# MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the year ended September 30, 2023**

(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, 2023 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, 2023, 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 26, 2024.

## 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 mineral resource projects in Canada. 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.

On June 27, 2023, the Company completed a 10 for 1 share consolidation. All share and per share amounts in this MD&A and the Financial Report have been restated to reflect this share consolidation.

## Marg VMS Project, Yukon, Canada

The Marg Project is an undeveloped high-grade copper-rich volcanogenic massive sulphide ("VMS") deposit located in the Keno Hill Silver District, Yukon Territory, approximately 40 kilometres east of Keno City and 465 kilometres by road north of Whitehorse. The Marg Project claims are located within the First Nation of the Nacho Nyak Dun ("FNNND") traditional territory.

*IP Survey*

In late 2022, the Company completed an induced polarization ("IP") survey at the Marg Project which covered a significant portion of the known Marg VMS horizon, as well as an area immediately north of strong multi-element soil geochemical anomalies lying along an interpreted fold repetition of the Marg VMS horizon (Figure 1).

In May 2023, the Company received the final report on the IP survey at its Marg Project. The IP survey was undertaken by Abitibi Geophysics Inc. ("Abitibi"), over, across, and along strike from the Marg deposit, with the goal of assisting to identify drill targets which could extend the known Marg mineralization or discover new zones of interest with similar signatures. The highest priority areas were covered by the IP survey; however, due to winter weather conditions, a minor number of peripheral lines had to be deferred until a later date. The IP survey data was acquired using a "sounding-style" Wenner array to identify resistive and chargeable features. Where chargeable zones with high resistivity coincide, the "Gold Index parameter" amplifies the response (Figure 3). In the IP survey, two such zones, both relatively continuous along strike, were identified, with Zone A lying to the north of Zone B (Figure 2 & 3). Zone A is interpreted as the probable "up-dip", near surface mineralized Marg horizon, and Zone B, an apparently sub-parallel horizon, is interpreted as a possible fold repeat of Zone A (and hence of the known Marg horizon), across a tight overturned fold, with both limbs dipping to the south and extending beyond the depth of investigation of the IP survey.

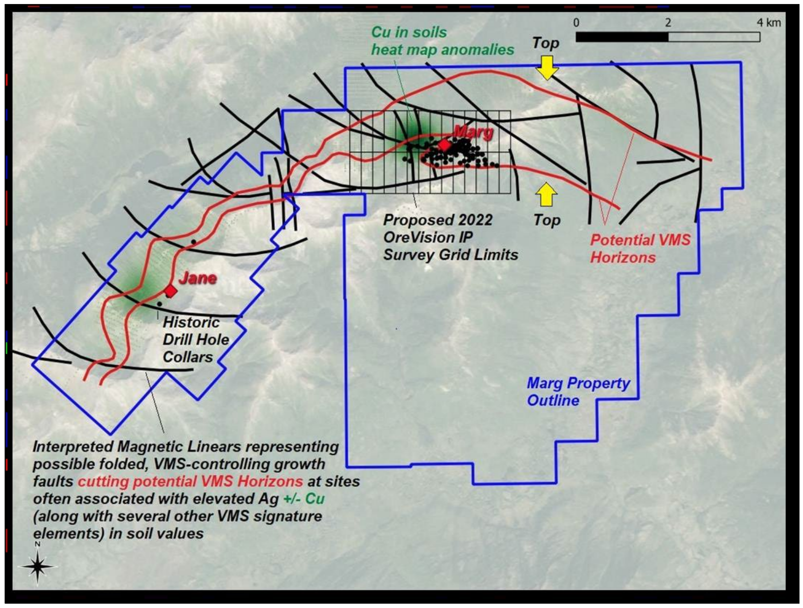


Figure 1. Location of the 2022 proposed IP survey, historic drill holes and Cu in Soils heat map

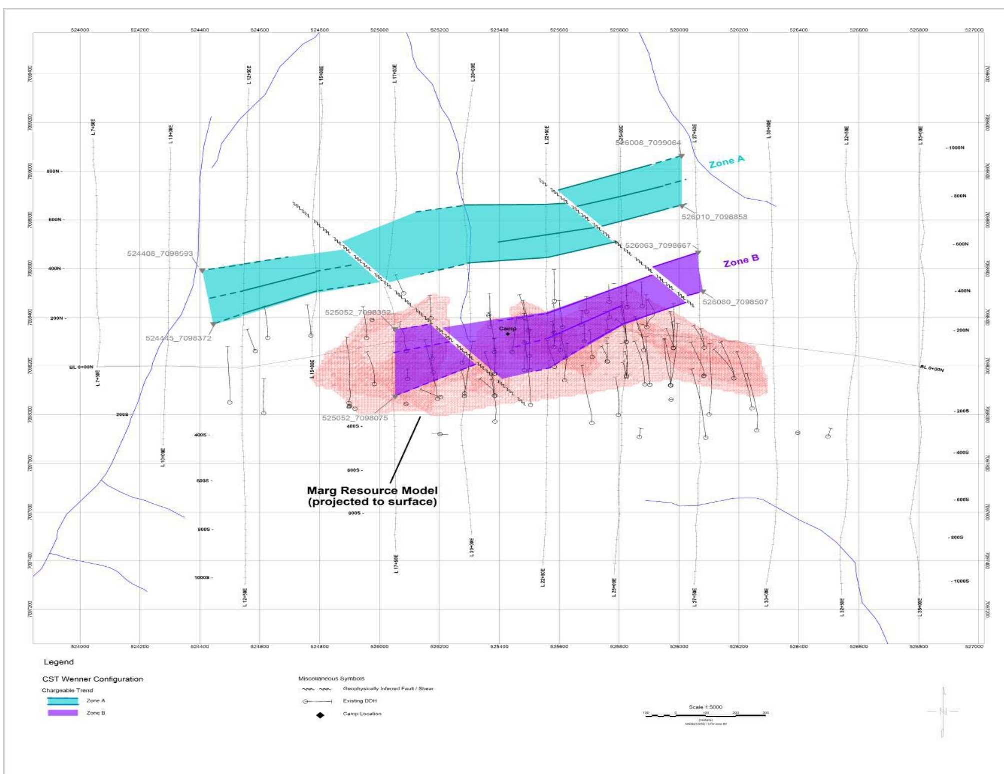


Figure 2. Chargeable Zones A and B with historical Marg resource model (red)

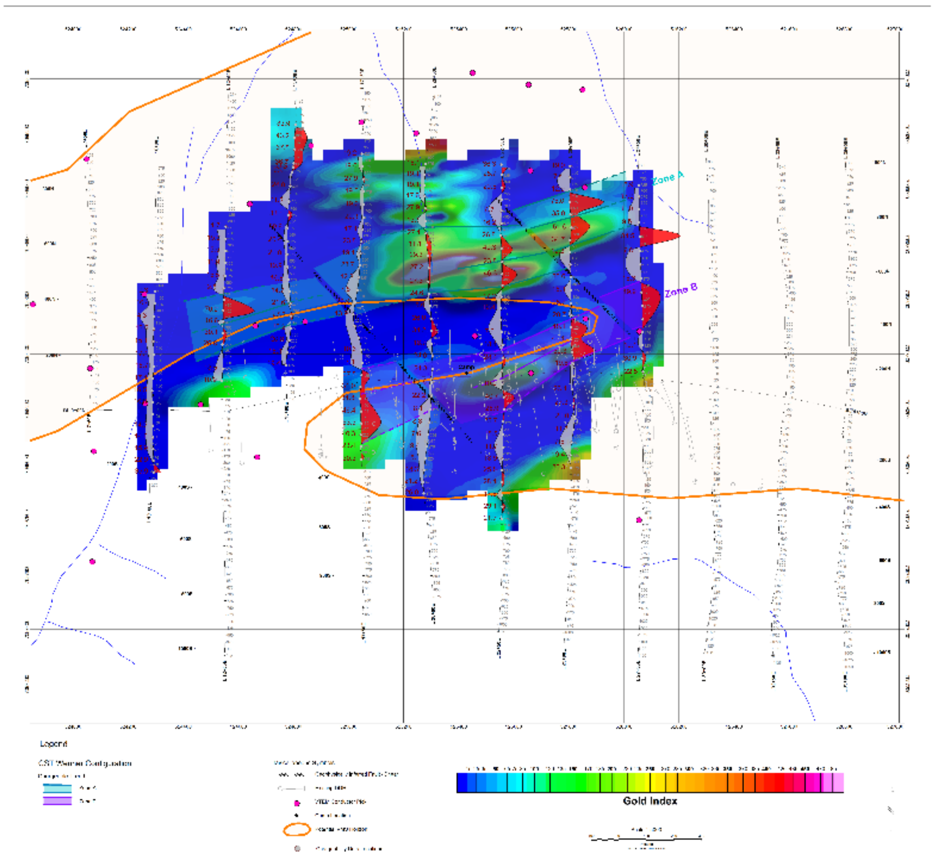


Figure 3. Gold Index parameter (Abitibi) showing interpreted mineralized horizons (Zones A and B) at the Marg Project.

The next steps for the Marg Project include:

- Further review of the historical geophysical and geochemical database (incl. re-interpretation of underutilized VTEM data).
- Extension of the IP survey at the Marg Project and potentially the Jane Zone with a deeper penetrating array during the summer/autumn season (see chargeable Zones A and B in Figure 2).
- Drill test the Marg Project target extensions and the highly prospective Jane Zone geophysical target.

*Mineral Resources Estimate*

The most recent NI 43-101 Mineral Resource estimate for the Marg Project (see Table 1 below) was completed by Mining Plus Canada Consulting Ltd. in 2016 and incorporated into a preliminary economic assessment ("PEA") for the project titled "Revere Development Corp, Marg Project Preliminary Economic Assessment, Technical Report, Yukon Canada" and dated August 31, 2016.

The mineral resource estimate in the 2016 PEA was prepared in accordance with NI 43-101 standards and is considered by Azarga management to have a high degree of reliability, however, the resource has not been verified by Azarga and is considered historical in nature. A qualified person representing Azarga has not done sufficient work to classify the historical estimate as a current mineral resource and Azarga is not treating it as a current mineral resource.

***Table 1 – August 31, 2016 Historical Resource estimate for Marg Project at a 0.5% copper equivalent cut-off (combining high-grade and low-grade zones)[1]***

| Category | Tonnage (mt) | Cu% | Pb% | Zn% | Ag g/t | Au g/t |
|---|---|---|---|---|---|---|
| Indicated | 3.7 | 1.5 | 2.0 | 3.8 | 48 | 0.76 |
| Inferred | 6.1 | 1.2 | 1.7 | 3.4 | 44 | 0.74 |

*Note: 1. Where CuEq% was calculated = Cu% + 0.28 Pb% + 0.32 Zn% + 0.39 Au g/t + 0.0055 Ag g/t, which was assessed based on the following metal price and recovery assumptions: Cu price of 2.5 US$/lb and recovery of 80% (96.5% payable); Pb price of 0.8 US$/lb and recovery of 70% (95% payable); Zn price of 0.8 US$/lb and recovery of 90% (85% payable); Au price of 1100 US$/oz and recovery of 50% (90% payable); and Ag price of 16 US$/oz and recovery of 50% (90% payable).*

## Qualified Person

Charles J. Greig, P.Geo., a consultant to Azarga and a Qualified Person as defined by NI 43-101, is relying on the IP Survey, CTS Wenner Configuration, logistics and interpretation report prepared for Azarga by Abitibi Geophysics Inc. dated February 2023 for certain disclosure regarding the geophysical interpretation and conclusions contained in this MD&A.

## Sale of Unkur Project in Russia

In early 2022, countries around the world imposed a number of sanctions on Russia in response to its invasion of Ukraine. These sanctions adversely affected the Company's ability to fund its operations in Russia and its ability to maintain the Unkur license in good standing. During the year ended September 30, 2022, the Company determined that these events cast significant uncertainty over the Company's Russian operations and accordingly, the Company recorded an impairment of exploration and evaluation assets of $8,012,117 on the Unkur project.

In June 2022, the Company granted Baker Steel Resources Trust Ltd. ("BSRT") the option to acquire the Unkur project for US$1.00 (the "Unkur Option") until December 31, 2023 in exchange for BSRT agreeing to convert its outstanding convertible loan into common shares. BSRT is considered to be a related party by virtue of a former director of the Company being the Managing Partner of BSRT. In addition, BSRT owned approximately 30% of the Company's common shares as at September 30, 2022.

In February 2023, the Company entered into a share purchase agreement with a non-sanctioned third-party buyer to sell its wholly owned subsidiaries, Azarga Metals Limited, Shilka Metals Ltd., and Tuva-Kobalt LLC, the owner of the Unkur project. As consideration, the buyer paid the Company $1 (US$1) for the Unkur project and $102,074 (US$74,999) for the assignment and assumption of the intercompany debt, as well as contingent consideration equal to half of the net proceeds paid to the buyer from any subsequent sale of the Unkur project ("Contingent Consideration"). Further, BSRT waived its right to acquire the Unkur project under the Unkur Option, however, pursuant to the Unkur Option, the Contingent Consideration, if received, will be split as follows: 90% to BSRT and 10% to the Company for any amount up to US$3.5 million and 80% to BSRT and 20% to the Company for any amount above US$3.5 million.

**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 period. 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.

**Selected Annual Information**

| | Year Ended September 30, 2023 | Year Ended September 30, 2022 | Year Ended September 30, 2021 |
|---|---|---|---|
| Statement of Loss: | | | |
| Net revenues | $Nil | $Nil | $Nil |
| Loss | $(729,135) | $(9,589,863) | $(1,865,443) |
| Basic and diluted loss per share | $(0.03) | $(0.67) | $(0.17) |
| Financial Position: | | | |
| Total assets | $1,001,941 | $1,269,375 | $9,031,207 |
| Total Liabilities | $1,010,131 | $2,637,617 | $6,387,385 |
| Dividends | $Nil | $Nil | $Nil |

**Financial Condition and Results of Operations – year ended September 30, 2023**

The loss and comprehensive loss for the year ended September 30, 2023 was $729,135 compared to $9,589,863 for the year ended September 30, 2022.

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

Consulting fees totalled $274,000 (2022 - $357,956) for the year ended September 30, 2023 and relate to fees paid to the Company's management team. The prior year consulting fees included fees for the Company's former VP Exploration.

Exploration and evaluation expenditures for the year ended September 30, 2023 totalled $228,949 compared to $477,892 in the comparative year. In the current year, the Company incurred $180,472 on its Marg project and $48,477 on its Unkur project compared to $192,438 on its Marg project and $285,454 on its Unkur project in the comparative year. Marg project exploration costs were comparable year-on-year whereas the exploration expenses on the Unkur project decreased as the project was sold during the current year.

Investor relations totalled $129,140 for the year ended September 30, 2023, including the draw down of prepaid expenses of $82,500, compared to $94,121 in the comparative year. In the current year, these fees primarily relate to a firm providing market stability and liquidity and a firm providing electronic advertising campaigns including interviews with the CEO. In the comparative year, the expenses primarily related to a dedicated marking making services agreement.

Professional fees for the year ended September 30, 2023 totalled $70,352 compared to $206,168 in the comparative year. The professional fees in the prior year primarily relate to legal fees incurred in connection to the acquisition of the Marg project.

Share-based compensation expense for the year ended September 30, 2023 was $49,005 (2022 - $210,827) and relates to stock options that vested during the year.

As described above, the Company sold its wholly owned subsidiaries, Azarga Metals Limited, Shilka Metals Ltd., and Tuva-Kobalt LLC, the owner of the Unkur project, and as a result recorded a gain on sale of subsidiaries of $111,524 in the current year.

During the year ended September 30, 2023, the Company issued the following common shares to settle trade and other payables and accordingly recorded a gain on settlement $62,812:

- In January 2023, the Company issued 400,000 common shares valued at $80,000 to settle trade and other payables of $95,892 and accordingly recorded a gain on settlement of trade and other payables of $15,892.

- In July 2023, the Company issued 400,000 common shares valued at $40,000 to Golden Oak (defined below) to settle trade and other payables of $60,000 and accordingly recorded a gain on settlement of trade and other payables of $20,000.

- In July 2023, the Company issued 538,398 common shares valued at $53,840 to settle trade and other payables of $80,760 and accordingly recorded a gain on settlement of trade and other payables of $26,920.

During the year ended September 30, 2022, the Company issued BSRT 374,376 common shares valued at $205,907 to settle its semi-annual interest payment of $187,166 and accordingly recorded a loss on settlement of trade and other payables of $18,741.

During the year ended September 30, 2022, the Company settled the convertible loan with BSRT, and BSRT agreed, among other things, to waive all accrued interest. Accordingly, the Company recorded a gain on settlement of the convertible loan interest of $259,676.

During the year ended September 30, 2023, the Company accrued interest on the shareholder loans of $62,110 (2022 - $119,376). In July and September 2023, the shareholder loans were settled in full as described below.

During the year ended September 30,2022, the Company accrued interest of $400,919 on the convertible loan. The convertible loan with BSRT was converted into common shares in June 2022 thus no interest was accrued in the current year.

During the year ended September 30, 2022, the Company recorded an impairment of exploration and evaluation assets of $8,012,117 on the Unkur project as described above.

**Summary of Quarterly Results**

| | Three Months Ended September 30, 2023 | Three Months Ended June 30, 2023 | Three Months Ended March 31, 2023 | Three Months Ended December 31, 2022 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Revenue | - | - | - | - |
| Loss | (154,258) | (134,171) | (114,783) | (325,923) |
| Loss per share, basic and diluted | (0.00) | (0.01) | (0.00) | (0.02) |

| | Three Months Ended September 30, 2022 | Three Months Ended June 30, 2022 | Three Months Ended March 31, 2022 | Three Months Ended December 31, 2021 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Revenue | - | - | - | - |
| Loss | (713,093) | (9,190) | (8,346,745) | (520,835) |
| Loss per share, basic and diluted | (0.03) | (0.00) | (0.62) | (0.02) |

**Fourth Quarter**

The Company began the fourth quarter with $159,558 of cash. During the fourth quarter, the Company spent $36,423 on operating activities, net of working capital changes, to end the quarter and the year with $123,135 of cash.

**Liquidity and Capital Resources**

The Company began the current fiscal year with cash of $184,074. During the year ended September 30, 2023, the Company spent $305,187 on operating activities, net of working capital changes, received $141,748 from investing activities, and received $102,500 from a private placement to end at September 30, 2023 with a cash balance of $123,135.

In November 2022, the Company completed the second and final tranche of a non-brokered private placement through the issuance of 706,667 units at a price of $0.15 per unit for gross proceeds of $106,000. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of $0.50 per share until November 7, 2025.

As at September 30, 2023, the Company had a working capital deficit of $877,273. The Company needs to complete a financing in order 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 cast significant doubt upon the Company's ability to continue as a going concern.

**Related Party Transactions**

a) Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the year ended September 30, 2023 and 2022 were as follows:

| | Year ended September 30, 2023 | | Year ended September 30, 2022 | |
|---|---|---|---|---|
| Consulting fees | | | | |
| Chief Executive Officer | $ | 174,000 | $ | 174,000 |
| Golden Oak * | | 100,000 | | 100,000 |
| Former VP Exploration | | - | | 83,956 |
| | | 274,000 | | 357,956 |
| Share-based compensation | | 49,005 | | 191,755 |
| | $ | 323,005 | $ | 549,711 |

* Golden Oak Corporate Services Ltd. ("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) Prepaid expenses

In September 2022, the Company advanced the Chief Executive Officer $8,500 towards future expenses. As at September 30, 2022, $5,110 of expenses had been applied against this advance leaving an amount in prepaid expenses of $3,390. The remaining advance was applied against expenses during the year ended September 30, 2023.

c) Due to related parties

| | | September 30, 2023 | | September 30, 2022 | |
|---|---|---|---|---|---|
| Chief Executive Officer | Consulting fees | $ | 222,000 | $ | 48,000 |
| Chief Executive Officer | Expenses | | 255 | | - |
| Golden Oak | Consulting fees | | 66,250 | | 26,250 |
| Golden Oak | Expenses | | 9,773 | | 3,679 |
| | | $ | 298,278 | $ | 77,929 |

d) Shareholder loans

| Shareholders | Relationship | September 30, 2023 | September 30, 2022 |
|---|---|---|---|
| Alexander Molyneux | Former Director | $ - | $ 333,619 |
| Eugene McCarthy | | - | 334,168 |
| Blake Steele | Director | - | 74,198 |
| Vladimir Pakhomov | Former Director | - | 75,483 |
| Denis Tsesarenko | | - | 75,483 |
| Serhii Stefanovych | | - | 157,977 |
| | | - | 1,050,928 |
| Interest payable | | - | 672,709 |
| Total | | $ - | $ 1,723,637 |

The shareholder loans were unsecured, bore interest at the rate of 12% per annum, and were payable by May 31, 2023.

On May 31, 2023, all of the shareholder loan holders individually delivered to the Company notices to convert each of their shareholder loans and accrued interest to March 31, 2023 into common shares of the Company. No further interest accrued after March 31, 2023. On March 31, 2023, the amounts due included principal of $1,037,588 (US$766,709) and interest of $726,254 (US$536,254).

In July 2023, the Company issued 8,019,895 common shares valued at $1,202,985 in full and final settlement of all but one of the shareholder loans.

In September 2023, the Company issued 3,739,049 common shares valued at $560,857 in full and final settlement of the remaining shareholder loan.

During the year ended September 30, 2023, the Company accrued interest on the shareholder loans of $62,110 (2022 - $119,376).

e) Convertible loan

In April 2019, the Company and BSRT completed a secured convertible loan facility pursuant to which BSRT loaned the Company US$3,000,000.

In April 2020, the convertible loan was increased to US$3,500,000, the principal amount was fixed at $4,692,550 for the purposes of conversion, and the conversion price was set at $0.10.

The convertible loan bore interest at 8% per annum, payable semi-annually, and was to mature on December 31, 2022.

In June 2022, the Company granted BSRT the option to acquire the Unkur project in exchange for BSRT agreeing to settle the convertible loan. As a result, the Company issued BSRT 4,692,550 common shares in full and final settlement of the convertible loan of $4,529,000.

In addition, BSRT agreed to waive accrued interest totalling $259,676, which the Company recorded a gain on settlement of convertible loan interest during the year ended September 30, 2022.

In October 2021, the Company issued BSRT 374,376 common shares valued at $205,907 to settle the interest payable of $187,166 and accordingly recorded a loss on settlement of $18,741 during the year ended September 30, 2022.

During the year ended September 30, 2022, the Company recorded interest expense of $400,919, being $272,477 of interest expense on the convertible loan and amortization of financing costs of $128,442.

The Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

### 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 | Restricted Share Units ("RSUs") |
|---|---|---|---|---|
| **Balance as at September 30, 2023** | 33,505,273 | 2,700,000 | 180,000 | - |
| Issuance of shares | 2,866,666 | - | - | - |
| Options granted | - | - | 800,000 | - |
| RSUs granted | - | - | - | 1,200,000 |
| **Balance as at the date of this MD&A** | 36,371,939 | 2,700,000 | 980,000 | 1,200,000 |

**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. During the year ended September 30, 2022, the Company assessed that there was no future economic benefits to be received from its then held Unkur project located in Russia and accordingly impaired the project to $Nil.

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.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

(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 corporate entity 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 previously held BVI, Cyprus, and Russian subsidiaries is the Canadian dollar.

**New standards, interpretations, and amendments not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2023 and have not been applied in preparing the Financial Report.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to IAS 1 Presentation of Financial Statements clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The Company has not early adopted this revised standard and its adoption is not expected to have a material impact on the Company's Financial Report.

**Financial Instruments and Risk Management**

*Financial Instruments*

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

| Financial Instruments | Category | September 30, 2023 | September 30, 2022 |
|---|---|---|---|
| Cash | Amortized cost | $ 123,135 | $ 184,074 |
| Restricted cash | Amortized cost | - | 47,284 |
| Receivables | Amortized cost | 2,723 | 56,827 |
| Trade and other payables | Amortized cost | 469,987 | 410,280 |
| Property payment obligation | Amortized cost | 540,144 | 503,700 |
| Shareholder loans | Amortized cost | - | 1,723,637 |

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 marketplace.

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 cash, restrictive cash, receivables and trade and other payables 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 values of the property payment obligation and shareholder loans are measured at amortized cost.

*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 on 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.

(b) Foreign Currency Risk: The Company was subject to fluctuations in the exchange rates between the Canadian dollar and the US dollar and Russian Ruble prior to the Company's subsidiaries being sold in February 2023. As at September 30, 2023, the Company holds 85% of its cash in US dollars. The effect of a 10% change in the foreign exchange rate on cash held in US dollars at September 30, 2023 would be approximately $10,000.

(c) Commodity Price Risk: While the value of the Company's exploration and evaluation assets is related to the price of copper and the outlook for this mineral, 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 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.

### 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+ and at the Company's website www.azargametals.com.