MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTERLY HIGHLIGHTS

For the nine months ended June 30, 2023

(Expressed in Canadian dollars)

The following is management's discussion and analysis – quarterly highlights ("MD&A") of the results of operations and financial condition of Azarga Metals Corp. (the "Company" or "Azarga") for the nine months ended June 30, 2023 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management's discussion and analysis for the fiscal year ended September 30, 2022 (the "Annual MD&A").

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended September 30, 2022, together with the notes thereto, and the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the nine months ended June 30, 2023 (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is August 28, 2023.

Description of the Business

Azarga is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and trade under the symbol AZR.

The Company is engaged in the exploration and, if warranted, development of mineral resource projects. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

On June 27, 2023, the Company completed a 10 for 1 share consolidation. All share and per share amounts in this MD&A have been restated to reflect this share consolidation.

Marg VMS Project, Yukon, Canada

The Marg Project is an undeveloped high-grade copper-rich volcanogenic massive sulphide ("VMS") deposit located in the Keno Hill Silver District, Yukon Territory, approximately 40 kilometres east of Keno City and 465 kilometres by road north of Whitehorse. The Marg Project claims are located within the First Nation of the Nacho Nyak Dun ("FNNND") traditional territory.

IP Survey

In late 2022, the Company completed an induced polarization ("IP") survey at the Marg Project which covered a significant portion of the known Marg VMS horizon, as well as an area immediately north of strong multi-element soil geochemical anomalies lying along an interpreted fold repetition of the Marg VMS horizon (Figure 1).

In May 2023, the Company received the final report on the IP survey at its Marg Project. The IP survey was undertaken by Abitibi Geophysics Inc. ("Abitibi"), over, across, and along strike from the Marg deposit, with the goal of assisting to identify drill targets which could extend the known Marg mineralization or discover new zones of interest with similar signatures. The highest priority areas were covered by the IP survey; however, due to winter weather conditions, a minor number of peripheral lines had to be deferred until a later date. The IP survey data was acquired using a "sounding-style" Wenner array to identify resistive and chargeable features. Where chargeable zones with high resistivity coincide, the "Gold Index parameter" amplifies the response. In the IP survey, two such zones, both relatively continuous along strike, were identified, with Zone A lying to the north of Zone B (Figure 3). Zone A is interpreted as the probable "up-dip", near surface mineralized Marg horizon, and Zone B, an apparently sub-parallel horizon, is interpreted as a possible fold repeat of Zone A (and hence of the known Marg horizon), across a tight overturned fold, with both limbs dipping to the south and extending beyond the depth of investigation of the IP survey.

Extension of the IP survey with a deeper penetrating array during the summer months is recommended to test the continuation of chargeable Zones A and B.

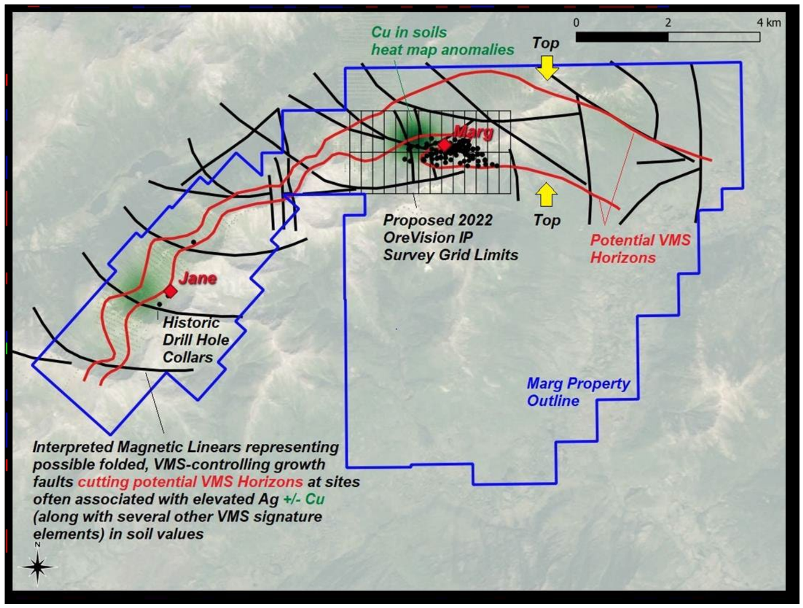

Figure 1. Location of the 2022 proposed IP survey, historic drill holes and Cu in Soils heat map

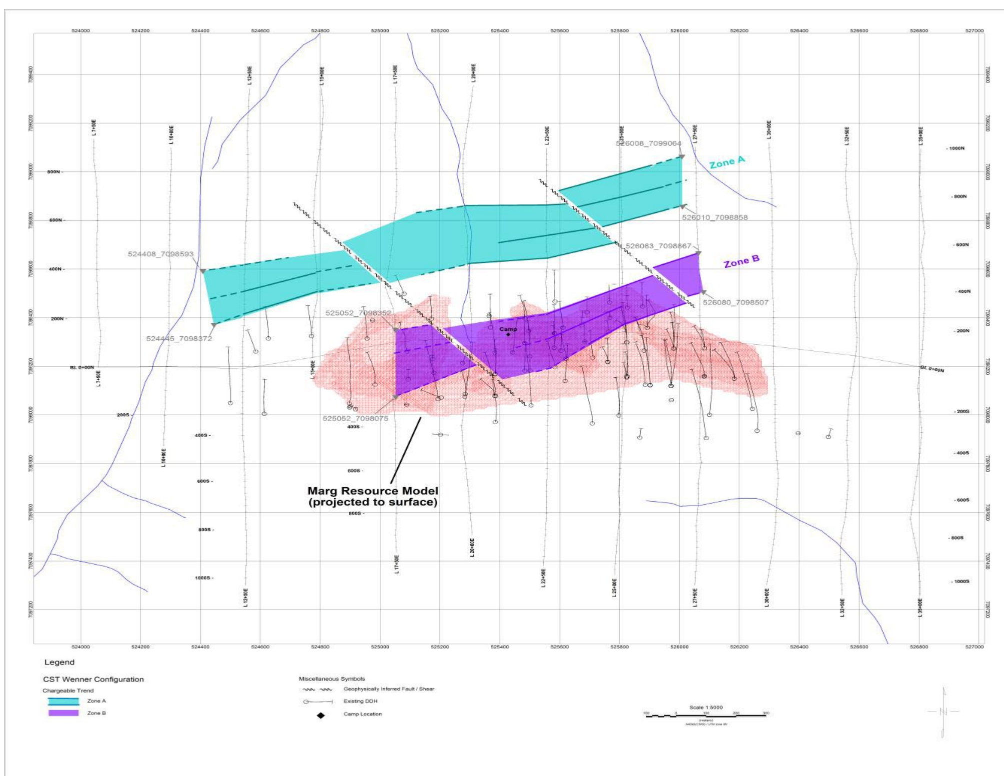

Figure 2. Chargeable Zones A and B with historical Marg resource model (red)

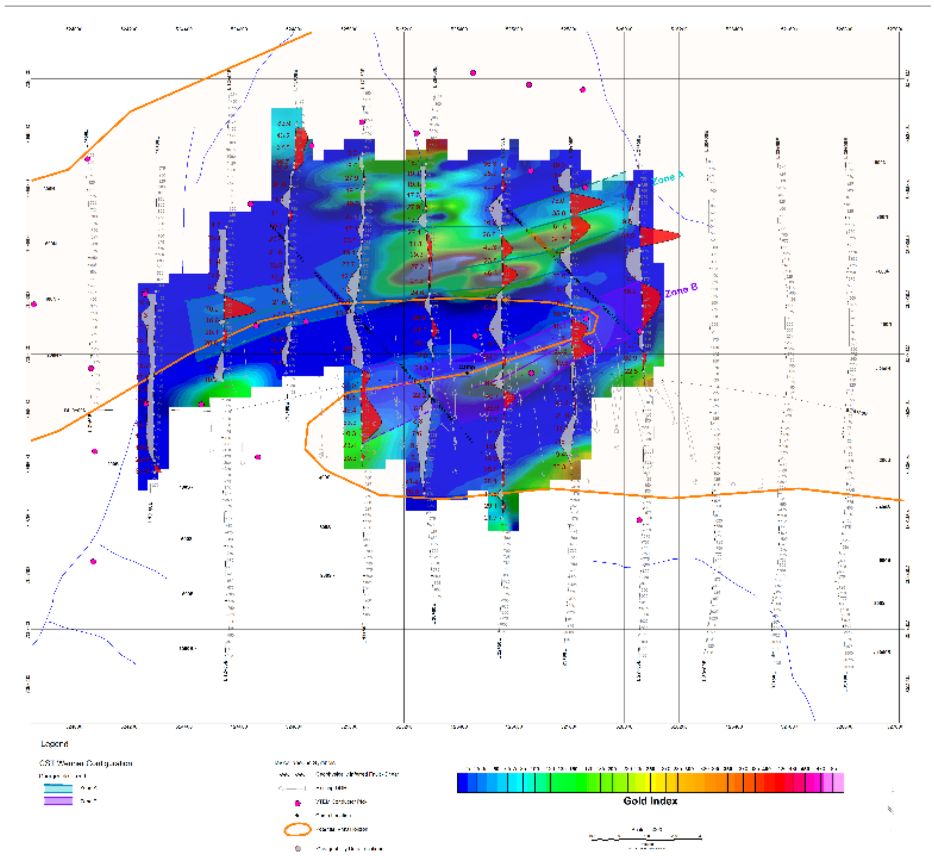

Figure 3. Gold Index parameter (Abitibi) showing interpreted mineralized horizons (Zones A and B) at the Marg Project.

Mineral Resources Estimate

The most recent NI 43-101 Mineral Resource estimate for the Marg Project (see Table 1 below) was completed by Mining Plus Canada Consulting Ltd. in 2016 and incorporated into a preliminary economic assessment ("PEA") for the project titled "Revere Development Corp, Marg Project Preliminary Economic Assessment, Technical Report, Yukon Canada" and dated August 31, 2016.

The mineral resource estimate in the 2016 PEA was prepared in accordance with NI 43-101 standards and is considered by Azarga management to have a high degree of reliability, however, the resource has not been verified by Azarga and is considered historical in nature. A qualified person representing Azarga has not done sufficient work to classify the historical estimate as a current mineral resource and Azarga is not treating it as a current mineral resource.

Table 1 – August 31, 2016 Historical Resource estimate for Marg Project at a 0.5% copper equivalent cut-off (combining high-grade and low-grade zones)[1]

Category	Tonnage (mt)	Cu%	Pb%	Zn%	Ag g/t	Au g/t
Indicated	3.7	1.5	2.0	3.8	48	0.76
Inferred	6.1	1.2	1.7	3.4	44	0.74

Note: 1. Where CuEq% was calculated = Cu% + 0.28 Pb% + 0.32 Zn% + 0.39 Au g/t + 0.0055 Ag g/t, which was assessed based on the following metal price and recovery assumptions: Cu price of 2.5 US$/lb and recovery of 80% (96.5% payable); Pb price of 0.8 US$/lb and recovery of 70% (95% payable); Zn price of 0.8 US$/lb and recovery of 90% (85% payable); Au price of 1100 US$/oz and recovery of 50% (90% payable); and Ag price of 16 US$/oz and recovery of 50% (90% payable).

Qualified Person

Charles J. Greig, P.Geo., a consultant to Azarga and a Qualified Person as defined by NI 43-101, is relying on the IP Survey, CTS Wenner Configuration, logistics and interpretation report prepared for Azarga by Abitibi Geophysics Inc. dated February 2023 for certain disclosure regarding the geophysical interpretation and conclusions contained in this MD&A.

Sale of Unkur Project in Russia

In early 2022, countries around the world imposed a number of sanctions on Russia in response to its invasion of Ukraine. These sanctions included, but were not limited to, removing certain Russian banks from the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") messaging system, which affected the Company's ability to fund its operations in Russia.

In February 2023, the Company entered into a share purchase agreement with a non-sanctioned third-party buyer to sell its wholly owned subsidiaries, Azarga Metals Limited, Shilka Metals Ltd., and Tuva-Kobalt LLC, the owner of the Unkur project. As consideration, the buyer paid the Company $1 (US$1) for the Unkur project and $102,074 (US$74,999) for the assignment and assumption of the intercompany debt, as well as contingent consideration equal to half of the net proceeds paid to the buyer from any subsequent sale of the Unkur project ("Contingent Consideration").

Pursuant to the option agreement between the Company and Baker Steel Resources Trust Ltd. ("BSRT") as disclosed in the consolidated financial statements for the year ended September 30, 2022, the Company and BSRT have agreed that any Contingent Consideration paid to the Company will be split as follows: 90% to BSRT and 10% to the Company for any amount up to US$3.5 million and 80% to BSRT and 20% to the Company for any amount above US$3.5 million.

Trends

The Company is an exploration company. At this time, issues of seasonality or market fluctuations have had a minor impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net income (loss) for each quarter. The Company's treasury, in part, determines the levels of exploration.

The level of the Company's exploration and evaluation expenditures is largely determined by the strength of resource capital and commodity markets and its ability to obtain investor support for its projects.

Financial Condition and Results of Operations – nine months ended June 30, 2023

The Company began the current fiscal period with cash of $184,074. During the nine months ended June 30, 2023, the Company spent $232,591 on operating activities, net of working capital changes, received $102,075 from the sale of its subsidiaries, and received $106,000 from a private placement to end at June 30, 2023 with a cash balance of $159,558.

The loss and comprehensive loss for the nine months ended June 30, 2023 was $574,877 compared to $8,876,770 for the nine months ended June 30, 2022.

The significant changes between the current period and the comparative period are discussed below.

Consulting fees totalled $205,500 (2022 - $274,054) for the nine months ended June 30, 2023 and relate to fees paid to the Company's management team. The prior period consulting fees included fees for the Company's former VP Exploration.

Exploration and evaluation expenditures for the nine months ended June 30, 2023 totalled $227,385 compared to $137,865 in the comparative period. The current period increase primarily relates to the IP survey completed on the Company's Marg Project, partially offset by a decrease in expenditures on the Company's Unkur project which was sold during the current period.

Investor relations totalled $104,236 for the nine months ended June 30, 2023, including the draw down of prepaid expenses of $94,500. These fees primarily relate to the Company's September 2022 private placement and engagement of a firm for twelve months to provide its best efforts to provide market stability and liquidity and in October 2022, a firm to provide for twelve months electronic advertising campaign including interviews with the CEO. Investor relations were $63,541 in the comparative period primarily related to a dedicated marking making services agreement.

Professional fees for the nine months ended June 30, 2023 totalled $30,351 compared to $160,882 in the comparative period. The professional fees in the prior period primarily relate to legal fees incurred in connection to the acquisition of the Marg Project.

Share-based compensation expense was $31,045 (2022 - $191,755) and relates to stock options that vested during the period.

As described above, the Company sold its wholly owned subsidiaries, Azarga Metals Limited, Shilka Metals Ltd., and Tuva-Kobalt LLC, the owner of the Unkur project, and as a result recorded a gain on sale of subsidiaries of $108,372 in the current period.

In June 2022, the Company settled the convertible loan with BSRT, and BSRT agreed, among other things, to waive all accrued interest. Accordingly, the Company recorded a gain on settlement of the convertible loan interest of $259,676. In October 2021, the Company issued BSRT 374,375 common shares valued at $205,907 to settle its semi-annual interest payment of $187,166 and accordingly recorded a loss on settlement of convertible loan interest of $18,741.

During the nine months ended June 30,2022, the Company accrued interest of $400,919 on the convertible loan. The convertible loan with BSRT was converted into common shares in June 2022 thus no interest was accrued in the current period.

During the nine months ended June 30, 2022, the Company recorded an impairment of exploration and evaluation assets of $8,012,117 on the Unkur project as described above.

Liquidity and Capital Resources

In November 2022, the Company completed the second and final tranche of a non-brokered private placement through the issuance of 706,667 units at a price of $0.15 per unit for gross proceeds of $106,000. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of $0.50 per share until November 7, 2025. The Company paid cash finder's fees of $3,500 and issued 23,333 finder's warrants on the same terms as the share purchase warrants.

In January 2023, the Company issued 400,000 common shares valued at $80,000 to settle trade and other payables of $95,892. Accordingly, the Company recorded a gain on settlement of trade and other payables of $15,892.

As at June 30, 2023, the Company had a working capital deficit of $2,598,657.

Subsequent to June 30, 2023, the Company completed the following:

- In July 2023, the Company issued 400,000 common shares to Golden Oak Corporate Services Ltd., a consulting company controlled by the Chief Financial Officer and Corporate Secretary of the Company, to settle consulting fees owing of $60,000.

- In July 2023, the Company issued 538,398 common shares to a third-party to settle trade and other payables of $80,760.

- In July 2023, the Company issued 8,019,895 in full and final settlement of $1,202,985 of the shareholder loans. The remaining balance of $560,857 is owing to Eugene McCarthy. Mr. McCarthy has agreed to settle his shareholder loan in common shares of the Company, but issuance of those shares is pending.

The Company needs to complete a financing in order to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Related Party Transactions

The Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 7 to the Financial Report.

Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at June 30, 2023	20,807,931	2,700,000	180,000
Issuance of shares to settle trade and other payables	938,398	-	-
Issuance of shares to settle shareholder loans	8,019,895	-	-
Balance as at the date of this MD&A	29,766,224	2,700,000	180,000

Cautionary Note Regarding Forward-looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that address activities, events or developments that Azarga or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by Azarga and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although Azarga believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of Azarga is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Management" in the above documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, of Azarga may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by Azarga will be realized or, even if substantially realized, that they will have the expected consequences for Azarga.

Forward-looking statements are based on the beliefs, estimates and opinions of Azarga's management on the date the statements are made. Unless otherwise required by law, Azarga expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and Azarga does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Other Information

Additional information relating to the Company is available for viewing on SEDAR+ and at the Company's website www.azargametals.com.