Geologists, a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and Registered Member of the Society of Mining Engineers
- B.Sc. in geology from M.I.T. and a Master's Degree in geology from Indiana University and is fluent in five languages

Alexander Molyneux  
(Non-Executive Chairman)

- CEO Paladin Energy (ASX:PDN / TSX:PDN) (2015 – present)
- CEO SouthGobi Resources (TSX:SGQ) (Ivanhoe Mines Group) (2009 – 2012)
- Co-Founder of Azarga Resources Group (2012 – present), including Azarga Uranium (TSX:AZZ), Non-Executive Chairman of Argosy Minerals (ASX:AGY) and Non-Executive Director of Goldrock Mines (TSXV:GRM) (2012 – 2016)

Michael Hopley  
(Non-Executive Director)

- CEO of Sunridge Gold (TSXV:SGC) (2003 – present)
- Exploration geologist with over 30-years experience
- Previous senior management experience with GoldFields and Bema Gold

Vladimir Pakhomov  
(Non-Executive Director)

- Managing Partner of Olympia Capital, a Russia-focused investment firm (2011 – present)
- Investment Director with Onexim Group (2007 – 2010)
- Graduated Moscow Institute of International Relations and is CFA Charterholder



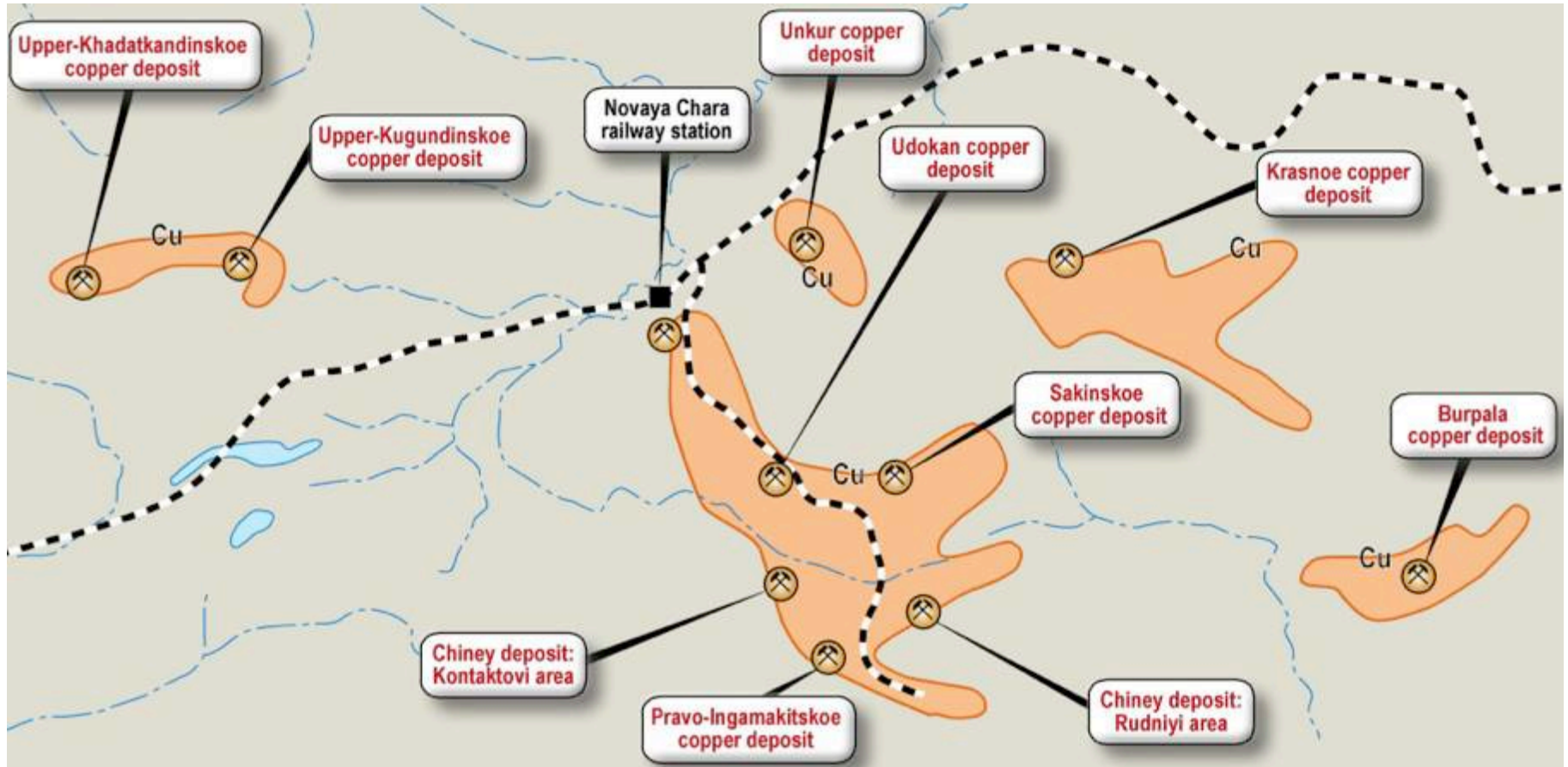


## APPENDIX 1

# Additional information on Unkur Silver-Copper Project geology

# Appendix 1: Unkur geology

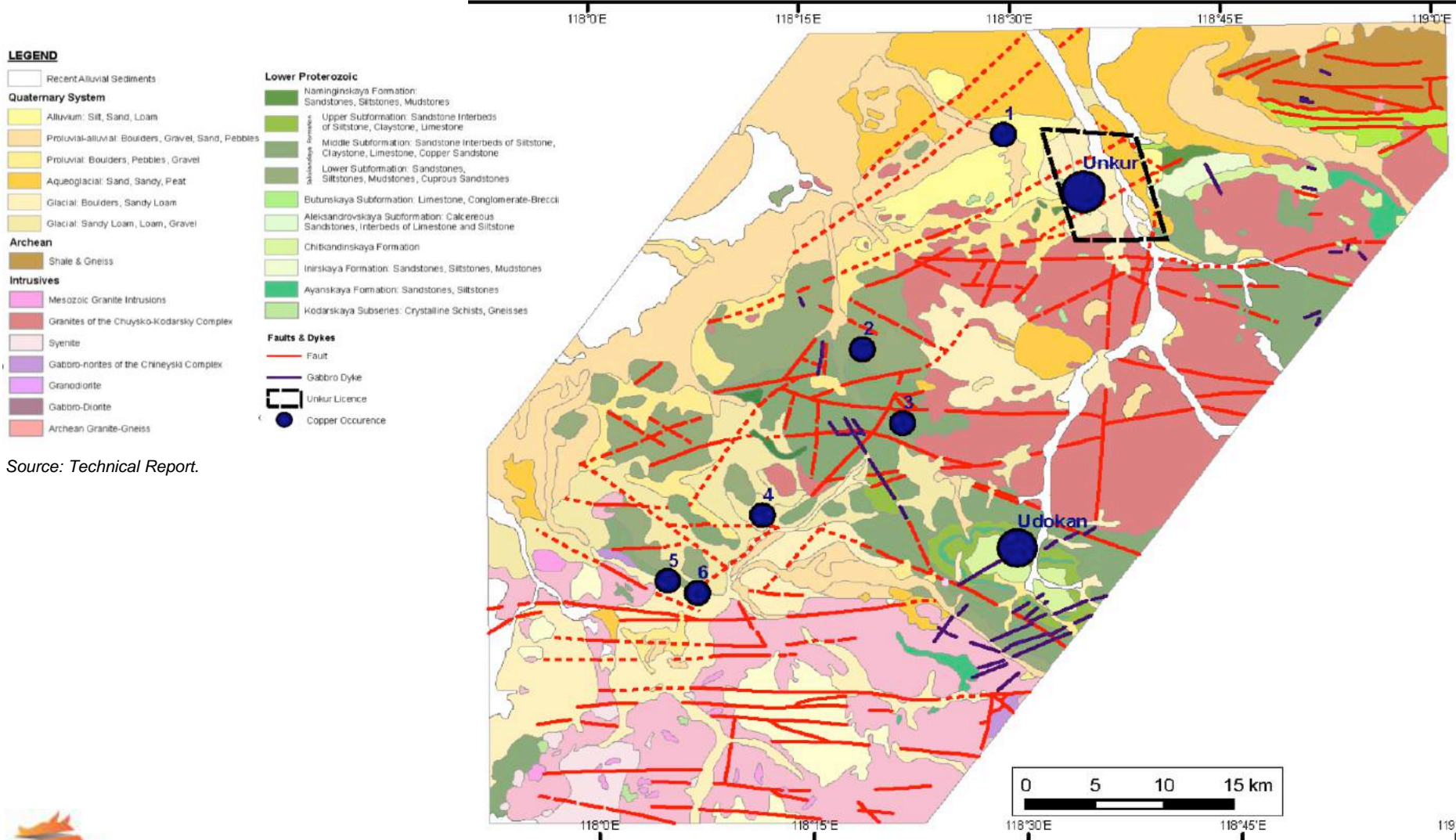
## Regional deposit map



Source: Azarga Metals

# Appendix 1: Unkur geology

## Regional geology



Source: Technical Report.

# Appendix 1: Unkur geology

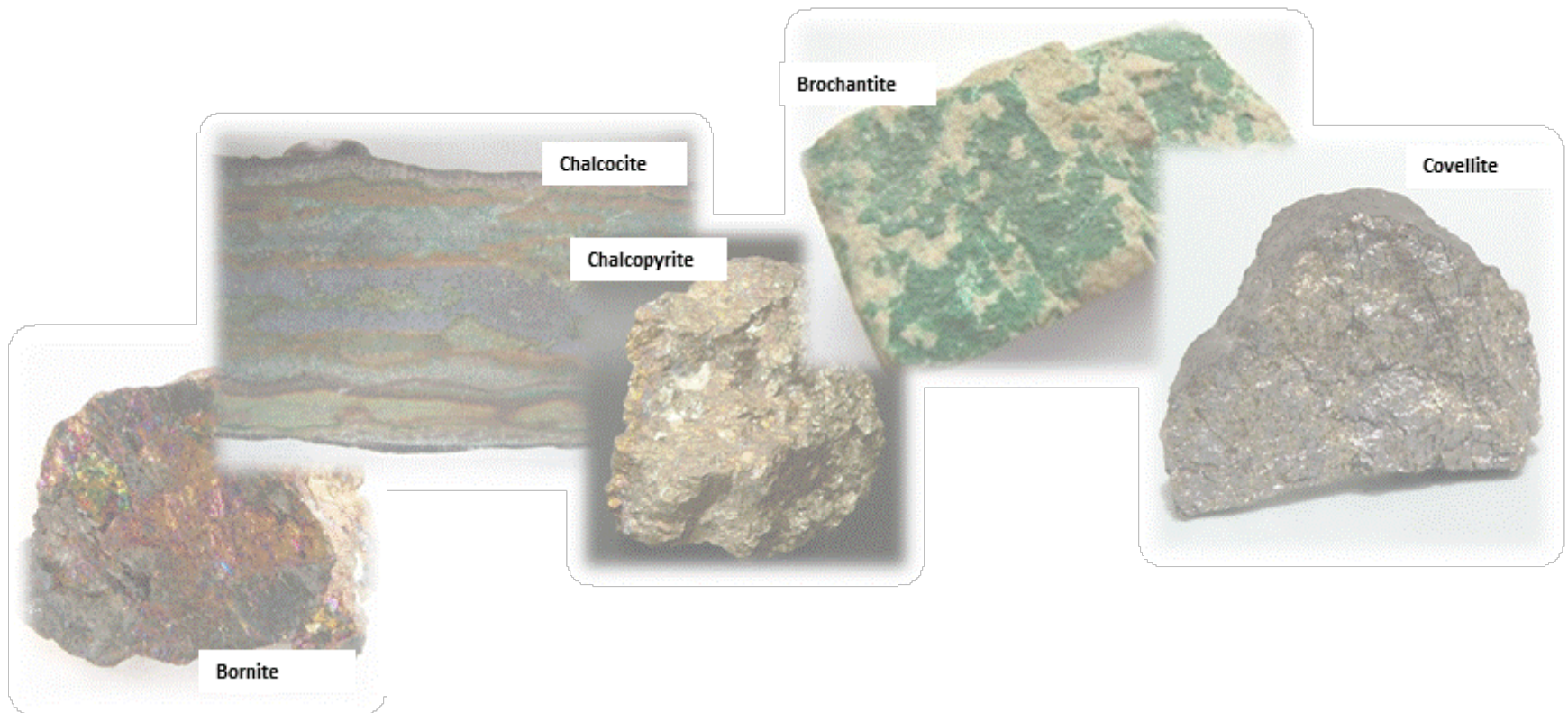
## Geological setting

- Unkur is situated in the North of trans-Baikal territory in the Baikal-Amur railway area
- Copper ore occurrences in area relate to formation of cupriferous sandstones, cupriferous siltstones, cupriferous carbonaceous rocks and composite copper sulphide ores
- Cupriferous sandstone deposits are limited to regressive parts of large-scale cycles of orogenic formations and characterized by similar geological features. As a rule, copper mineralization is confined up to several kilometers within stratigraphic horizons. Ore bodies are characterized by lenticular-tabular shape. And their thickness varies from the first meters to dozens and first hundreds of meters
- All the copper deposits in this area boast significant ore resources at a moderate to high grade of copper (0.6-1.9%)
- Except Russia, cupriferous sandstones deposits are located in several other countries, but the largest of them are concentrated in Kazakhstan (Dzhezkazgan deposit), Zambia (Roan Antelope, Chambishi), Democratic Republic of the Congo (Kamoto, Musoshi), Afganistan (Aynak). Most of the mentioned deposits are currently being developed or in production
- Copper sandstones of Lower Silezia in Poland next to the German border are very comparable and are mined by KGHM Polska Miedź

# Appendix 1: Unkur geology

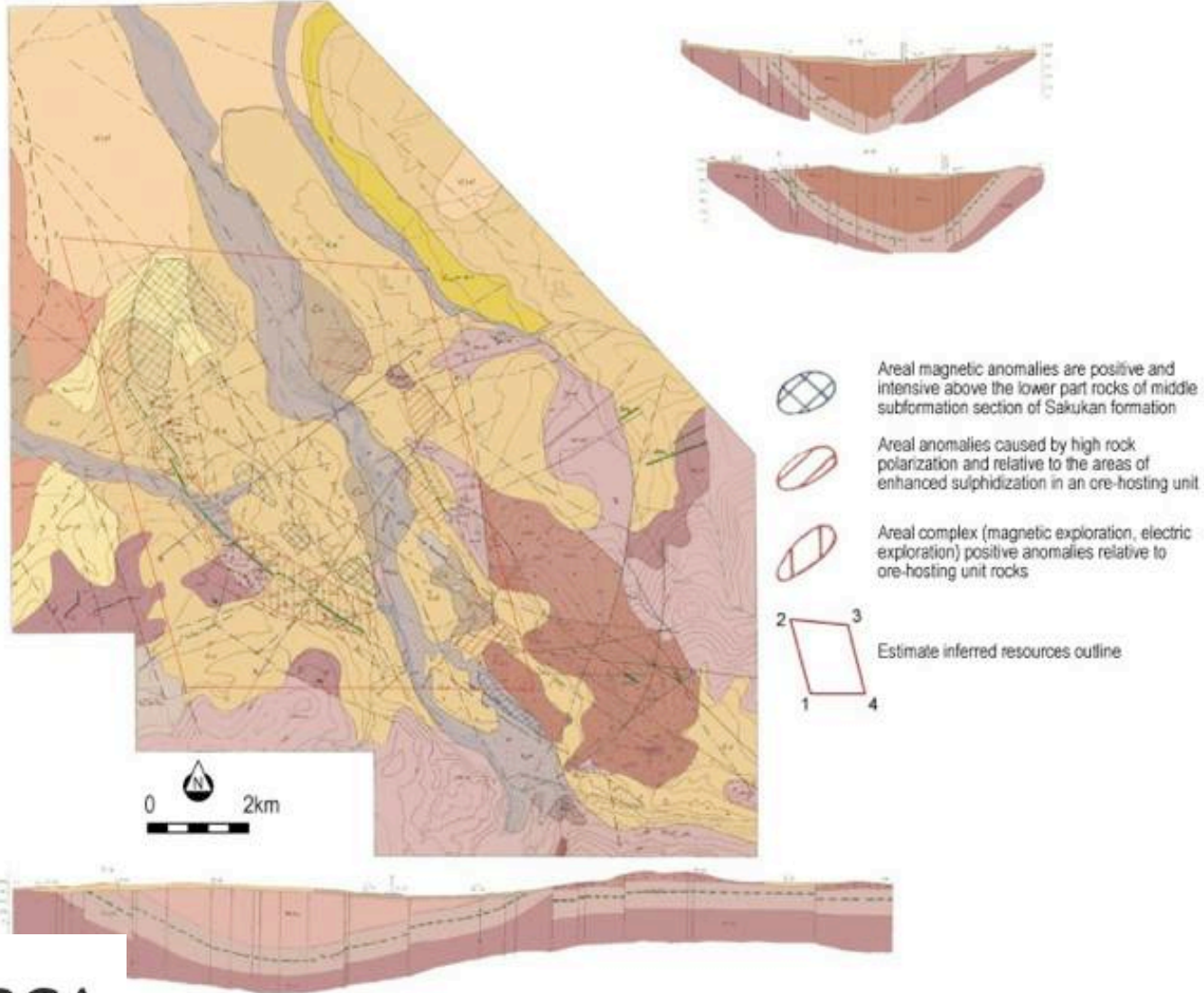
## Summary of metal bearing minerals at Unkur

- Principal minerals that bear commercial copper grades are bornite, chalcocite, chalcopyrite
- Malachite, brochantite, covellite, chalcocite, hydrous ferric oxides are developed in a hypergenesis zone



# Appendix 1: Unkur geology

Historical plan view and selected cross-sections indicate a syncline of copper-bearing ore





# Appendix 1: Unkur geology

Outcrop photos and 2013 rock chip samples

## Summer 2013 rock chip sample results

Sample	Silver content (g/t)	Copper content
Ref. 1310	106	2.95%
Ref. 1311	230	6.12%
Ref. 1312	50	1.79%
Ref. 1313	49	2.66%
Ref. 1314	82	2.79%

## Outcropping mineralization



Source: Azarga Metals

## Unkur mineralization





## APPENDIX 2

# Terms of 2016 acquisition of Unkur Silver-Copper Project

# Appendix 2: Unkur acquisition terms

## Summary of relevant acquisition terms

- Azarga Metals (formerly European Uranium Resources) acquired 60% of Unkur's 100% beneficial owner, Azarga Metals Limited (AML) on 30 May 2016
- Key acquisition terms include:
  - 15,776,181 shares (issued 31 May 2016 and included in outstanding float)
  - Loan assignment – Assignment of existing shareholder loans outstanding of US\$774,048 (as at 30 June 2016)
  - Deferred consideration – US\$80,000 payable on 1 June 2017 with a payment on each annual anniversary that increased by US\$80,000 annually so that the final payment of US\$480,000 will be due 1 June 2022
  - Net smelter royalty – 5%
  - Put and call option arrangement over remaining 40% so project can be 100% consolidated in the future
- Minimum exploration commitment of US\$3m to 30 June 2019 and then US\$6m from 30 June 2019 to 30 June 2023 (fully-funded first phase drilling program will satisfy a significant proportion)
- Bonus payment to sellers in the event resource delineated >2mt copper equivalent with at least 70% in Measured plus Indicated



## APPENDIX 3

### Status of Kuriskova

# Appendix 3: Status of Kuriskova

European Uranium's litigation with regards to the project claim is third-party funded

- European Uranium filed suit against the Government of Slovakia for failing to renew its Kuriskova Exploration License in 2015
- The Company is seeking up to EUR23 million as compensation, this being the amount invested by European Uranium in exploration of the project
- An agreement was entered into with Slovak entities whereby they will exclusively fund the costs of the ongoing litigation in exchange for 75% of the proceeds of any future compensation (ie, leaving European Uranium with 25%), if any, to be paid by the Government of Slovakia pursuant to the claim



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