MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended September 30, 2019

(Expressed in Canadian dollars)

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Azarga Metals Corp. (the "Company" or "Azarga") for the year ended September 30, 2019 and up to the date of this MD&A, and should be read in conjunction with the accompanying audited consolidated financial statements for the year ended September 30, 2019, together with the notes thereto (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is January 23, 2020.

Description of the Business

Azarga is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and trade under the symbol AZR.

The Company is engaged in the exploration and, if warranted, development of the Company's 100% owned Unkur Copper-Silver project located in eastern Russia. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

Leadership team

On May 15, 2019, the Company announced the appointment of Michael Hopley as President and Chief Executive Officer and Dr. Alexander Yakubchuk as Vice President, Exploration.

Michael Hopley is the longest serving director of the Company. He has over 40 years of international experience as a geologist and exploration manager for resource companies in the precious metals and base metals sector. For the past 20 years he has managed a number of publicly traded junior resource companies and held a number of executive and board positions with companies conducting mineral exploration. Mr. Hopley was most recently President & CEO of Sunridge Gold Corp. which concluded a successful exploration and development program on the copper-zinc-gold Asmara Project in Eritrea culminating in the sale of the Asmara Project to a large Chinese company in 2016.

Dr. Alexander Yakubchuk brings more than 30 years of operational and executive experience in the Former Soviet Union (FSU), including Russia, Kazakhstan, Kyrgyzstan, and Uzbekistan, as well as Australia, Mongolia, China, Canada, and several European countries. He is currently the Exploration Director of Orsu Metals Corp. (TSX-V: OSU), which is the holder of the Sergeevskoe gold project in the same area of Russia as the Company's Unkur Project. During 2003-07 he held the position of Exploration Manager for Europe and FSU for Gold Fields Limited. Dr. Yakubchuk has previously worked and consulted for companies such as BHP-Billiton, Norilsk Nickel, Goldcorp, Rio Tinto, World Bank and Inco as well as lectured at the Lomonosov Moscow State University.

BSRT Transaction

On April 12, 2019, the Company and Baker Steel Resources Trust Ltd. ("BSRT") completed a secured convertible loan facility pursuant to which BSRT loaned the Company US$3,000,000 (the "Convertible Loan"). The first advance of $1,336,100 (US$1,000,000) was received on signing and the second advance of $2,646,800 (US$2,000,000) was received on August 12, 2019.

The Convertible Loan bears interest at 8% per annum, payable semi-annually, and matures on December 31, 2022. BSRT is permitted to convert some or all of the principal amount of the Convertible Loan into common shares of the Company at a conversion price of $0.14 per common share. Azarga is permitted to convert the interest owing under the Convertible Loan into common shares of the Company at a conversion price equal to the market price on the day of the interest election notice.

The Convertible Loan is secured against the shares of the Company's wholly owned subsidiary Azarga Metals Limited, the beneficial owner of the Unkur Copper-Silver Project. While the Convertible Loan is outstanding, any equity issuance will require the consent of BSRT.

In connection with the Convertible Loan, the Company:

- issued BSRT 13,490,414 share purchase warrants exercisable at a price of $0.17 until April 12, 2021; and
- issued 1,662,499 common shares as a finder's fee.

On April 12, 2019, a director of BSRT became a director of the Company.

In October 2019, the Company issued BSRT 1,470,443 common shares to settle the first semi-annual interest payment of $88,227.

Unkur Copper-Silver Project, eastern Russia

Azarga acquired control of the Unkur Copper-Silver Project, located in the Zabaikalsky administrative region of eastern Russia (relatively near the China-Russia border), in mid-2016 and then embarked on a successful initial exploration program. In 2016-2017, the Company completed 16 diamond core drill-holes at Unkur for 4,580 cumulative linear meters. A Maiden Resource was published in April 2017 and then in March 2018 the Resource was enlarged and a preliminary economic assessment ("PEA") was completed.

The PEA report was filed at the end of August 2018 (see: "Technical Report and Preliminary Economic Assessment for the Unkur Copper-Silver Project, Kodar-Udokan, Russian Federation" dated effective August 30, 2018 filed on SEDAR or the Company's website).

The PEA is based on the current Inferred Mineral Resource estimate of 62 million tonnes at 0.53% copper and 38.6 g/t silver, containing 328,600 tonnes (724 million pounds) of copper and 76.8 million troy ounces of silver. The PEA was positive, envisaging an 8-year mine life producing 13.2 kt of copper and 3.7 million oz of silver per year and resulting in an estimated pre-tax net present value of US$206.3 million (post-tax US$147.5 million) and internal rate of return of 28.9%.

Mineralization at the Unkur project remains open in both directions along strike and at depth.

2019 Magnetic and IP surveys

The funds from BSRT are being used to fund the ongoing exploration program including magnetic and induced polarization geophysical surveys followed by a 6,000-meter diamond drilling program. The combined program represents the largest physical exploration program undertaken on Unkur since Azarga's acquisition of the Unkur project in 2016. The goal of the program is to considerably expand the known mineralized envelope at Unkur.

The Company completed the geophysical survey on the Unkur Project in September 2019, including both a ground magnetic survey and nine induced polarization (IP) traverses, totalling 28-line kilometres. Magnetic survey data already existed over the northwest part (representing about 20%) of the Unkur property – where all of the previous drilling and all of the current resources are located. Azarga believes there is an obvious strong spatial correlation between zones of copper-silver mineralization with zones of contrast between magnetic highs and lows and this correlation was used successfully in guiding the 2016/2017 drilling program (see details in June 26, 2019 Azarga news release) which is the basis of the current Inferred Resource (see below for more detail). It was necessary to have the remaining part of the property (about 41 square km) covered with a magnetic survey to assist in guiding the approximate 6,000-meter core drilling program. The results of both the magnetic and IP geophysical surveys were merged with previous data, edited and interpreted, the results of which identified multiple additional exploration drilling targets. The magnetic survey covers an area four times the area previously covered by similar studies and identifies potentially mineralized horizons more than three times longer than the previously drilled strike length while the IP survey revealed there could be four or five mineralized horizons where previously we thought there may be two or three. These revelations are significant for the potential scale of mineralization at Unkur.

2019/2020 Drill program

The Company's 6,000-meter diamond drilling program began in October 2019 and is expected to be completed by spring 2020 with assay results expected throughout. On November 13, 2019, the Company announced the ongoing diamond drilling program on its Unkur Copper-Silver Project in Eastern Russia is making good progress with over 1,000 meters completed to date. Two recent drill holes numbered AM19-002 and AM19-003b which were drilled at Unkur Southeast target, two kilometers southeast of the current Inferred Resource (see Figure 1 below) intercepted copper sulphide mineralization. This is an area that was identified by the magnetic survey and appears to verify the interpretation that mineralization at Unkur is located between magnetic highs and magnetic lows (see details in October 17, 2019 news release). The copper sulphide seen in drill holes AM19-002 and AM19-003b are encouraging and appear to support the interpretation of the recent geophysical surveys. If the assay results show significant copper and silver grade, this will extend the known envelope of mineralization some considerable distance to the southeast at Unkur and bodes well for the drilling of other areas extending over several kilometres identified as drill targets in the magnetic survey.

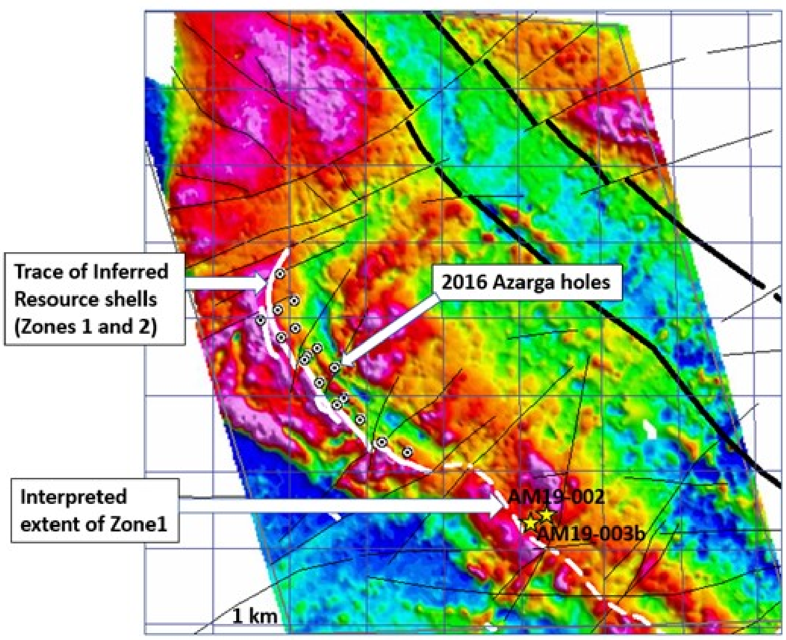

Figure 1. Reduced-to-pole magnetic map showing position of 2016 Inferred Resource shells and 2019 drill holes AM19-002 and AM19-003b.

First assays from the current Unkur drilling program are expected to be received in early 2020 and given the scale of the overall program, drilling is expected to continue through the first quarter of 2020.

Qualified Person

The Company's President and Chief Executive Officer, Michael Hopley, a Qualified Person as defined by NI 43-101, has reviewed and approved the exploration information and resource disclosures contained in this MD&A.

Selected Annual Information

	Fiscal Year Ended September 30, 2019	Fiscal Year Ended September 30, 2018	Fiscal Year Ended September 30, 2017
Statement of Loss:			
Net revenues	$Nil	$Nil	$Nil
Net loss	$(1,562,864)	$(1,165,199)	$(2,574,518)
Basic and diluted loss per share	$(0.02)	$(0.02)	$(0.05)
Financial Position:			
Total assets	$10,747,748	$8,042,578	$2,794,911
Long term debt	$5,176,444	$992,505	$956,853
Dividends	$Nil	$Nil	$Nil

Results of Operations – year ended September 30, 2019

The consolidated net loss for the year ended September 30, 2019 was $1,562,864 (2018 - $1,165,199).

The significant changes between the current year and the comparative year are discussed below.

Exploration and evaluation expenditures for the year ended September 30, 2019 totalled $252,217 (2018 - $323,020) and relate to exploration work on the Unkur project.

Consulting fees totalled $207,099 (2018 - $195,639) for the year ended September 30, 2019 and relate to fees paid the Company's management team. The small increase during the year is due to the changes in the leadership team as described above.

Investor relations were $29,276 during the year ended September 30, 2019 compared to $51,969 in the comparative year. The Company curtailed investor relations activities during the year in order to conserve cash. Now that the Company is funded, investor relations activities are expected to increase.

Share-based compensation expense was $282,695 (2018 - $366,739) and primarily relates to stock options granted and vested during the years presented.

Financing costs on the Convertible Loan totalled $582,819 of which $306,825 was expensed to the statement of loss and comprehensive loss for the year ended September 30, 2019.

During the year ended September 30, 2019, the Company recorded a gain on settlement of trade and other payables of $171,552 as follows:

- On April 16, 2019, the Company paid $46,763 (US$35,000) to the former Chief Executive Officer of the Company to settle fees and expenses totalling $188,415 (US$141,018) and accordingly recorded a gain on settlement of $141,652.

- On May 16, 2019, the Company paid $10,000 to settle outstanding trade and other payables of $39,900 and accordingly recorded a gain on settlement of $29,900.

During the year ended September 30,2018, the Company received $86,485 (£50,000) to cancel the Kremnica NSR royalty and Deferred Payments and accordingly, recorded a gain on sale of project interest of $86,485.

During the year ended September 30, 2019, the Company recorded interest expense of $235,486 on the Convertible Loan, being $78,740 of interest expense on the Convertible Loan which is included in trade and other payables as at September 30, 2019, accretion of $127,842, and amortization of financing costs of $28,904.

During the year ended September 30, 2019, the Company accrued interest of $23,576 (2018 – $11,782) on current shareholders loans. All accrued interest was paid in April 2019.

During the year ended September 30, 2019, the Company accrued interest of $122,348 (2018 - $118,106) on non-current shareholder loans. All accrued interest is not payable until the Convertible Loan is settled.

Summary of Quarterly Results

	Three Months Ended September 30, 2019	**Three Months Ended June 30, 2019**	**Three Months Ended March 31, 2019**	**Three Months Ended December 31, 2018**
	$	$	$	$
Revenue	-	-	-	-
Net loss	(695,473)	(535,891)	(98,540)	(232,960)
Net loss per share, basic and diluted	(0.01)	(0.01)	(0.00)	(0.00)

	Three Months Ended September 30, 2018	**Three Months Ended June 30, 2018**	**Three Months Ended March 31, 2018**	**Three Months Ended December 31, 2017**
	$	$	$	$
Revenue	-	-	-	-
Net loss	(214,278)	(266,582)	(487,262)	(197,077)
Net loss per share, basic and diluted	(0.00)	(0.01)	(0.01)	(0.00)

Trends

The Company is an exploration company. At this time, issues of seasonality or market fluctuations have had a minor impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net income (loss) for each quarter. The Company's treasury, in part, determines the levels of exploration.

The level of the Company's exploration and evaluation expenditures is largely determined by the strength of resource capital and commodity markets and its ability to obtain investor support for its projects.

Liquidity and Capital Resources

Azarga began the fiscal year with $20,449 of cash. During the year ended September 30, 2019, the Company spent $1,063,416 on operating activities, net of working capital changes, and received $3,642,029 from financing activities to end at September 30, 2019 with $2,599,062 of cash.

In April 2019, the Company and BSRT executed the Convertible Loan pursuant to which BSRT loaned the Company $3,982,900 (US$3,000,000 in two tranches of $1,336,100 (US$1,000,000) in April 2019 and $2,646,800 (US$2,000,000) in August 2019). The company paid cash transaction costs of $46,763.

In December 2017, the Company entered into a loan facility agreement with certain shareholders of the Company whereby the shareholders agreed to loan the Company up to $550,000. During the year ended September 30, 2019, the Company was advanced $232,650. On April 15, 2019, the Company paid $526,758, being $491,400 of principal and $35,358 of interest, in full and final settlement of the shareholders loans.

As at September 30, 2019, the Company had working capital of $2,446,218. However, given that management intends to continue to explore the Unkur project, management estimates that this working capital will not provide the Company with sufficient financials resources to carry out currently planned operations and exploration through the next twelve months. Additional financing will be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Fourth Quarter

The Company began the fourth quarter with $343,862 of cash. During the fourth quarter, the Company spent $391,600 on operating activities, net of working capital changes, and received $2,646,800 from the second advance of the Convertible Loan to end the quarter and the year with $2,599,062 of cash.

Related Party Transactions

a) Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer, the VP Exploration, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel, which includes the amounts disclosed above, during the year ended September 30, 2019 and 2018 were as follows:

	Year ended September 30,	
	2019	2018
Consulting fees *	$ 207,099	$ 195,639
Share-based compensation	282,695	340,150
	$ 489,794	$ 535,789

* includes $72,917 (2018 – $50,000) paid to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by the Chief Financial Officer and Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, Corporate Secretary, and accounting and administrative staff to the Company.

b) Shareholder loans – current

		September 30, 2019	September 30, 2018
Related shareholders	Relationship		
Alexander Molyneux	Director	$ -	$ 60,750
Eugene McCarthy	greater than 10% shareholder	-	19,500
Blake Steele	Director	-	13,500
OC Management Group Ltd.	Principal is a Director	-	67,500
Insignia Partners Limited	Principal is an Officer	-	67,500
		-	228,750
Non-related shareholder		-	30,000
Total		$ -	$ 258,750

On December 6, 2017, the Company entered into a loan facility agreement with certain shareholders of the Company whereby the shareholders agreed to loan the Company up to $550,000. The advances bore interest at a rate of 10% per annum.

During the year ended September 30, 2019, the Company was advanced $232,650 (2018 - $258,750). During the year ended September 30, 2019, the Company accrued interest of $23,576 (2018 - $11,782) on the amounts advanced by shareholders. On April 15, 2019, the Company paid $526,758, being $491,400 of principal and $35,358 of interest, in full and final settlement of the shareholders loans.

c) Shareholder loans – non-current

Related shareholders	Relationship		September 30, 2019		September 30, 2018
Principal payable					
Alexander Molyneux	Director	$	322,325	$	315,072
Eugene McCarthy	greater than 10% shareholder		322,857		315,591
Blake Steele	Director		71,687		70,074
OC Management Group Ltd.	Principal is a Director		145,855		142,574
Insignia Partners Limited	Principal is an Officer		152,629		149,194
			1,015,353		992,505
Interest payable			284,077		-
Total		$	1,299,430	$	992,505

On acquisition of the initial 60% interest in Azarga Metals Limited, the Company assumed the obligation to repay certain existing loans made by certain of the selling shareholders of Azarga Metals Limited. The amounts due are unsecured and bear interest at the rate of 12% per annum, which was payable annually on each anniversary date. The principal must be paid by May 31, 2023. As part of the financing with BSRT, all accrued interest is now payable once the Convertible Loan is settled. Accordingly, accrued interest totalling $220,691 was reclassified from trade and other payables.

As at September 30, 2019, the principal amount owing to shareholders was $1,015,353 (US$766,709) (2018 – $992,505 (US$766,709)) plus accrued interest of $284,077 (US$214,510) (2018 – $158,910 (US$122,757) which was included in trade and other payables).

During the year ended September 30, 2019, the Company accrued interest of $122,348 (2018 – $118,106) on the shareholder loans.

During the year ended September 30, 2018, the Company accrued interest of $118,106 (US$92,005) (2017 - $131,506 (US$96,981)) on the shareholder loans.

d) Amounts due to related parties included in trade and other payables

		September 30, 2019		September 30, 2018
Director fees owing to a former director	$	14,333	$	14,333
Salaries and benefits owing to the former CEO		-		118,970
Salaries and benefits owing to Golden Oak		-		65,625
Reimbursement of expenses owing to officers and directors		480		6,757
Total	$	14,813	$	205,685

e) Management Bonus

On July 8, 2016, the Board of Directors of the Company awarded a one-time bonus of 400,000 common shares to the Chief Executive Officer and 100,000 common shares to the Corporate Secretary. The shares were issued equally in three tranches beginning six months from the date of award. During the year ended September 30, 2018, the Company recorded $6,679 as share-based compensation with a credit to obligation to issue shares. During the year ended September 30, 2018, the Company settled the final third of this obligation by the issue of 166,668 common shares valued at $36,666.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 7 to the Financial Report.

Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at September 30, 2019	92,060,971	13,490,414	7,215,000
Issuance of shares to BSRT to settle the first semi-annual interest payment	1,470,443	-	-
Balance as at the date of this MD&A	93,531,414	13,490,414	7,215,000

Use of accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Carrying value and recoverability of exploration and evaluation assets

Management has determined that acquisition costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, preliminary economic assessment, accessibility of facilities and existing permits.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

Going concern assumption

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

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent Company as well as the functional currency of the Company's BVI, Cyprus, Slovakian, and Russian subsidiaries is the Canadian dollar.

Convertible loan

The terms and conditions of financial liabilities may contain embedded derivatives. In April 2019, the Company completed a secured convertible loan facility. The Company evaluated whether the convertible loan contained an embedded derivative and determined that the conversion feature does not qualify as equity as it does not satisfy the "fixed for fixed" requirement. The number of potential common shares to be issued is contingent on a variable carrying amount for the financial liability. The liability is variable because the functional currency of the Company is Canadian dollars and the convertible loan is denominated in US dollars, therefore the amount to be settled depends on the foreign exchange rate at the date of settlement. Consequently, the conversion feature is classified as a derivative liability recorded at fair value and is separated from the debt host instrument. The derivative value was determined using the Black-Scholes option pricing model and the residual value was attributed to the host loan component.

New Accounting Standards

Refer to the discussion of "New standards, interpretations and amendments not yet effective" in Note 3 to the Financial Report. The Company has not applied any of the new and revised IFRS detailed therein, all of which have been issued but are not yet effective at the date of this MD&A.

Financial Instruments and Risk Management

Financial Instruments

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

Financial Instruments	Category	September 30, 2019	September 30, 2018
Cash	FVTPL	$ 2,599,062	$ 20,449
Receivables	Amortized cost	42,751	4,663
Trade and other payables	Amortized cost	205,928	681,834
Shareholder loan - current	Amortized cost	-	258,750
Convertible loan - liability component	Amortized cost	2,260,863	-
Convertible loan - derivative component	FVTPL	1,616,151	-
Shareholder loan - non-current	Amortized cost	1,299,430	992,505

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

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values for receivables, trade and other payables and shareholder loans (current) approximate their fair value due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash is determined based on Level 1 of the fair value hierarchy.

The carrying values of convertible loans (liability component) and shareholders loans (non-current) are measured at amortized cost. The carrying value of convertible loans (derivative component) is determined based on Level 3 of the fair value hierarchy.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk in its cash by only investing its cash with high credit quality financial institutions in business and savings accounts. The Company's receivables primarily include balances receivable from government agencies. The Company is exposed to some risk on amounts due from these government agencies; however, to date the Company has been successful on collecting on its receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. The Company is exposed to liquidity risk.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risk on cash is not considered significant. The interest rates on the Convertible Loan and amounts due to shareholders are fixed.

(b) Foreign Currency Risk: The Company expects to raise equity predominately in Canadian dollars; however, transactions are transacted in Canadian dollars, US dollars, and Russian Rubles. As such, the Company is subject to fluctuations in the exchange rate between the Canadian dollar and the US dollar and Russian Ruble. As at September 30, 2019, the Company holds 95% of its cash in foreign currencies. Management believes the foreign exchange risk related to currency conversions is minimal and therefore, does not hedge its foreign exchange risk. The effect of a 10% change in the foreign exchange rate on cash held in US dollars and Russian Rubles at September 30, 2019 would be approximately $247,000. In addition, the Company holds its Convertible Loan and shareholder loans in US dollars and is therefore subject to fluctuations in the exchange rate between the US dollar and the Canadian dollar. The effect of a 10% change in the foreign exchange rate on the Convertible Loan and shareholder loans held in US dollars at September 30, 2019 would be approximately $527,000.

(c) Commodity Price Risk: While the value of the Company's exploration and evaluation assets is related to the price of copper and silver and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect to its operational activities.

Historically, the price of copper and silver has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to copper and silver.

(d) Political Uncertainty: In conducting operations in Russia, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Russia and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Cautionary Note Regarding Forward-looking Statements

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

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

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

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.azargametals.com.