



FOR IMMEDIATE RELEASE

December 11, 2017

TSX-V: **AZR**

## **AZARGA METALS EXERCISES CALL OPTION TO ACQUIRE REMAINING 40% OF UNKUR COPPER-SILVER PROJECT AND BRIDGE LOAN**

Azarga Metals Corp. (“**Azarga Metals**” or the “**Company**”) has exercised its call option to increase its ownership of the Unkur Copper-Silver Project from the current 60% interest to 100%. The project vendors have also agreed to cancel the remaining US\$1.6 million owed to them by the Company in the form of deferred consideration payments associated with the original 60% purchase. Further, the Company has also arranged a bridge loan to complete various strategic initiatives.

Commenting on the transactions, Dorian L. (Dusty) Nicol, the Company’s president and CEO said, *“I’m very happy to have been able to exercise the call option to consolidate Azarga Metals’ 100% ownership of Unkur early. I believe there is a great deal more copper and silver mineralization to be found at Unkur and the cleaner ownership structure makes Azarga a lot more attractive.”* He then went on to say, *“The Project Vendors are supportive shareholders including contributions to our capital raisings since the original project acquisition and I believe their agreement to our option exercise and cancellation of deferred cash consideration reflects their alignment with us on the long-term strategy for Unkur.”*

The Unkur Copper-Silver Project in the Zabaikalsky administrative region of eastern Russia is already the Azarga Metals’ principal asset. 60% of it was acquired in mid-2016 and the Company completed an initial physical exploration program including 16 diamond core drill holes (4,580 meters), together with trenching and a ground magnetic survey. The initial exploration program was highly successful, resulting in a maiden Mineral Resource estimate (see April 4, 2017 news release), of an Inferred Mineral Resource of 42 million tonnes at 0.52% copper and 38g/t silver, containing 220,000 tonnes (ie, 480 million pounds) of copper and 52 million ounces of silver. This equates to approximately 380,000 tonnes (ie, 840 million pounds) of copper equivalent at 0.90% or approximately 124 million ounces of silver equivalent at 91g/t, assuming a copper price of US\$3.00/lb, silver price of US\$20/oz and 100% recovery.

On December 8, 2017, the Company signed a binding letter agreement (the “**Letter Agreement**”) with the eight holders of the indirect 40% interest (the “**Project Vendors**”) whereby the parties agreed to amend the terms of the shareholders agreement dated

May 31, 2016 (the “**SH Agreement**”) among the Company, the Project Vendors and the intermediate holding company Azarga Metals Limited (“**Azarga BVI**”) (collectively the “**Parties**”). Three of the Sellers are directors of the Company and they declared their conflict and abstained from voting on approval of the Letter Agreement.

In addition to agreeing to the exercise of the Company’s call option, pursuant to the Letter Agreement the Project Vendors have also agreed to waive and cancel US\$1.6 million deferred cash consideration payments associated with the original acquisition of the Unkur Copper-Silver Project (together the “**Project Consolidation Transaction**”). The Parties have agreed payment for the Project Consolidation Transaction to be 42,000,000 shares in Azarga Metals.

The issue of all shares is subject to the approval of the TSX Venture Exchange, and which may require disinterested shareholder approval.

Azarga Metals has recently been engaged in moving forward a number of initiatives that currently remain incomplete, including: (a) engaging with a number of potential strategic partners at both the Unkur project and parent level; (b) re-interpretation of the results of the 2016-2017 exploration program to refine plans for upcoming physical exploration works; (c) discussions with technical consultants regarding the potential for early preparation of a Preliminary Economic Assessment for Unkur based on the data already acquired; and (d) reviewing potentially attractive acquisitions in the broader Kodar-Udokan geological district within which Unkur is situated. As a result, certain of the directors and other shareholders of the Company have agreed to provide the Company with a bridge loan facility in order to pursue some or all of these initiatives to completion in the near term. The bridge loan facility will be for C\$400,000 to be drawn in four equal advances over the next 9 months. Advances will bear interest at the rate of 10% per annum and all advances must be repaid within twelve months of the first advance. The loan is intended to bridge the Company’s activities until an equity placement is conducted in the new year. In addition, under certain conditions, the same lenders will make available an additional C\$150,000 to the Company on the same terms.

The bridge loan is subject to the approval of the TSX Venture Exchange.

### **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.

### **AZARGA METALS CORP.**

*"Alex Molyneux"*

Alexander Molyneux, Chair

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This news release contains forward-looking statements that are based on the Corporation's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current planned exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Corporation disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.