Azarga Uranium Executes Replacement Earn-in Agreement for Kyzyl Ompul Project

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Vancouver, BC (FSCwire) - Azarga Uranium Corp. (TSX:AZZ) (“Azarga Uranium” or the “Company”) is pleased to announce that its 70% controlled subsidiary, UrAsia in Kyrgyzstan Limited Liability Company (“UrAsia”), has executed a replacement earn-in agreement (the “Agreement”) with Central Asian Uranium Company Limited Liability Corporation (“Central”), whose representatives were a party to the earn-in agreement announced 2 August 2017. That previously announced earn-in agreement was terminated in accordance with the mechanisms provided for. The new replacement agreement provides Central with an option to earn a 100% interest in UrAsia’s Kyzyl Ompul Project in the Kyrgyz Republic. To maintain the option and earn the 100% interest, Central will pay UrAsia US$5.9 million in cash payments by 1 December 2020 and fund US$1.5 million of exploration and development expenditures on the Kyzyl Ompul Project by the same date.

Azarga Uranium’s President and CEO, Blake Steele, commented: “the execution of this Agreement effectively represents the continuation of the terminated earn-in agreement. UrAsia retains the US$150,000 payment and the benefit of the project costs funded under the previous agreement and continues forward with the representatives of Central, who were a party to the terminated agreement. The Company looks forward to continuing its relationship on this front. The Agreement is expected to provide the Company with significant cash payments, which can be deployed towards core strategic initiatives, such as the Dewey Burdock Project, as well as alleviates the Company of the need to fund exploration and development expenditures at the Kyzyl Ompul Project, thereby freeing up further resources.”

Under the terms of the Agreement, the cash payments are expected to be received as follows: US$120,000 by 23 April 2018, US$60,000 per month commencing 1 September 2018, increasing to US$229,000 per month commencing 1 January 2019, and a final payment of US$223,000 on 1 December 2020. Cash payments received from Central over the course of the Agreement are not reimbursable if Central does not exercise its purchase option. Aggregate exploration and development expenditures are expected to be incurred as follows: US$400,000 by 31 December 2018, US$1,000,000 by 31 December 2019 and US$1,500,000 by 1 December 2020.

Subject to Central completing funding and exercising its option to acquire a 100% interest in the Kyzyl Ompul Project, UrAsia will retain a two percent net smelter royalty. The net smelter royalty is payable on the commencement of commercial production and is subject to a minimum royalty of US$2.5 million and a maximum royalty of US$5.0 million.

If Central fails to make any of the payments under the Agreement, UrAsia will retain its 100% interest in the Kyzyl Ompul Project. No finder’s fees will be paid in connection with this transaction.

About Azarga Uranium Corp.

Azarga Uranium is an integrated uranium exploration and development company that controls six uranium projects, deposits and prospects in the United States of America (South Dakota, Wyoming and Colorado) and the Kyrgyz Republic. The Dewey Burdock in-situ recovery uranium project in South Dakota (the “Dewey Burdock Project”), which is the Company’s initial development priority, has received its Nuclear Regulatory Commission License and draft Class III and Class V Underground Injection Control (“UIC”) permits from the Environmental Protection Agency (“EPA”) and the Company is in the process of completing other major regulatory permit approvals necessary for the construction of the Dewey Burdock Project, including the final Class III and Class V UIC permits from the EPA.

For more information please visit www.azargauranium.com.

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Disclaimer for Forward-Looking Information

Certain statements in this news release are forward-looking statements, which reflect the expectations of management regarding its disclosure and amendments thereto. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements may include, but are not limited to, statements with respect to the Company’s continued efforts to obtain all major regulatory permit approvals necessary for the construction of the Dewey Burdock Project, including the final Class III and Class V UIC permits from the EPA, Central earning-in to acquire a 100% interest in the Kyzyl Ompul Project in exchange for project consideration of US$7.4 million, consisting of US$5.9 million of cash payments and US$1.5 million of exploration and development expenditures, the Agreement providing the Company with significant cash payments, which can be deployed towards core strategic initiatives, such as the Dewey Burdock Project, the Agreement alleviating the Company’s need to fund exploration and development expenditures at the Kyzyl Ompul Project and the Kyzyl Ompul Project achieving commercial production. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions, which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including without limitation: (1) the risk that the Company does not obtain all major regulatory permit approvals necessary for construction of the Dewey Burdock Project, including the final Class III and Class V UIC permits from the EPA, (2) the risk that Central does not make a payment and does not earn-in to acquire a 100% interest in the Kyzyl Ompul Project, (3) the risk that the Company does not receive cash payments of US$5.9 million, or any cash payments at all, (4) the risk that Central does not spend US$1.5 million on exploration and development expenditures and the Company needs to fund exploration and development expenditures at the Kyzyl Ompul Project, (6) the risk that cash payments are not deployed for core strategic initiatives, such as the Dewey Burdock Project, (7) the risk that the two percent net smelter royalty is not issued to UrAsia because Central does not earn-in to acquire a 100% interest in the Kyzyl Ompul Project, (9) the risk that the Kyzyl Ompul Project does not achieve commercial production, (10) the risk that such statements may prove to be inaccurate and (11) other factors beyond the Company's control. These forward-looking statements are made as of the date of this news release and, except as required by applicable securities laws, the Company assumes no obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risks and Uncertainties" section in the Company's most recent MD&A filed with Canadian security regulators.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this News Release.

To view the original release, please click here

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