

EPA REGION 8'S RESPONSE TO PETITION FOR REVIEW

Attachment E

Doc 574 (excerpts – pp. 061163-061167 and 061303-061309), Public
comments downloaded from the Regulations.gov website for Docket
EPA-R08-OW-2019-0512

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

Not Rated

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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%

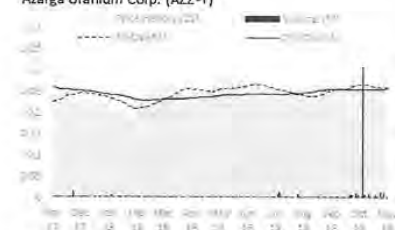
52-Week High / Low \$0.34 / \$0.19
Shares O/S 170 million

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

Azarga Uranium Corp. (AZZ-T)



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

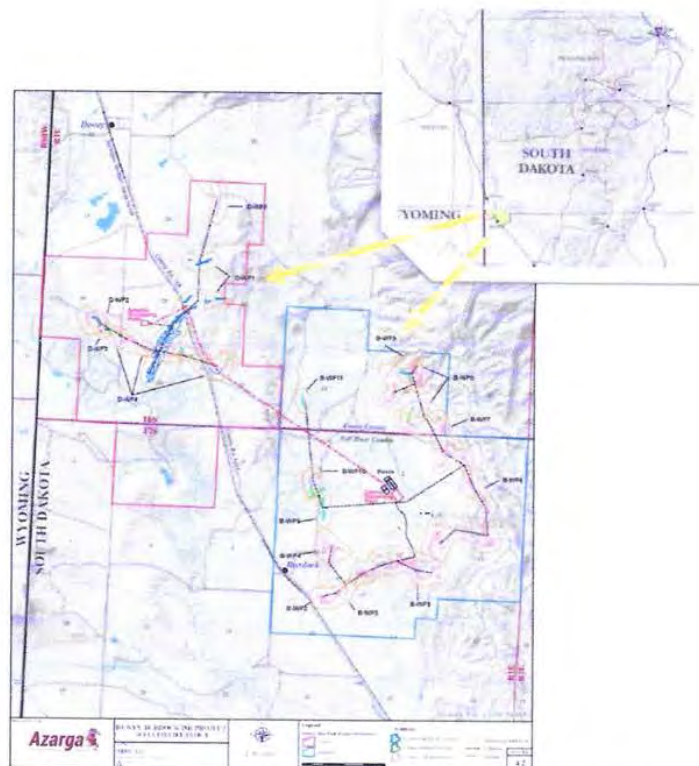
South Dakota					Colorado				
Dewey Burdock ISR Amenable Resource Estimate					Centennial Uranium Project				
Category	Mt	Avg. GT	U ₃ O ₈ (%)	U ₃ O ₈ (lb)	Category	Mt	U ₃ O ₈ (%)	U ₃ O ₈ (lb)	
Measured	5,200	0.73	0.132%	13,799,000	Indicated	6.873	0.090%	10,371,571	
Indicated	2,328	0.40	0.068%	3,160,000	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>*At 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>					Kyrgyz Republic (70%-interest)				
Dewey Burdock Non-ISR Resource Estimate (above water table)					Kyzyl Ompul 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	0.844		0.057%	1,060,000	Indicated	15.130	0.023%	7,511,758	
Global	0.844		0.057%	1,060,000	Global	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>					<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>*At 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					
Savageaton (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\$8.60/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



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	%	#	IB Clients (TTM)
Buy	76.8%	73	96.3%
Hold	10.5%	10	0.0%
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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%



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Azarga Reports Robust PEA Results for Dewey Burdock Project

December 4, 2019 8:00 am

Highlights:

- Pre-income tax IRR of 55% and NPV of US\$171.3 million (at US\$55 per pound uranium sales price and 8% discount rate)
- Post-income tax IRR of 50% and NPV of US\$147.5 million (at US\$55 per pound uranium sales price and 8% discount rate)
- 14.3 million pounds of U₃O₈ production over 16 years; steady state production of approximately 1 million pounds per year achieved in year
- Low initial capital expenditures estimated at US\$31.7 million
- Direct cash operating costs estimated at US\$10.46 per pound of production

AZARGA URANIUM CORP. (TSX: AZZ, OTCQB: AZZUF, FRA: P8AA) ("Azarga Uranium" or the "Company") is pleased to announce the positive results of an independent Preliminary Economic Assessment ("PEA") on its flagship Dewey Burdock In-situ Recovery Uranium Project in South Dakota, USA (the "Dewey Burdock Project") following an updated mineral resource estimate. The PEA has been prepared in accordance with the requirements of National Instrument 43-101 ("NI 43-101").

Blake Steele, the Company's President and CEO commented: "We are extremely pleased with the results of the updated PEA for the Dewey Burdock Project. The PEA demonstrates robust economics and cements the Dewey Burdock Project as one of the preeminent undeveloped in-situ recovery ("ISR") projects in the United States. The PEA results further validate our Company's strategy and we continue to progress the project towards construction as the global uranium market strengthens by virtue of supplier discipline and higher demand. The estimated cost profile and modest initial capital expenditures leave Dewey Burdock and the Company well positioned to capitalize on the anticipated recovery in the uranium price."

Summary of Economics

The base case economic assessment results in a pre-income tax internal rate of return ("IRR") of 55% and a pre-income tax net present value ("NPV") of US\$171.3 million when applying an eight percent discount rate. Using the same discount rate, the post-income tax IRR is 50% and the post-income tax NPV is US\$147.5 million.

Life of Mine Cash Flow Line Items

	Units	Total or average	US\$ per pound of production
Uranium production (U ₃ O ₈)	Lbs '000s	14,268	—
Base case uranium price	US\$/lb	55.00	—
<i>Uranium gross revenue</i>	<i>US\$ '000s</i>	<i>784,740</i>	—
Less: surface and mineral royalties	US\$ '000s	38,060	2.67
<i>Taxable revenue</i>	<i>US\$ '000s</i>	<i>746,680</i>	—
Less: severance and conservation tax	US\$ '000s	35,393	2.48
<i>Net gross sales</i>	<i>US\$ '000s</i>	<i>711,287</i>	—
Less: plant and well field operating costs	US\$ '000s	108,084	7.58
Less: product transaction costs	US\$ '000s	11,889	0.83
Less: administrative support costs	US\$ '000s	5,362	0.38
Less: D&D and restoration costs	US\$ '000s	16,659	1.17
Less: property tax	US\$ '000s	7,200	0.50
<i>Net operating cash flow</i>	<i>US\$ '000s</i>	<i>562,093</i>	—
Less: pre-construction capital costs	US\$ '000s	1,025	0.07
Less: plant development costs	US\$ '000s	52,140	3.65
Less: wellfield capital development costs	US\$ '000s	136,190	9.55

<i>Net pre-income tax cash flow</i>	<i>US\$ '000s</i>	<i>372,738</i>	<i>–</i>
Less: income taxes	US\$ '000s	48,386	3.39
<i>After tax cash flow</i>	<i>US\$ '000s</i>	<i>324,352</i>	<i>–</i>

The projected cash flows for the Dewey Burdock Project PEA are positive in the second year of production, two years after the commencement of construction. Initial capital expenditures are estimated at US\$31.7 million.

Direct cash operating costs are estimated to be US\$10.46 per pound of production, royalties and local taxes (excluding property tax) are estimated to be US\$5.15 per pound of production and the total pre-income tax cost of uranium production is estimated to be US\$28.88 per pound of production. Income taxes are estimated to be US\$3.39 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\$26.6m	17%
US\$40/lb	US\$62.8m	28%
US\$45/lb	US\$98.9m	37%
US\$50/lb	US\$135.1m	46%
US\$55/lb (base case)	US\$171.3m	55%
US\$60/lb	US\$207.4m	64%
US\$65/lb	US\$243.6m	72%
US\$70/lb	US\$279.7m	80%
US\$75/lb	US\$315.9m	88%

Cautionary statement: The results of the Dewey Burdock Project PEA are preliminary in nature and includes 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. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimated mineral recovery used in the Dewey Burdock Project PEA is based on site-specific laboratory recovery data as well as Azarga Uranium personnel 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 Dewey Burdock Project PEA will be realized.

Updated Mineral Resource Estimate – 3 December 2019¹

Dewey Burdock Project ISR Mineral Resource Estimate

Measured Resources	Indicated Resources	Inferred Resources
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			Measured plus Indicated Resources	
Tons	5,419,779	1,968,443	7,388,222	645,546
Average grade (% U ₃ O ₈)	0.132	0.072	0.116	0.055
Average thickness (feet)	5.56	5.74	5.65	5.87
Average grade-thickness ("GT")	0.733	0.413	0.655	0.324
Uranium (pounds)	14,285,988	2,836,159	17,122,147	712,624

1. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In addition to the ISR mineral resource estimate, the NI 43-101 resource estimate includes a non-ISR (located above the water table) resource estimate containing Measured resources of 857,186 pounds at 0.060% U₃O₈, Indicated resources of 407,851 pounds at 0.053% U₃O₈ and inferred resources of 114,858 pounds at 0.051% U₃O₈. These resources are not included in the ISR resources presented in the table above and are not included in the economic analysis for the Dewey Burdock Project PEA.

Both the ISR and non-ISR resources were determined using the GT contour method and met the following criteria:

1. 02 percent grade cutoff;
2. Occur within the same mineral horizon (roll front);
3. Fall within the 0.20 GT contour; and
4. Extend no farther from the drill hole than the radius of influence specified for each category, i.e., measured, indicated or inferred.

For the purpose of the PEA, the uranium recovery is estimated at 80% for all categories of ISR resources. Therefore, life of mine U₃O₈ production is estimated to be 14.3 million pounds.

The Dewey Burdock Project PEA has been prepared in accordance with the requirements of NI 43-101 and was prepared by TREC, Inc. ("TREC"), Douglass Graves, P.E., a qualified person ("QP") as defined under NI 43-101, and Roughstock Mining Services ("Roughstock"), Steve Cutler, P.G., QP. The full technical report and PEA will be filed on SEDAR at www.sedar.com and Azarga Uranium's website www.azargauranium.com within 45 days of the issuance of this news release.

Project Description

The Dewey Burdock Project is an advanced-stage uranium project located in South Dakota, USA. The Company has received its Nuclear Regulatory Commission ("NRC") License, which has one remaining contention outstanding, and its draft Class III and Class V Underground Injection Control permits from the Environmental Protection Agency. The Company looks forward to the Atomic Safety and Licensing Board decision on the final remaining NRC License contention for the Dewey Burdock Project, which is now expected on 16 December 2019.

The Dewey Burdock uranium mineralization is comprised of "roll-front" type uranium mineralization hosted in several sandstone stratigraphic horizons that are hydro-geologically isolated and therefore amenable to ISR mining methods. The Dewey Burdock Project is located in a region where ISR projects have been and are operated successfully. The ISR mining method has been proven effective in geologic formations near the Dewey Burdock Project in Wyoming and Nebraska.

The Dewey Burdock Project consists of two resource areas: the Burdock resource area and the Dewey resource area. The central processing plant ("CPP") for the Dewey Burdock Project will be located at the Burdock resource. A satellite facility will be constructed at the Dewey resource area.

The Dewey Burdock Project PEA contemplates a phased development approach. The Burdock CPP will be constructed to initially accept a flow rate of up to 1,000 gallons per minute ("GPM") of lixiviant solution. Capacity will gradually be expanded to accept a flow rate of 4,000 GPM of lixiviant solution.

Similarly, ion exchange ("IX") capacity will gradually be increased. During the first few years of operation, resin will be transferred from IX vessels to resin trailers to be transported and processed at an off-site processing facility. Once the CPP flow rate capacity has reached 4,000 GPM, the Burdock CPP will be expanded to include processing capabilities for approximately one million pounds per annum of U_3O_8 .

First production occurs after year one of construction, with approximately 126,000 pounds of U_3O_8 being produced. The production ramp-up continues until reaching a steady-state production level of approximately 1 million pounds of U_3O_8 two years later, in the third year after construction commences. Restoration and surface reclamation will also be implemented concurrently with production and will continue approximately four years beyond the production period. The overall mine life will be approximately 21 years from initiating construction to completing decommissioning.

Data Verification

An overall assessment of the data used for the classification of resources into various categories is required by the CIM Definition Standards. This assessment showed that historical data gathering and interpretation of the data was conducted by a well-respected, major uranium exploration company with high-quality uranium exploration staff. It also showed that at key points, professional geologic consultants reviewed and verified the results of the historic exploration programs. Numerous academic reports have also been published on geologic settings and uranium mineralization of the Dewey Burdock Project.

Interpretive geologic evaluation has also been completed under the direction of the Company's senior geologic staff. All these factors provide a high level of confidence in the geological information available on the mineral deposit and that historic drillhole data on the Dewey Burdock Project is accurate and useable for continued evaluation of the project.

The QP (Mr. Cutler) notes that the drilling conducted by Azarga Uranium has verified the location and grade of uranium mineralization in the updated resource estimate. There are no known discrepancies in locations, depths, thicknesses, or grades that would render the project data questionable. The QP has adequately verified the historical data for the Dewey Burdock project. The QP has reviewed the data confirmation procedures and concludes that the drillhole database has been sufficiently verified and is adequate for use in resource estimation. The QP concludes the work done by Azarga Uranium to verify the historical records has validated the project information in the updated resource estimate.

Qualified Person

The disclosure of a scientific and technical nature contained in this press release was approved by Douglass Graves, P.E. and Steve Cutler, P.G., qualified persons as that term is defined under NI 43-101.

About Azarga Uranium Corp.

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 draft Class III and Class V Underground Injection Control ("UIC") permits from the Environmental Protection Agency (the "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.

Follow us on Twitter at [@AzargaUranium](https://twitter.com/AzargaUranium).

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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 Dewey Burdock Project PEA, the future financial or operating performance of the Company and its mineral projects, including the Dewey Burdock Project, the estimation of mineral resources, the timing and amount of estimated future production and capital, operating and exploration expenditures, the Company looking forward to the Atomic Safety and Licensing Board decision on the final remaining Nuclear Regulatory Commission License contention for the Dewey Burdock Project, which is now expected on 16 December 2019 and Azarga Uranium'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. 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 Dewey Burdock 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 the Atomic Safety and Licensing Board decision on the final remaining Nuclear Regulatory Commission License contention for the Dewey Burdock Project is delayed beyond 16 December 2019, or is not favorable,

the risk that Azarga Uranium 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, 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.

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