

**\$AZR.V**

**#highgrade**

**#silver**

**#copper**

**@AzargaMetals**

**#Russia**

**\$AZR**

**#firstmover**

**#districtpotential**



## **COPPER-SILVER DISCOVERY OF GLOBAL SIGNIFICANCE**

March 2020

# Disclaimer

Certain statements in this presentation 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. Forward-looking statements may include, but are not limited to, statements with respect to the future financial or operating performance of the Company and its mineral projects, the estimation of mineral resources, the timing and amount of estimated future production and capital, operating and exploration expenditures. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Azarga Metals Corp. (“**Azarga Metals**” or the “**Company**”) 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. Forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect.

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Forward-looking statements are made as of the date of this presentation and, except as required by applicable securities laws, the Company assumes no obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risks and Uncertainties" section in the Company's MD&A filed with Canadian security regulators.

Certain technical data in this presentation was taken from the technical report entitled “Technical Report and Preliminary Economic Assessment for the Unkur Copper-Silver Project, Kodar-Udokan, Russian Federation” dated effective 30 August 2018 ( “**Technical Report**”) for its Unkur Copper-Silver Project in Russia to support the Preliminary Economic Assessment announced on 30 and 31 August, 2018, and is subject to the assumptions, qualifications and procedures described therein. Additional technical data was derived from the Azarga Metals news release “Azarga Metals Increases Inferred Resource for Unkur with Updated Mineral Resource Estimate” dated 27 April 2018.

The qualified person for any technical information in this presentation is Michael Hopley, President, CEO & Director 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.

# Key themes

A copper-silver discovery of global significance

- Azarga Metals (TSX-V: AZR) owns 100% of the Unkur Copper-Silver Project in the Chara-Aldan area, Russian Far East
- Unkur is a discovery of global significance with current Inferred Resource:
  - 62 Mt @ 0.53% Cu and 38.6g/t Ag (i.e. 0.90% Cu eq) \*
  - 558,000 t (i.e. 1.2 billion pounds) Cu eq \*
- 2018 Unkur PEA envisages a 2.0 Mtpa open-pit mining operation producing a high-grade bulk Cu-Ag concentrate containing 13.2kt Cu and 3.7 Moz Ag per year over an 8-year LOM
- PEA resulted in a pre-tax NPV<sub>8</sub> of US\$203.6M (post-tax US\$147.5M) and an IRR of 28.9%
- Resource remains open in both directions along strike, down-dip & other potential areas to west and east. Azarga's objective in the next phase of exploration is to demonstrate the larger size potential of mineralization at Unkur.

\* See Appendix for details



# Overview: Capitalization and history

## Capitalization

Shares outstanding <sup>1</sup>	93.53m
Share price (TSX-V: AZR) <sup>1</sup>	C\$0.07/share
Market cap (CAD)	~C\$6.5m
Director & officer ownership	~37%

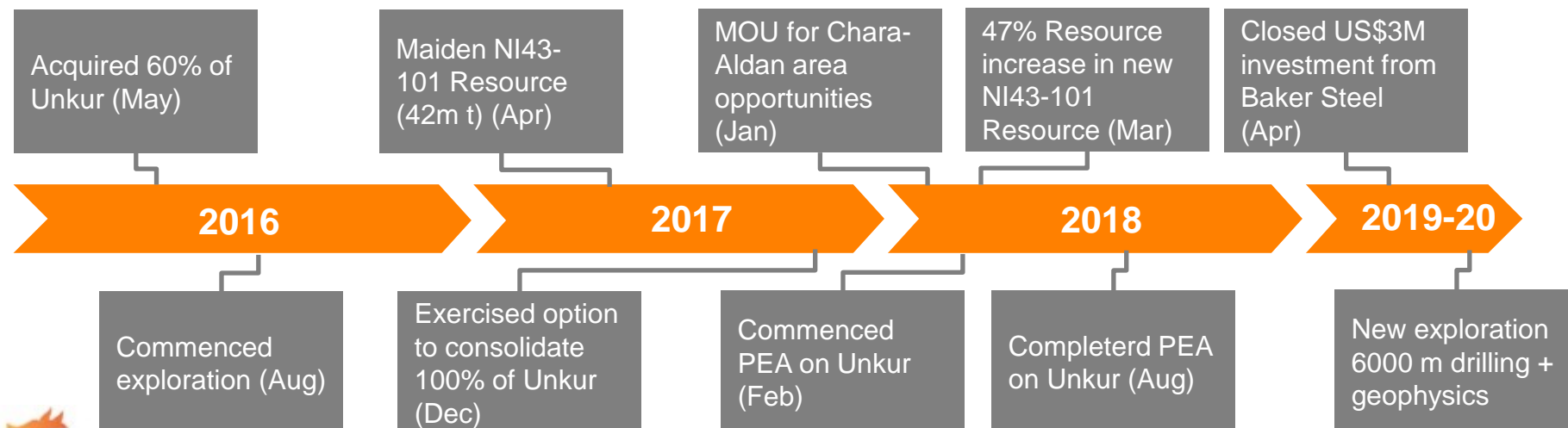
Note: 1. As February 20, 2020 (excludes options and warrants).

## Share price (C\$/share – last 12-months)



Source: TMX Money

## History



# Overview: Leadership

Genuine sector-leading exploration and development experience plus Russia experts

Alexander Molyneux  
(Non-Executive Chairman)

- Experienced large mining company CEO and financier
- CEO Galena Mining (ASX:G1A) (2018 – ), CEO Paladin Energy (ASX:PDN) (2015 – 2018), Non-Exec Chairman of Argosy Minerals (ASX:AGY) (2016 – ), and Non-Exec Director of Metalla Royalty & Streaming (TSXV:MTA) (2018 – )

Michael Hopley  
(President, CEO & Director)

- CEO of Sunridge Gold (TSXV:SGC) (2003 – 2018)
- 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 – )
- Investment Director with Onexim Group (2007 – 2010)
- Graduated Moscow Institute of International Relations and is CFA Charterholder

Blake Steele  
(Non-Executive Director)

- President and CEO of Azarga Uranium (TSX:AZZ) (2015 – )
- Formerly Director of Finance SouthGobi Resources (Ivanhoe Mines)
- Bachelor of Commerce from University of British Columbia, CPA and CBV

Trevor Steel  
(Non-Executive Director)

- Managing Partner, Chief Investment Officer and Co-Founder of Baker Steel Capital Managers LLP
- Past Senior Portfolio Manager at Merrill Lynch Investment Managers specialising in the natural resources sector

Dr Alexander Yakubchuk  
(VP, Exploration)

- 30+ years exploration experience in Russia, FSU and internationally
- Former Exploration Manager Northern Eurasia for Gold Fields (2003-2007)
- Previous work and consulting experience with BHP, Norilsk Nickel, Goldcorp and Rio Tinto

# Unkur Copper-Silver 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 of which have been moved forward to construction

### Unkur, local geography and infrastructure

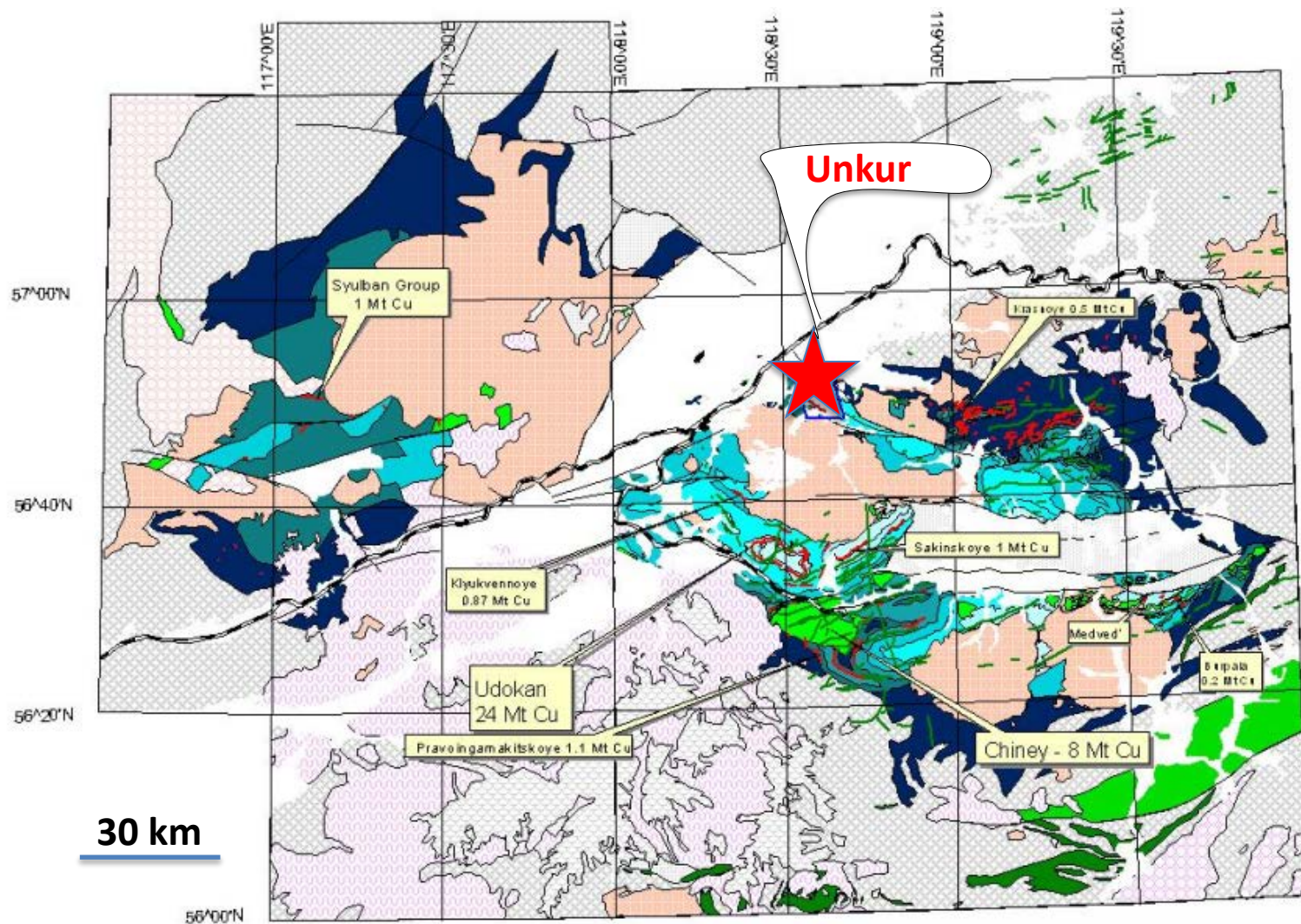


Source: Azarga Metals



# Unkur Copper-Silver Project

Location – just 35 km from Udokan





# Unkur Copper-Silver Project

Infrastructure





# Unkur Copper-Silver Project

## Terrain and infrastructure



### Terrain

- 900 – 1,000m above sea level
- Relatively flat



### Transport

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



### Power

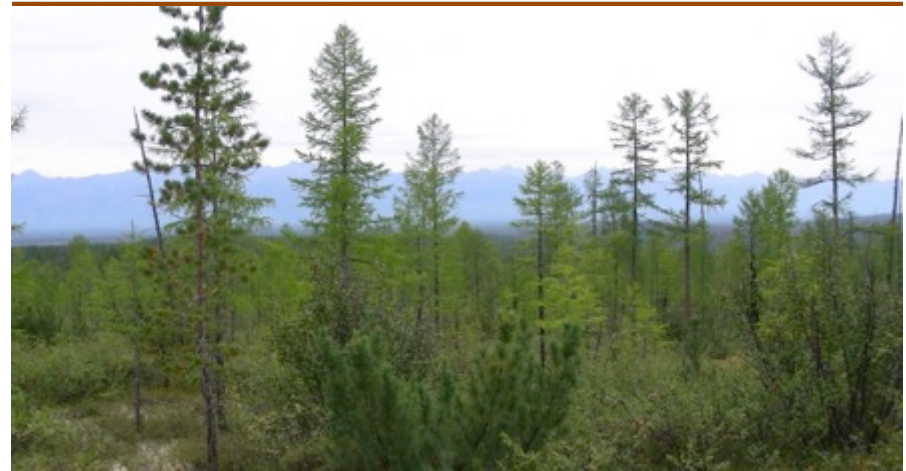
- High voltage substation at Novaya Chara (within 30km) with capacity of 200Mw and power line on the license area



### Water

- Plentiful groundwater nearby
- Kemen. Chara, and Kalar rivers

### Unkur area terrain



### BAM Railway near Chara

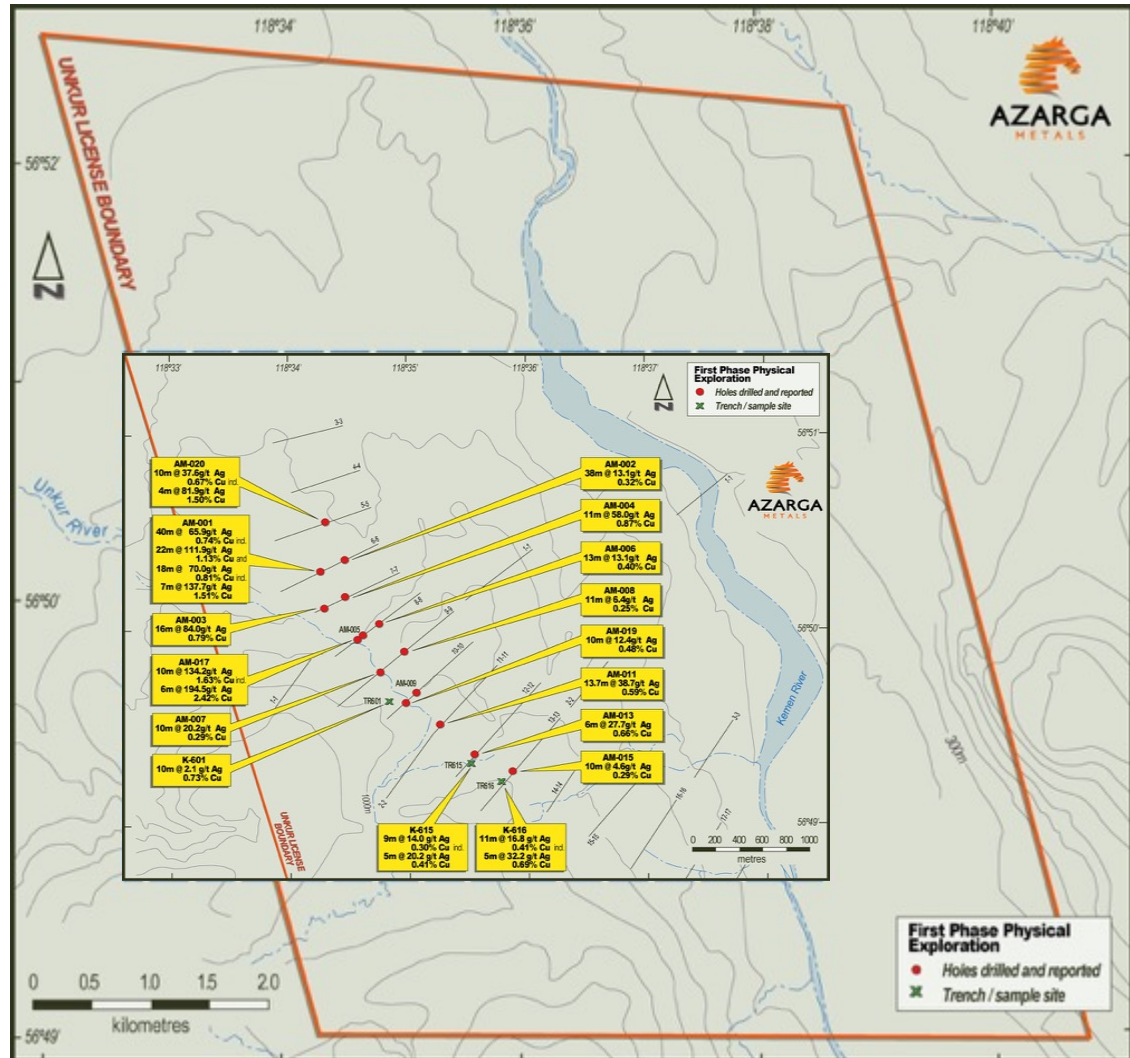


Source: Azarga Metals

# Unkur Copper-Silver Project

The license and completed first phase exploration

- 25-year, 5,390ha mineral exploitation license granted by Russian Federation in 2014
- Some historical exploration (1960s and 1970s) and various resource estimates indicating copper-silver deposit of global significance
- First modern exploration program completed 2016 – 2017
  - 16 diamond core drill-holes (4,580m)
  - Four trenches and sampling of various outcrops
  - 3,400m strike length tested



Source: Azarga Metals



# Unkur Copper-Silver Project

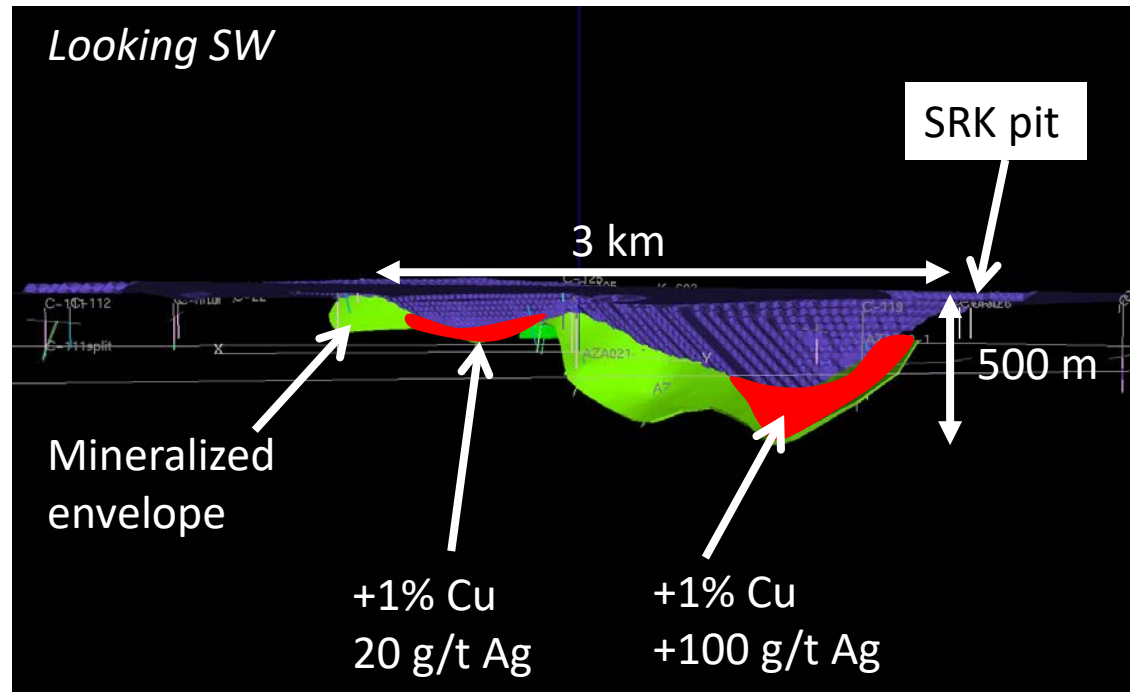
## Summary of PEA

PEA RESULTS		NPV <sub>8</sub> US\$204M (pre-tax)	IRR 29%	Capex US\$187M
PEA outcomes – Production metrics		PEA outcomes – Capital investment and project economics		
Mill throughput	2.0Mtpa	Pre-production capital (incl. US\$37M contingency)	US\$187M	
Initial mine life	8-years	Steady-state average cash flows (yrs 2-7)	US\$76m	
Average LOM copper metal production	13.2ktpa	Project payback from commercial production	3-years	
Average LOM silver metal production	3.7Mozpa	Pre-tax / post-tax NPV (8% discount rate)	US\$204M / US\$148M	
Lead C1 copper direct cash cost	US\$0.38/lb	Pre-tax / post-tax IRR	29% / 24%	

- PEA assumptions include: US\$3.25/lb Cu, US\$20.0/oz Ag and US\$1 = 62.5 Russian Ruble
- Mining is open-pit conventional truck / excavator operation and processing route is sulfidization, acidification, recycle and thickening (SART)
- Outbound logistics by truck via 12-km road to existing highway / BAM railway

# Unkur Copper-Silver Project

Azarga Metals NI 43-101 resource and PEA



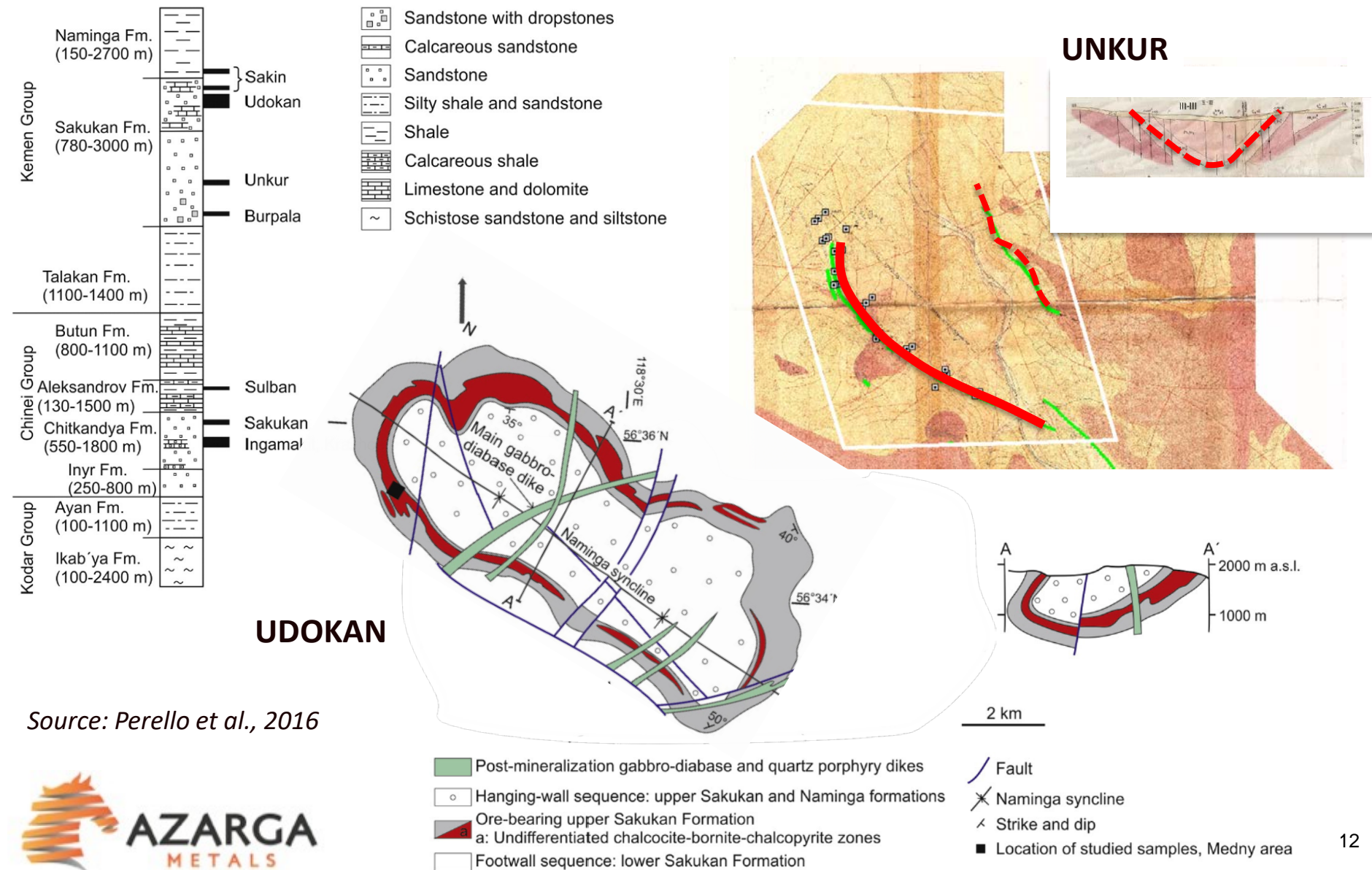
Source: Azarga Metals

- Mineralization is open in both directions along strike
- Mineralization is also open down dip
- Higher grade (+1% Cu) shoots in the northern and southern parts of resource area if 0.4% Cu cut-off grade is applied – this may justify an underground resource



# Unkur Copper-Silver Project

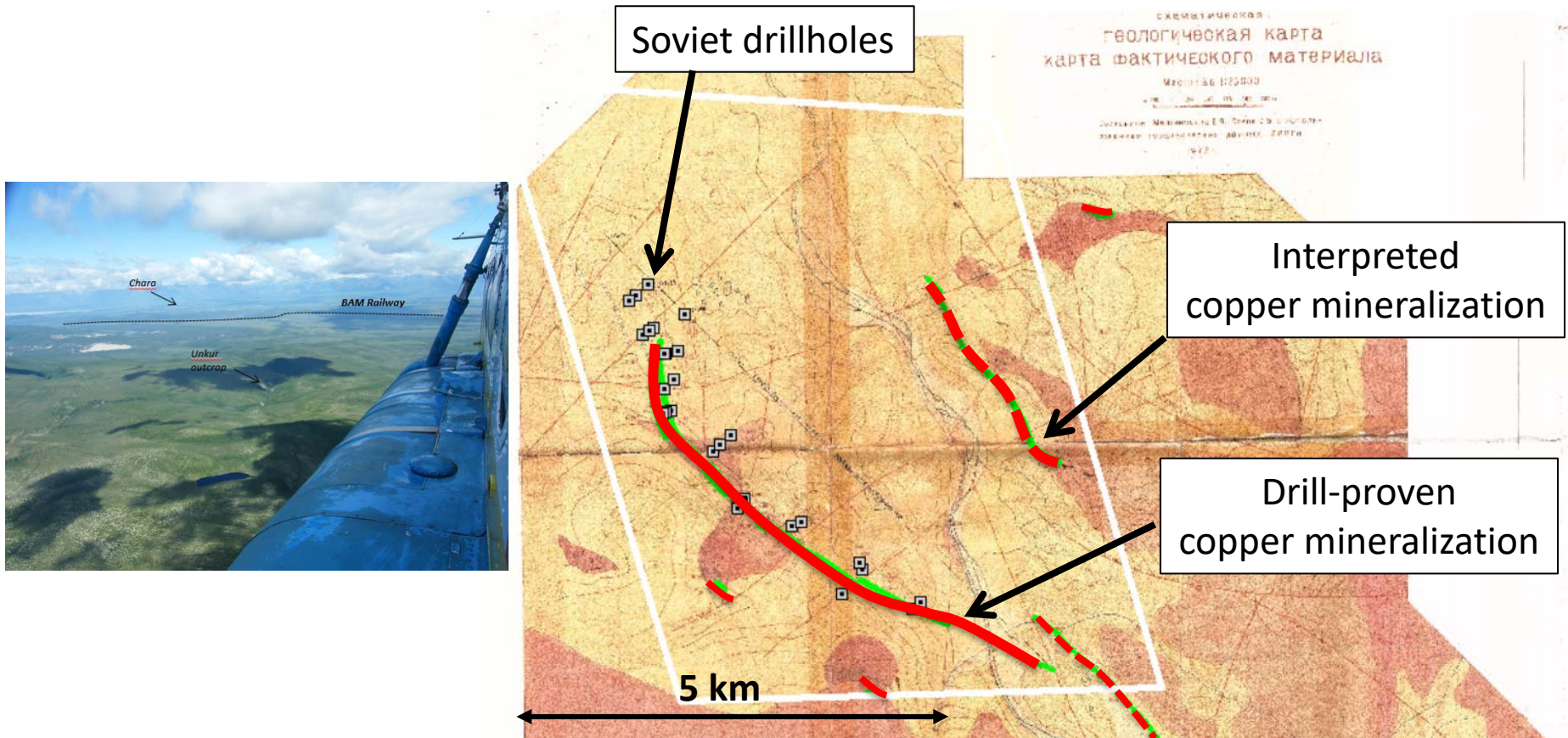
*Unkur vs Udokan – just 35 km away*





# Unkur Copper-Silver Project

*Soviet data*



- +90% moraine cover
- Simple NW-trending syncline, with mineralization on two limbs recognized
- One mineralized horizon only drill-traced over 5 km (Azarga tested only 3.4 km)
- >1 Mt Cu potential endowment estimated historically



# Unkur Copper-Silver Project

*Azarga Metals results – magnetic survey*

★ 2019-2020 drillholes

Favourable magnetic/non-magnetic gradient  
& calcareous/non-calcareous boundary

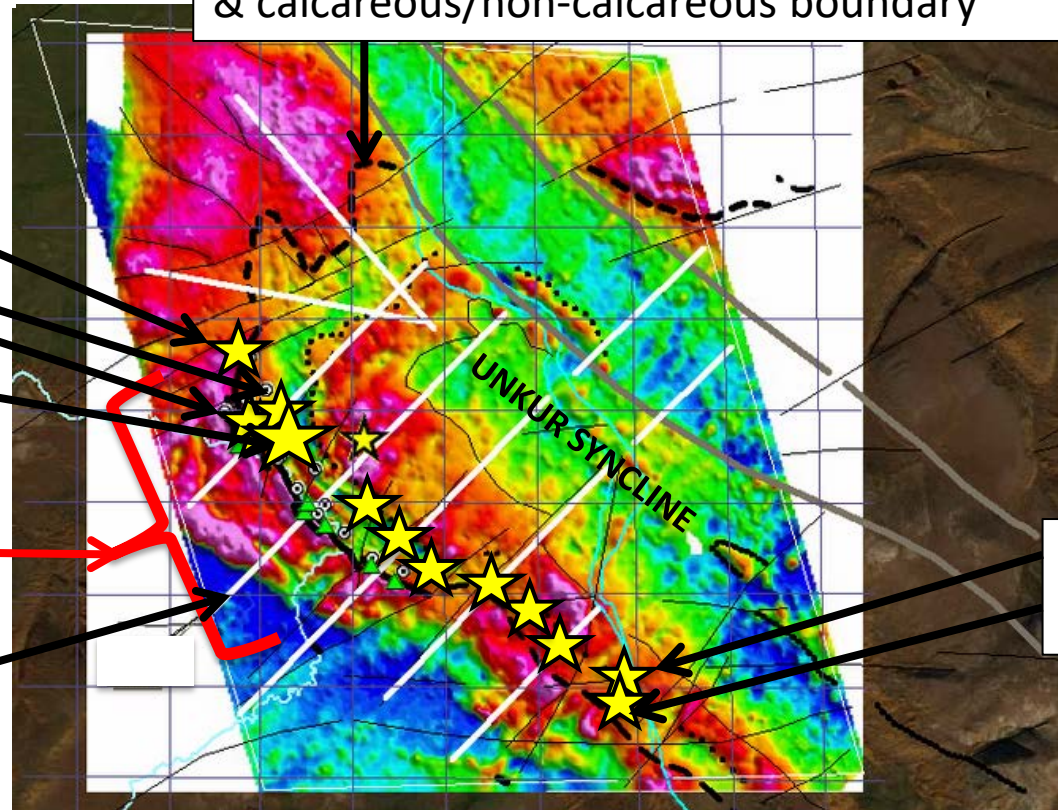
AM19-007  
AM19-006  
AM19-005  
**AM19-004**

NI 43-101 Inferred  
resource

IP lines

AM19-002  
AM19-003

4 km

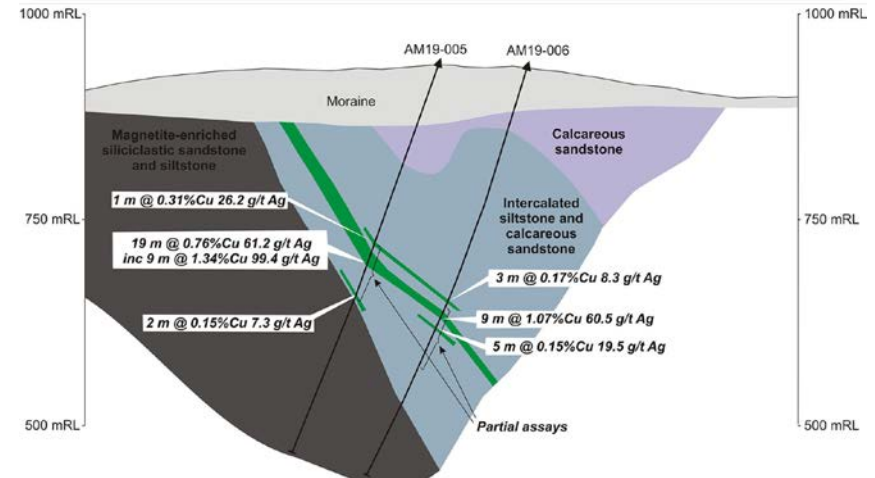
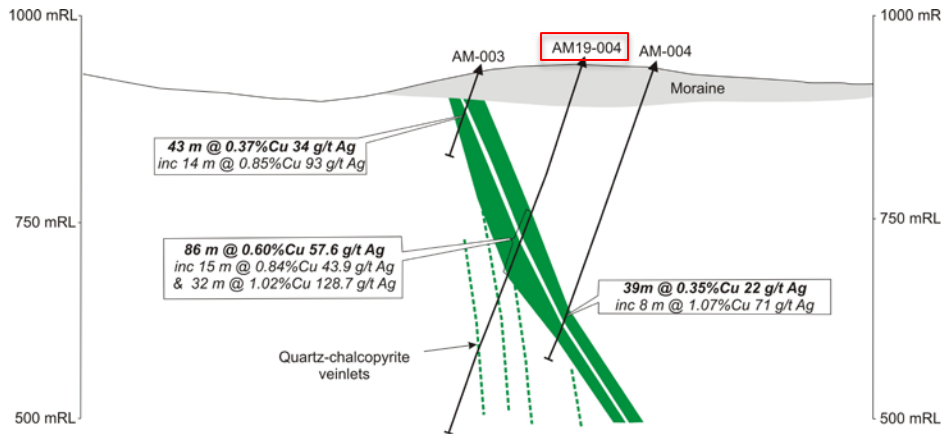


- Azarga's new mag survey shows a **10.4 km** strike length of the copper horizon zone
- Additional **7.8-km-long** stratigraphic horizons with similar pattern
- 2019-2020 drilling confirmed mineralization envelope to extend SE for 2 km from NI 43-101 resource envelope for a total of **5.5 km**

Source: Azarga Metals

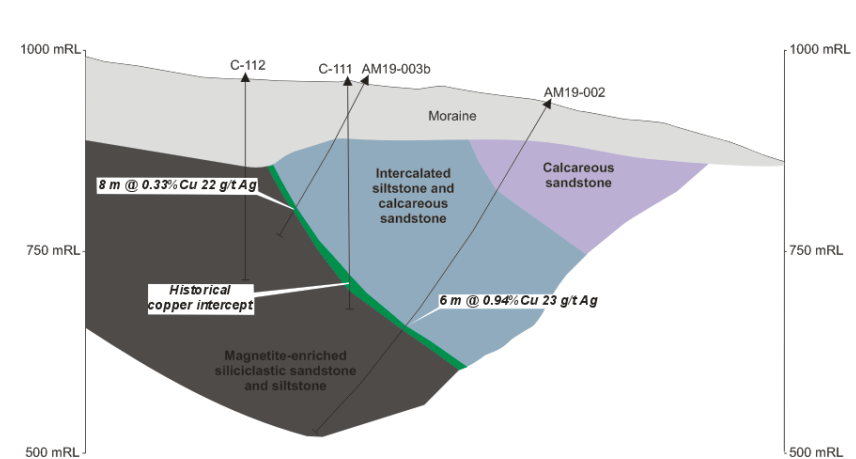
# Unkur Copper-Silver Project

Azarga Metals 2019-2020 results



- 4,400 m (out of 6,000 m) completed by Azarga in 2019-2020
- Project's best intercept in AM19-004:  
**86 m @ 0.6% Cu 57.6 g/t Ag**  
**(86 m @ 1.19% Cu eq\*)**
- +1% Cu** envelope over 1200 m strike and 400 m downdip

\* See appendix for details

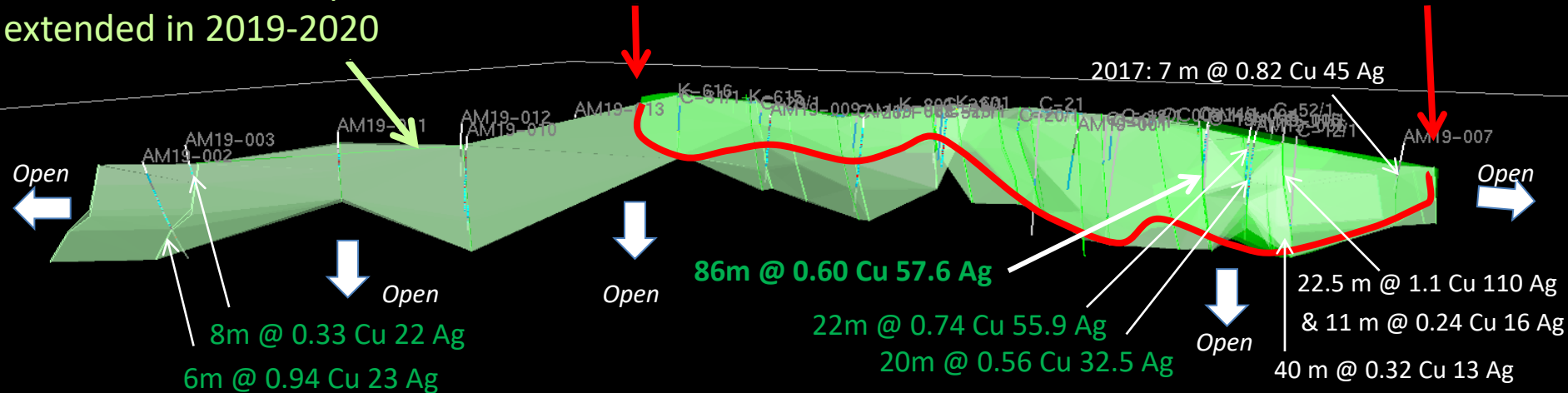


## Azarga Metals 2019-2020 results so far

*Looking SW*

5.5 km

## Mineralized envelope extended in 2019-2020



- Mineralization drill confirmed over **5.5 km** at and near surface
- Better than previous intercepts within the NI43-101 resource envelope
- Most results in expanded envelope are pending
- ~70% expansion in mineralized envelope on strike and downdip based on field results and assays
- Open in all directions



# Unkur Copper-Silver Project

*Azarga Metals results and plans*

- 558,000 t (1.2 billion lb) Cu eq or ~182 Moz Ag eq\* in NI 43-101 Inferred resource reported
- Positive PEA completed
- ~\$2 million 2019/2020 exploration budget to significantly expand the mineralized envelope
- 41 sq km new mag survey over the rest of the license completed
- 28 km of IP survey completed
- 6,000 m drilling programme to be completed in March-April 2020

\*

Formula for Ag equivalent (Cu eq lbs x \$3) ÷ \$20. See appendix for details

# APPENDIX

# Unkur Mineral Resource Estimate – Effective Date March 7<sup>th</sup> 2018

Class	Tonnes (t)	Density	Cu Grade (%)	Ag Grade (g/t)	CuEq (%)	Cu Metal (t)*	Ag Metal (t oz)
Inferred	62,000,000	2.67	0.53	38.6	0.9	328,600	76,881,000

The Unkur PEA is preliminary in nature and is based on Inferred Mineral Resources that are currently considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the Unkur PEA will be realized. There is no certainty that the Inferred Resources will be converted to the Indicated or Measured categories, or that the potential Indicated or Measured Resources would be converted to the Proven or Probable Mineral Reserve categories. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

\*328,600 t Cu = 724,234,400 lb - The copper equivalency formula is:

$$\text{CuEq} = ((\text{Cu \%} * \$3 * 22.04) + (\text{Ag g/t} * \text{US\$20} * 0.0321)) / \$3 / 22.04$$

Where: copper price US\$3.00/lb • copper recovery 100% • silver price US\$20/oz • silver recovery 100%.

Technical Report and Preliminary Economic Assessment for the Unkur Copper-Silver Project, Kodar-Udokan, Russian Federation” dated effective 30 August 2018 prepared by Tetra Tech, Inc.





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