



FOR IMMEDIATE RELEASE

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TSX-V: **AZR**

AZARGA METALS DRILLS 10M AT 134.2G/T SILVER AND 1.63% COPPER AT UNKUR AND FURTHER EXPANDS DRILLING PROGRAM

HIGHLIGHTS

- Assays for four new holes received. All intersected significant mineralization. Highlights include:
 - 10 meters at 134.2g/t silver and 1.63% copper, with a six meter sub-section at 194.5g/t silver and 2.42% copper in drill-hole AM-017; and
 - 11 meters at 58.0g/t silver and 0.87% copper in drill-hole AM-004
- Lower mineralized zone observed previously in drill-hole AM-001 now confirmed as stratigraphically distinct from the upper zone, resulting in confirmation of a second distinct mineralized zone (“Unkur Lower” zone)
- Expansion of first phase drilling program by an additional approximately 1,200 meters to approximately 6,200 meters
- Expanded drilling program to be funded with existing cash
- Visible copper mineralization exposed in two trenches
- SRK retained to prepare a maiden Resource estimate, with results expected after the first phase exploration program is complete in Q1 2017

AZARGA METALS CORP. (“Azarga Metals” or the “Company”) (TSX-V:AZR) announces: new assay results from its Unkur Silver-Copper Project in the Zabaikalsky administrative region of eastern Russia; confirmation of a second (previously undiscovered) horizon of significant mineralization; a further expansion of its first phase drilling program to approximately 6,200 cumulative linear meters; identification of visible copper mineralization in two trenches; and the retention of SRK Consulting (Russia) Ltd. (“SRK”) to prepare a maiden NI 43-101 Resource estimate.

The Company's President and CEO Dorian (Dusty) Nicol said, "This announcement summarizes a great deal of progress happening quickly. It is particularly exciting to confirm a second horizon of significant mineralization at Unkur and that we will be doing extra drilling to try to intersect it again."

NEW ASSAYS FROM DRILL-HOLES AM-017, AM-004, AM-013 AND AM-015

Assays from four new drill-holes (AM-017, AM-004, AM-013 and AM-015) have been received. All intersected significant silver and copper mineralization. AM-017 and AM-004 show higher grade intersections of significant mineralization, whereas AM-013 and AM-015 are lower grade but extend the mineralized strike length by approximately 700 meters to approximately 2.8 kilometers.

Intersections of significant mineralization from the new drill-hole assays include:

- AM-017 – **10 meters at 134.2g/t silver and 1.63% copper** (ie, 272.3g/t silver equivalent or 3.21% copper equivalent) from 192.5 meters to 202.5 meters, **including a six meter sub-section at 194.5g/t silver and 2.42% copper** (ie, 399.5g/t silver equivalent or 4.72% copper equivalent) from 192.5 meters to 198.5 meters.
- AM-004 – **11 meters at 58.0g/t silver and 0.87% copper** (ie, 131.7g/t silver equivalent or 1.55% copper equivalent) from 323.5 meters to 334.5 meters.
- AM-013 – **Six meters at 27.7g/t silver and 0.66% copper** (ie, 83.6g/t silver equivalent or 0.99% copper equivalent) from 71.0 meters to 77.0 meters.
- AM-015 – **10 meters at 4.6g/t silver and 0.29% copper** (ie, 29.2g/t silver equivalent or 0.34% copper equivalent) from 135.0 meters to 145.0 meters.

Note: Silver and copper equivalents assume 100% recoveries and a US\$17.65/oz silver price and US\$2.18/lb copper price

AM-009 did not intersect mineralization of significance and is believed to have been stopped prior to intersecting the mineralized zone. Samples from AM-009 were not sent for assay. This hole will be re-drilled deeper to target mineralization as part of the ongoing program. A similar situation occurred previously with AM-005, which was re-drilled as AM-017, results of which are in this news release.

CONFIRMATION OF A SECOND MINERALIZED ZONE

The Company announced a second, deeper, intersection of significant mineralization in drill-hole AM-001 on 6 October 2016, noting that it suggested the potential for multiple distinct horizons of significant mineralization at Unkur. Such a feature was not observed in the shorter drill holes that had previously returned assays or from historical exploration records.

Review and detailed logging of drill-core by Azarga Metals has now confirmed that the lower mineralized zone is stratigraphically distinct from the upper zone. As a result, a second distinct mineralized zone has been defined to be referred to as Unkur Lower

(with the previously discovered zone to be referred to as Unkur Upper). Furthermore, there remains the prospect of discovering additional zones in the future.

FURTHER EXPANSION OF FIRST PHASE EXPLORATION PROGRAM

On 21 September 2016, Azarga Metals announced an expansion of its planned first phase drilling program at Unkur Silver-Copper Project by up to two thirds to approximately 5,000 cumulative linear meters due to positive exploration results.

The Company now aims to further expand the first phase drilling program by adding an additional approximately 1,200 cumulative linear meters of drilling to 6,200 meters. The additional drilling has two principal objectives. One is to drill test targets north of Profile 6-6 (see Map 1 below) where an ongoing ground magnetic survey disclosed geophysical anomalies. Silver-copper mineralization appears to be getting thicker and higher grade in this direction, which may be associated with a change in direction of the mineralized structure. Another objective of the additional planned drilling is to attempt to provide additional intersections that target the Unkur Lower mineralized zone. Drill-hole AM-018 is currently being drilled to specifically target the up-dip portion of the Unkur Lower zone.

Azarga Metals expects to fund the increased drilling with existing cash.

VISIBLE MINERALIZATION EXPOSED IN TRENCHES

Three trenches are currently being excavated with the objective of exposing near-surface portions of the Unkur Upper mineralized zone for sampling (see trench locations on Map 1 below). Two of these trenches, T-02 and T-03, have penetrated glacial cover to expose bedrock, where visible copper mineralization has been observed. These trenches are being excavated and will be sampled.

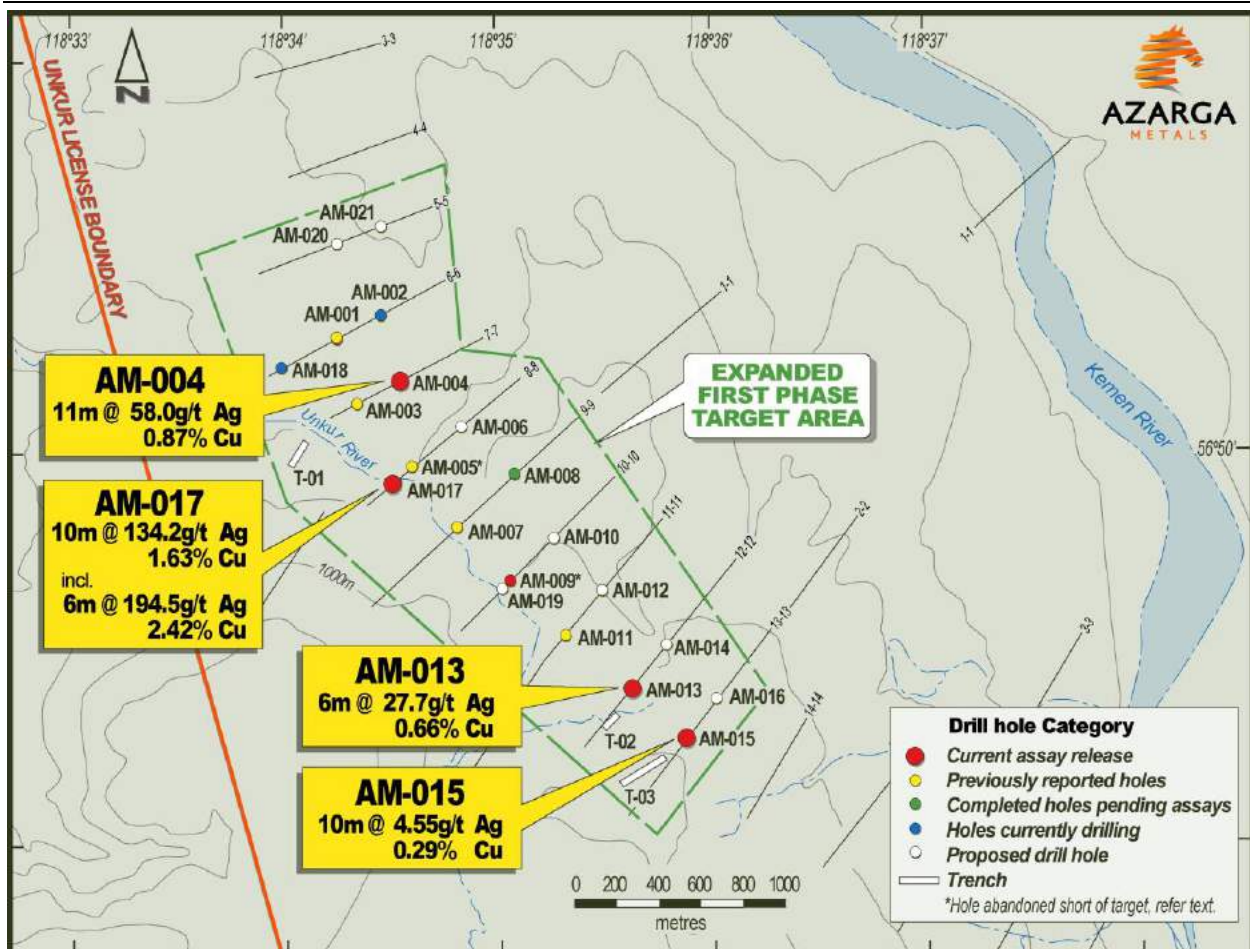
SRK RETAINED TO PREPARE MAIDEN RESOURCE ESTIMATE DUE Q1 2017

The Company has retained SRK to prepare a maiden NI 43-101 Resource estimate for the Unkur Silver-Copper Project, based on the results of the first phase exploration program. It is anticipated that the results will be available during the first quarter of 2017. SRK's Project Manager has completed his site visit to Unkur in anticipation of preparation of the relevant model.

SUMMARY OF EXPLORATION PROGRAM AND DRILLING TO DATE

Azarga Metals has now completed 11 diamond core drill-holes (approximately 2,900 cumulative linear meters of a planned approximately 6,200 meters) and is in the process of excavating three trenches at its Unkur Silver-Copper Project as per the map and tables below.

Map 1: Unkur Silver-Copper Project first phase exploration drill-hole and trench locations



Note: As yet undrilled hole locations are estimates only.

Table 1: Location details for Unkur phase one drilling program completed holes to date

Hole ID	East (UTM)	North (UTM)	RL	Dip	Azimuth (magnetic)	Hole type	EOH	Recovery
AM-001	56.84	118.57	929m	70°	253°	DD	401m	95%
AM-003	56.84	118.57	931m	70°	254°	DD	96m	95%
AM-004	56.84	118.57	931m	70°	244°	DD	383m	95%
AM-005	56.84	118.57	930m	70°	242°	DD	160m	95%
AM-007	56.83	118.58	928m	70°	239°	DD	80m	95%
AM-008	56.83	118.58	1,013m	70°	239°	DD	601m	95%
AM-009	56.82	118.58	976m	70°	236°	DD	225m	95%
AM-011	56.82	118.59	960m	70°	234°	DD	179m	95%
AM-013	56.82	118.59	1,000m	70°	231°	DD	100m	95%
AM-015	56.82	118.60	1,044m	70°	230°	DD	196m	95%
AM-017	56.83	118.78	913m	70°	242°	DD	278m	95%

Analyses are pending for drill-hole AM-008. Drill-holes AM-002 and AM-018 are currently being drilled.

Table 2: Unkur phase one drilling program assays reported to date (incl. this report)

Hole ID	Intersection	From	To	Silver grade	Copper grade
AM-001 (IS 1)	40m	82.5m	122.5m	65.9g/t	0.74%
- AM-001 sub-section	22m	82.5m	103.5m	111.9g/t	1.13%
- AM-001 sub-section	7m	85.5m	92.5m	244.1g/t	1.95%
AM-001 (IS 2)	18m	314.5m	322.5m	70.0g/t	0.81%
- AM-001 sub-section	7m	320.5m	327.5m	137.7g/t	1.51%
AM-001 (IS 3)	5m	339.5m	344.5m	49.2g/t	0.32%
AM-003	16m	56.5m	72.5m	84.0g/t	0.79%
- AM-003 sub-section	5m	59.5m	64.5m	200.4g/t	1.39%
AM-004	11m	323.5m	334.5m	58.0g/t	0.87%
AM-007	10m	49.0m	59.0m	20.2g/t	0.29%
AM-011	13.7m	140.2m	153.9m	38.6g/t	0.5%
- AM-011 sub-section	5.9m	148.0m	153.9m	100.7g/t	1.35%
AM-013	6m	71.0m	77.0m	27.7g/t	0.66%
AM-015	10m	135.0m	145.0m	4.6g/t	0.29%
AM-017	10m	192.5m	202.5m	134.2g/t	1.63%
- AM-017 sub-section	6m	192.5m	198.5m	194.5g/t	2.42%

Notes: ■ = full reported intersection and ■ = sub-section of the relevant full reported intersection.

Drill-holes AM-005 and AM-009 did not intersect mineralization of significance.

Note: Drill intercepts are reported as drilled and may not be representative of true widths. Drill holes have been sited to attempt to intersect mineralization as close to perpendicular as possible, but there is not sufficient information about geometry of the mineralization at this time to estimate true widths. A Quality Assurance / Quality Control program is part of the sampling program at Unkur. This program includes chain of custody protocols as well as systematic submittals of standards, duplicates and blank samples into the flow of samples produced by the sampling including check assays of approximately 10% of the samples by another certified laboratory. Samples were analyzed at SGS Vostok Limited in Chita, Russia. Check assays will be analyzed at ALS Geochemistry in Chita, Russia.

UNKUR SILVER-COPPER PROJECT

Azarga Metals owns 60% of the Unkur Silver-Copper Project along with the right to acquire the remaining 40% in the future.

Sediment-hosted copper and silver mineralization has been identified across the 5,390 hectare project license area, in outcrops, trenches and by historical diamond drilling.

The prior exploration outlined a large area of high-grade shallow stratiform sediment hosted copper-silver 20 to 50 meters thick over an area four to six kilometers long.

Further details concerning Unkur Silver-Copper Project are contained in a technical report filed by the Company as per its news release of 5 April 2016.

Qualified Person

The Company's President and Chief Executive Officer, Dorian L. (Dusty) Nicol, B.Sc. Geo, MA Geo, a Qualified Person as defined by NI 43-101, has reviewed and approved the exploration information disclosures contained in this Press Release.

About Azarga Metals Corp.

Azarga Metals is a mineral exploration and development company that owns 60% of the Unkur Silver-Copper Project in the Zabaikalsky province in eastern Russia.

AZARGA METALS CORP.

"Dusty Nicol"

Dorian L. (Dusty) Nicol, President and CEO

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