Azarga Uranium Corp. Files Robust Maiden Pea for Gas Hills ISR Uranium Project

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Azarga Uranium Corp. (TSX:AZZ) (OTCQB:AZZUF) (FRA:P8AA) ("Azarga Uranium" or the "Company") has filed its National Instrument 43-101 ("NI 43-101") independent technical report and preliminary economic assessment ("PEA") on its Gas Hills In-situ Recovery Uranium Project in Wyoming, USA (the "Gas Hills Project") following the Company's press release dated 29 June 2021. The Company is now focused on commencing the permitting process and growing the ISR-amenable resources at the Gas Hills Project.

Highlights:

- Pre-income tax IRR of 116% and NPV of US$120.9 million
- Post-income tax IRR of 101% and NPV of US$102.6 million
- 6.5 million pounds of U_3O_8 production over 7 years; steady state production of 1.0 million pounds per year
- Robust satellite project to Azarga Uranium's flagship Dewey Burdock ISR Uranium Project with low initial capital expenditures estimated at US$26.0 million
- Direct cash operating costs estimated at US$11.52 per pound of production

Summary of Economics

The base case economic assessment results in a pre-income tax internal rate of return ("IRR") of 116% and a pre-income tax net present value ("NPV") of US$120.9 million when applying an eight percent discount rate. Using the same discount rate, the post-income tax IRR is 101% and the post-income tax NPV is US$102.6 million.

Life of Mine Cash Flow Line Items

	Units	Total or average	US$ per pound of production
Uranium production (U_3O_8)	Lbs '000s	6,507	-
Base case uranium price	US$/lb	55.00	-
Uranium gross revenue	US$ '000s	357,885	-
Less: surface and mineral royalties	US$ '000s	629	0.10
Taxable revenue	US$ '000s	357,256	-
Less: property, ad valorem and severance tax	US$ '000s	22,918	3.52
Net gross sales	US$ '000s	334,338	-
Less: plant and wellfield operating costs	US$ '000s US$ '000s	37,957	5.83
Less: resin processing and transport costs		16,571	2.55
Less: product conversion and shipping costs	US$ '000s	2,538	0.39
Less: land and administrative support costs	US$ '000s	8,896	1.37

Less: D&D and restoration costs	US$ '000s	8,966	1.38
Net operating cash flow	US$ '000s	259,410	-
Less: pre-production capital costs	US$ '000s	2,240	0.34
Less: plant development costs	US$ '000s	14,126	2.17
Less: wellfield capital development costs		62,645	9.63
	US$ '000s US$ '000s		
Less: transfer pipeline costs		6,000	0.92
Net pre-income tax cash flow	US$ '000s	174,399	-
Less: income taxes	US$ '000s	24,842	3.82
After tax cash flow	US$ '000s	149,557	-

The projected cash flows for the Gas Hills Project PEA are positive in the 1st year of production, two years after the commencement of construction. Initial capital expenditures are estimated at US$26.0 million.

Direct cash operating costs are estimated to be US$11.52 per pound of production, royalties and local taxes are estimated to be US$3.62 per pound of production and the total pre-income tax cost of uranium production is estimated to be US$28.20 per pound of production. Income taxes are estimated to be US$3.82 per pound of production and have been calculated on a project basis in accordance with NI 43-101 requirements; therefore, certain tax shelter balances, such as tax loss carry forwards available at the corporate level, have not been considered.

Pre-income tax NPV and IRR Sensitivity to Alternative Uranium Price Scenarios

Uranium price scenario	NPV	IRR
US$35/lb	US$34.9m	44%
US$40/lb	US$56.4m	63%
US$45/lb	US$77.7m	81%
US$50/lb	US$98.7m	98%
US$55/lb (base case)	US$120.9m	116%
US$60/lb	US$141.5m	132%
US$65/lb	US$163.5m	150%
US$70/lb	US$185.6m	168%

Cautionary statement: The results of the Gas Hills Project PEA are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. The Gas Hills Project PEA is based on the Company's mineral resource estimate press released on 30 March 2021. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimated mineral recovery (80%) used in the Gas Hills Project PEA is based on site-specific laboratory recovery data and industry experience at similar facilities. There can be no assurance that recovery at this level will be achieved. There is no certainty that the Gas Hills Project PEA will be realized.

Project Description

Between 1953 and 1988 many companies explored, developed, and produced uranium in the Gas Hills district, including on lands now controlled by Azarga Uranium. Three uranium mills have operated in the district and two other uranium mills, which operated nearby, were also fed by ore mined from the Gas Hills district. Cumulative production from the Gas Hills district is in excess of 100 million pounds of uranium, mainly from open-pit mining, but also from underground mining and ISR.

Data sources for the estimation of uranium mineral resources for the Gas Hills Project include radiometric equivalent data (eU_3O_8) for 4,569 drill holes, and eU_3O_8 and prompt fission neutron logging data for 272 drill holes. The intent of recent drilling between 2007 and 2013 included verification of earlier data for drill holes and exploration.

Metallurgical studies were completed on recovered materials including bulk samples from reverse circulation drilling and cored sections. Bottle roll and column leach tests indicate uranium recoveries of ~90% and sulfuric acid consumption of ~55 pounds per ton treated, which is consistent with past mining results.

The Gas Hills Project PEA contemplates a satellite plant development approach with final processing at a central processing facility to be constructed at Azarga Uranium's Dewey Burdock Project. Construction of the Gas Hills Project will consist primarily of wellfields in four separate resource areas connected by pipelines to a single satellite plant location containing ion exchange equipment used to extract uranium from produced wellfield fluids. Ion exchange resin will be shipped from the Gas Hills Project to the Dewey Burdock Project for uranium stripping and regeneration, with creation of a dried yellowcake product at Dewey Burdock. This concept has been used successfully for decades in numerous ISR uranium operations in Texas and Wyoming. Wellfield extraction methods will utilize a low-pH complexing solution consistent with other successfully licensed ISR uranium facilities in Wyoming and worldwide. Average project flow rate is estimated at 2,400 gallons per minute with an average head grade of 97 parts per million for an annual production capacity of 1.0 million pounds U_3O_8.

Qualified Person

The NI 43-101 compliant independent technical report and PEA titled "NI 43-101 Technical Report Preliminary Economic Assessment, Gas Hills Uranium Project, Fremont and Natrona Counties, Wyoming, USA", with an effective date of 28 June 2021 (the "Gas Hills PEA") for Azarga Uranium Corp. has been filed on SEDAR at www.sedar.com and Azarga Uranium's website at www.azargauranium.com.

The Gas Hills PEA was independently prepared in accordance with the requirements of NI 43-101 by Western Water Consultants, Inc. dba WWC Engineering, Ray Moores, P.E., a Qualified Person ("QP") as that term is defined under NI 43-101 and Roughstock Mining Services, Steve Cutler, P.G., QP. The disclosure of a scientific and technical nature contained in this press release was approved by Ray Moores, P.E., QP and Steve Cutler, P.G., QP.

About Azarga Uranium Corp.

Azarga Uranium is an integrated uranium exploration and development company that controls ten uranium projects and prospects in the United States of America ("USA") (South Dakota, Wyoming, Utah and Colorado), with a primary focus of developing in-situ recovery uranium projects. The Dewey Burdock in-situ recovery uranium project in South Dakota, USA (the "Dewey Burdock Project"), which is the Company's initial development priority, has received its Nuclear Regulatory Commission License and Class III and Class V Underground Injection Control permits from the Environmental Protection Agency and the Company is in the process of completing other major regulatory permit approvals necessary for the construction of the Dewey Burdock Project.

For more information, please visit www.azargauranium.com.
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Disclaimer for Forward-Looking Information

Certain information and statements in this news release may be considered forward-looking information or forward-looking statements for purposes of applicable securities laws (collectively, "forward-looking statements"), which reflect the expectations of management regarding its disclosure and amendments thereto. Forward-looking statements consist of information or statements that are not purely historical, including any information or statements regarding beliefs, plans, expectations or intentions regarding the future. Such information or statements may include, but are not limited to, statements with respect to the Company's Gas Hills Project PEA, the future financial or operating performance of the Company and its mineral projects, the estimation of mineral resources, the timing and amount of estimated future production and capital, operating and exploration expenditures, the Gas Hills Project PEA contemplating a satellite plant development approach with final processing at a central processing facility to be constructed at Azarga Uranium's Dewey Burdock Project, the Company now focusing on commencing the permitting process and growing the ISR-amenable resources at the Gas Hills Project, and the Company being in the process of completing regulatory permit approvals necessary for the construction of the Dewey Burdock Project. 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 Azarga Uranium 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 actual results to differ materially from those expressed or implied by the forward-looking statements, including without limitation: the risk that the Gas Hills Project is not constructed and the estimated economics of the PEA are not realized, the risk that the estimated economics contained in the PEA do not reflect actual project economics, the risk that a central processing facility is not constructed timely or ever at Azarga Uranium's Dewey Burdock Project and therefore the Gas Hills Project PEA cannot be realized, the risk that the Company does not commence the permitting process and or grow the ISR-amenable resources at the Gas Hills Project, the risk that the Company does not complete regulatory permit approvals necessary for the construction of the Dewey Burdock or Gas Hills Project, the risk that such statements may prove to be inaccurate and 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, Azarga Uranium 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 most recent AIF 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.

SOURCE: Azarga Uranium Corp.

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