

HAYWOOD
SECURITIES INC.

Member of the Canadian Investor Protection Fund

Azarga Uranium Corp. (AZZ-T, \$0.255)

Not Rated

Colin Healey, MBA | 604-697-6089 | chealey@haywood.com

Aazan Habib, CFA | 604-697-6030 | ahabib@haywood.com

Dewey Burdock M&I Resources ↑97% as Prelude to Revised PEA in 2019**Event:** Azarga Uranium announced a resource update for the Dewey Burdock ISR uranium project, South Dakota USA.

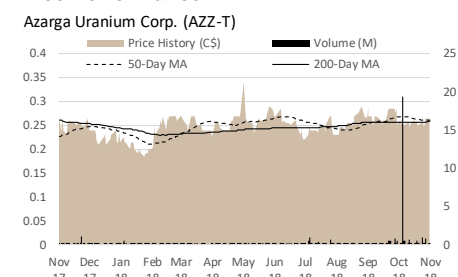
- **Azarga has grown the ISR-amenable ‘all-categories’ resource 47% at its Dewey Burdock project, with over 95% of project resources reporting to higher-certainty Measured & Indicated categories (Exhibit 1):**
 - Measured ISR resources increase 234% to 13.8 Mlb U₃O₈ (5.2 Mt grading 0.132% U₃O₈)
 - Measured and Indicated ISR resources increase 97% to 16.9 Mlb U₃O₈ (7.5 Mt grading 0.113% U₃O₈)
 - Combined M,I,+Inf. Resources increase 47% to 17.75 Mlb U₃O₈ (grading 0.11% U₃O₈) from 12.1 Mlb U₃O₈ (grading 0.11% U₃O₈). The new resource at Dewey is substantially larger, while average grade fell to about half of the prior resource but remains at the high-end of the typical U.S. ISR asset range.
- **Resource growth entirely within existing Nuclear Regulatory Commission (NRC) License boundary.** It is an important distinction that all of the tonnage outlined in today’s resource update falls within Azarga’s existing NRC license boundary and could confidently be integrated into an updated Preliminary Economic Assessment (PEA) of the project.
- **Larger resource should improve preliminary project economics.** We expect Azarga will likely integrate the new resources into a PEA update within H1/2019. As one of the highest-grade undeveloped ISR assets in the U.S., the 2015 PEA on Dewey demonstrated the potential for a low-cost 11-year mine producing ~1.0 Mlb U₃O₈ per year, with up-front CAPEX of just US\$27M, and cash costs of US\$12.53/lb (Exhibit 2). (PEA at US\$65/lb uranium, and 35% fed tax rate. The applicable fed tax rate has since been reduced to 21%, which is not reflected in the PEA).
- **Azarga well-positioned as a vehicle to take advantage of U.S. uranium boon.** Azarga controls a diverse asset base within the U.S. now including over 45 Mlb U₃O₈ in NI 43-101 resources in South Dakota, Wyoming and Colorado. **We are looking for companies controlling U.S.-based uranium assets to outperform non-U.S. peers over the next 4-6 months** with the expected catalyst being the outcome of the U.S. Department of Commerce investigation into domestic uranium supply due by mid-April 2019. We believe this investigation will likely lead to a favourable outcome for U.S. domestic uranium suppliers in terms of realized price. **Azarga’s firm-specific catalysts (PEA, final licensing progress) line up well with this macro-catalyst.**
- **Permitting well advanced and path to clear final NRC License contention defined:** Dewey licensing/permitting is well advanced and Azarga’s ‘Source and By-product Materials Licence’ from the NRC is in the final steps of resolving the final contention lodged with the Atomic Safety and Licensing Board (ASLB). Earlier this month the NRC was given two options by the ASLB to “expeditiously conclude” litigation of the final contention and the NRC will choose a path by November 30th. From there, we should have clarity on the process and timing. **Other required permits ahead of construction** include the U.S. EPA Underground Injection Control (UIC) permits (issued in Draft form in March 2017); and three State permits submitted (and deemed complete) to the South Dakota Department of Environment and Natural Resources [Groundwater Disposal Plan, Water Rights and Large-Scale Mine Plan permits].

Current Price	\$0.26
YTD Performance	13.8%
Dividend / Yield	\$N/A / N/A%

52-Week High / Low	\$0.34/ \$0.19
Shares O/S	170 million

Market Capitalization	\$44 million
Enterprise Value	\$44 million

Daily Volume (3 month avg)	205,280
Currency	C\$ unless noted
Web Site	www.azargauranium.com
CEO/President	Blake Steele

Price Performance

Source: Capital IQ

Please see page 5 for Analyst Certification, pages 4 - 5 for Important Information, Disclaimers and notes.



Exhibit 1: Summary of Azarga's Corporate Resources including new Dewey Burdock Resource

South Dakota					Colorado			
Dewey Burdock ISR Amenable Resource Estimate					Centennial Uranium Project			
Category	Mt	Avg. GT	U ₃ O ₈ (%)	U ₃ O ₈ (lb)	Category	Mt	U ₃ O ₈ (%)	U ₃ O ₈ (lb)
Measured	5.200	0.73	0.132%	13,799,000	Indicated	6.873	0.090%	10,371,571
Indicated	2.328	0.40	0.068%	3,160,000	Inferred	1.365	0.090%	2,325,514
Inferred	0.732	0.33	0.056%	818,000	Global	8.238	0.090%	12,697,085
Global	8.260	0.60	0.107%	17,777,000	<i>*A a GT Cut-off of 0.20 (M,Ind.&Inf.)</i>			
<i>*At 0.05% U₃O₈ Cut-off & GT Cut-off of 0.5 (M&Ind.) or 0.2 (Inf.)</i>								
Dewey Burdock Non-ISR Resource Estimate (above water table)					Kyrgyz Republic (70%-interest)			
Category	Mt	Avg. GT	U ₃ O ₈ (%)	U ₃ O ₈ (lb)	Kyzyl Ompul Project			
Measured	0.844		0.057%	1,060,000	Category	Mt	U ₃ O ₈ (%)	U ₃ O ₈ (lb)
Global	0.844		0.057%	1,060,000	Inferred	15.130	0.023%	7,511,758
<i>*At 0.02% U₃O₈ Cut-off & GT Cut-off of 0.2 (M&Ind.), 0.2 (Inf.)</i>					Global	15.130	0.023%	7,511,758
					<i>*At a 100ppm U₃O₈ Cut-off (M,Ind.&Inf.)</i>			
Wyoming								
Aladdin Resource (5,100 acres surface rights, 4,600 acres mineral rights)								
Category	Mt		U ₃ O ₈ (%)	U ₃ O ₈ (lb)				
Indicated	0.466		0.111%	1,038,023				
Inferred	0.043		0.119%	101,255				
Global	0.509		0.112%	1,139,278				
<i>*A a GT Cut-off of 0.2 (M,Ind.&Inf.)</i>								
<i>** The Ni 43-101 Report also identified an "Exploration Target" of 5.0-11.0 Mlb at a grade range of 0.11% to 0.12% U₃O₈ (0.2 GT cut-off) at the Aladdin Project</i>								
Gas Hills								
Category	Mt	Avg. GT	U ₃ O ₈ (%)	U ₃ O ₈ (lb)				
Indicated	2.413		0.098%	4,729,000				
Inferred	2.342		0.054%	2,529,000				
Global	4.754	0.00	0.076%	7,258,000				
Juniper Ridge								
Category	Mt	Avg. GT	U ₃ O ₈ (%)	U ₃ O ₈ (lb)				
Indicated	5.178		0.058%	6,006,000				
Inferred	0.107		0.085%	182,000				
Global	5.285		0.059%	6,188,000				
Shirley Basin								
Category	Mt		U ₃ O ₈ (%)	U ₃ O ₈ (lb)				
Global	0.000			0				
Dewey Terrace (1,834 acres surface rights, 7,514 acres mineral rights)								
Category	Mt		U ₃ O ₈ (%)	U ₃ O ₈ (lb)				
Global	0.000			0				
Savageton (3,980 acres of Claims and Private Mineral Leases in the PRB)								
Category	Mt		U ₃ O ₈ (%)	U ₃ O ₈ (lb)				
Historic (non 43-101)				1,000,000				
<i>*Calculated by the Colorado School of Mines Research Institute</i>								

Source: Azarga Uranium, Haywood Presentation

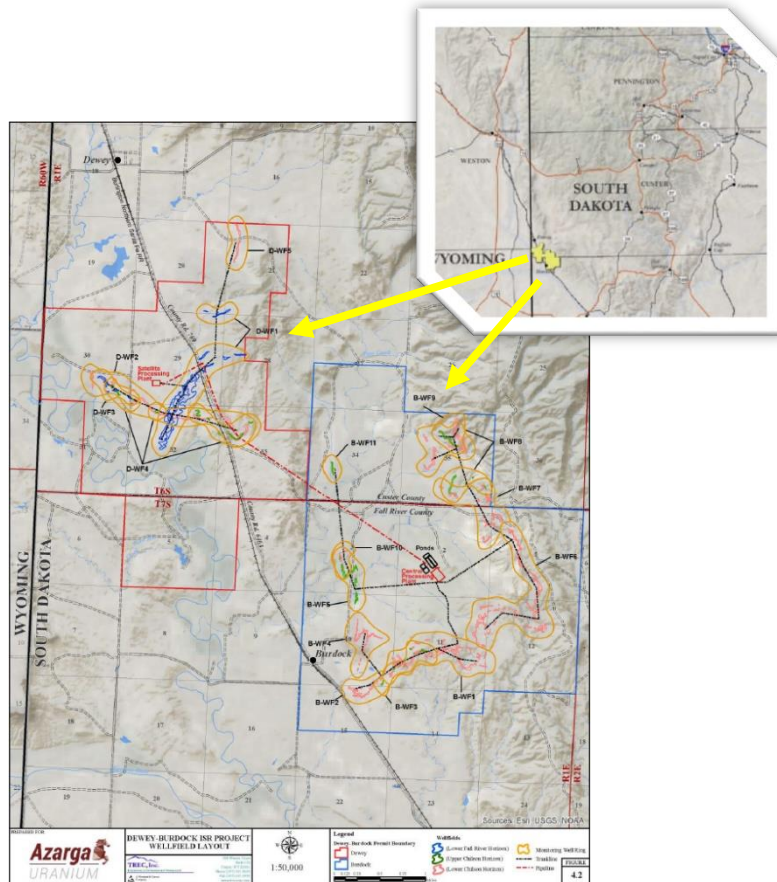


Exhibit 2: Summary of Dewey Burdock 2015 PEA

Mine Life	11 years (incl. 2 year ramp-up)
Annual Production	1.0 Mlbs/yr
LOM Production	9.7 Mlbs
Initial Capital Costs	US\$27.0M (US\$2.80/lb)
Cash Operating Costs	US\$12.53/lb
- Plant and well field operation	US\$8.50/lb
- Restoration / de-commissioning	US\$1.25/lb
- Site management / overhead	US\$2.78/lb
Local Taxes & Royalties	US\$6.33/lb
Sustaining Capital Costs	US\$14.00/lb
Pre / Post Tax NPV8% ⁽¹⁾	US\$149.4M / US\$113.8M
Pre / Post Tax IRR ⁽¹⁾	67% / 57%

Source: Azarga Uranium

Exhibit 3: Dewey Burdock Claims



Source: Dewey Burdock PEA / Azarga Uranium – Haywood modification



Important Information and Legal Disclaimers

Research Reports are neither a solicitation for the purchase of securities nor an offer of securities. Our reports, recommendations, ratings and views are intended only for clients of Haywood Securities Inc., and those of its wholly-owned subsidiary, Haywood Securities (USA) Inc.

Our clients are cautioned to consult their respective Haywood Investment Advisors prior to purchasing or selling any security recommended or acting on any views contained herein to ensure that the recommendation or view is suitable for their investment objectives and risk tolerance.

Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable. The information presented, while obtained from sources we believe reliable, is checked but not guaranteed against errors or omissions. Changes in the rates of exchange between currencies may cause the value of your investment to fluctuate. Past performance should not be seen as an indication of future performance. The investments to which this report relates can fluctuate in value and accordingly you are not certain to make a profit on any investment: you could make a loss.

Haywood Securities, or certain of its affiliated companies, may from time to time receive a portion of commissions or other fees derived from the trading or financings in the covered security. Haywood analysts are salaried employees who may receive a performance bonus that may be derived, in part, from corporate finance income.

Haywood Securities Inc., and Haywood Securities (USA) Inc. do have officers in common however, none of those common officers affect or control the ratings given to a specific issuer, or which issuer will be the subject of research coverage. In addition, the firm does maintain and enforce written policies and procedures reasonably designed to prevent influence on the activities of affiliated analysts.

Dissemination of Research

Research reports are disseminated through electronic medium. Clients may access historic reports on our website, or receive publications directly via internet email. Haywood strives to ensure all clients receive research in a timely manner and at the same time. It is against our policy for analysts to discuss or circulate their recommendations internally prior to public distribution. This policy applies equally to recommendation changes, target changes and/or forecast revisions.

Any Haywood employee with knowledge of the intended distribution of a research report that includes a new recommendation or a change in recommendation or target price, is restricted from trading securities of the issuer until such time as our clients have been provided the opportunity to receive, digest and potentially act on the information (generally one trading day). This temporary "pro" restriction does not prevent an Investment Advisor from offering recommendations to clients.

For Canadian residents: Haywood Securities Inc. is a Canadian registered broker-dealer and a member of the Investment Industry Regulatory Organization of Canada, the Toronto Stock Exchange, the Toronto Venture Exchange and the Canadian Investor Protection Fund and accepts responsibility for the dissemination of this report. Any Canadian client that wishes further information on any securities discussed in this report should contact an Investment Advisor of Haywood Securities Inc.

For U.S. residents: This investment research is distributed in the United States, as third party research by Haywood Securities (USA) Inc. Haywood Securities (USA) Inc. is a wholly-owned subsidiary of Haywood Securities Inc., registered with the U.S. Securities and Exchange Commission, and a member of FINRA and the Securities Investor Protection Corporation (SIPC). Haywood Securities (USA) Inc. as a U.S. registered broker-dealer accepts responsibility for this Research Report and its dissemination in the United States. Any U.S. client that wishes further information on any securities discussed in this report or to effect a transaction in these securities should contact a Registered Representative of Haywood Securities (USA) Inc. Haywood Securities Inc. Research Analysts are considered Foreign Research Analysts as relates Haywood USA and are not registered/qualified as Research Analysts with FINRA. As these analysts are considered Foreign Research Analysts they may not be specifically subject to FINRA Rule 2241 restrictions on communications with a Subject Company, Public Appearances or trading securities held by a Research Analyst Account.

This report is intended for institutional investors and may only be distributed to non-institutional US clients in the following states: Georgia, Hawaii, Iowa, Idaho, Indiana, Kansas, Maine, Michigan, Minnesota, Missouri, Mississippi, New Hampshire, New Mexico, Oklahoma, South Carolina, South Dakota, Virgin Islands, Vermont, Washington, Wisconsin, and Wyoming. Otherwise, this report may only be distributed into those states with an institutional buyer state securities registration exemption.



Analyst Certification

I, Colin Healey, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

Important Disclosures

Of the companies included in the report the following Important Disclosures apply:

- The Analyst(s) preparing this report (or a member of the Analysts' households) have a financial interest in this Azarga Uranium Corp (AZZ-T).
- As of the end of the month immediately preceding this publication either Haywood Securities, Inc., one of its subsidiaries, its officers or directors beneficially owned 1% or more of Azarga Uranium Corp (AZZ-T).
- Haywood Securities, Inc. has reviewed lead projects of Azarga Uranium Corp (AZZ-T) and a portion of the expenses for this travel may have been reimbursed by the issuer.
- Haywood Securities, Inc. or one of its subsidiaries has received compensation for investment banking services from Azarga Uranium Corp (AZZ-T) in the past 24 months.

Other material conflict of interest of the research analyst of which the research analyst or Haywood Securities Inc. knows or has reason to know at the time of publication or at the time of public appearance:

- n/a

Rating Structure

Each company within an analyst's universe, or group of companies covered, is assigned: (i) a recommendation or rating, usually BUY, HOLD, or SELL; (ii) a 12 month target price, which represents an analyst's current assessment of a company's potential stock price over the next year; (iii) an overall risk rating which represents an analyst's assessment of the company's overall investment risk; and (iv) specific risk ratings or risk profile parameters which in their aggregate support an analyst's overall risk rating. These ratings are more fully explained below. Before acting on our recommendation we caution you to confer with your Haywood investment advisor to determine the suitability of our recommendation for your specific investment objectives, risk tolerance and investment time horizon.

Distribution of Ratings (as of November 14, 2018)

	%	#	IB Clients (TTM)
Buy	76.8%	73	96.3%
Hold	10.5%	10	0.0%
Sell	1.1%	1	0.0%
Tender	2.1%	2	0.0%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	9.5%	9	3.7%