AZARGA METALS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2016

(Unaudited – Expressed in Canadian dollars)

Notice to Reader

These condensed consolidated interim financial statements of Azarga Metals Corp. (formerly European Uranium Resources Ltd.) have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the financial statements or the related quarterly Management Discussion and Analysis.

AZARGA METALS CORP. (formerly European Uranium Resources Ltd.)
Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note		June 30, 2016		September 30, 2015
ASSETS					
Current					
Cash	4	$	1,577,253	$	3,827
Receivables	5		15,101		4,468
Marketable securities	6		-		68,124
Prepaid expenses and deposits	7		282,779		2,649
			1,875,133		79,068
Equipment	8		-		4,324
Exploration and evaluation assets	9		2,498,094		-
		$	4,373,227	$	83,392
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current					
Trade and other payables	10	$	125,128	$	640,110
Due to non-controlling interest shareholders	11		998,546		-
			1,123,674		640,110
Shareholders' equity (deficiency)					
Share capital	13		129,442,944		125,818,934
Obligation to issue shares	13		11,909		-
Share-based reserve			14,614,877		14,614,877
Foreign exchange reserve			(132,943)		22,349
Deficit			(140,684,948)		(141,012,878)
Equity attributable to Azarga shareholders			3,251,839		(556,718)
Non-controlling interest	18		(2,286)		-
			3,249,553		(556,718)
		$	4,373,227	$	83,392

Nature of operations and going concern *1*
Subsequent events *19*

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Board of Directors on August 23, 2016.

They are signed on the Company's behalf by:

"Alex Molyneux" — Alex Molyneux, Director

"Dorian L. Nicol" — Dorian L. Nicol, Director

AZARGA METALS CORP. (formerly European Uranium Resources Ltd.)
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended June 30, 2016	Three months ended June 30, 2015	Nine months ended June 30, 2016	Nine months ended June 30, 2015
EXPENSES					
Administration		$ 6,006	$ 19,386	$ 6,599	$ 74,195
Depreciation		-	693	4,324	2,700
Employee salaries, fees to directors and contractors		37,108	79,515	121,392	246,670
Exploration and evaluation expenditures	*9*	7,972	37,967	7,972	141,978
Exploration and evaluation expenditure recoveries	*9*	-	(37,967)	-	(141,978)
Professional fees		17,698	4	19,238	2,095
Public, government and investor relations		-	-	-	327
Regulatory fees		30,414	8,649	50,076	24,116
Travel		2,734	259	2,734	18,072
		101,932	108,506	212,335	368,175
OTHER INCOME (EXPENSES)					
Forgiveness of trade and other payables	*10*	474,308	-	474,308	-
Foreign exchange gain (loss)		11,393	1,246	28,902	(10,568)
Gain on disposal of subsidiary	*9*	-	-	67,841	-
Impairment loss on marketable securities		-	(29,075)	-	(121,294)
Interest expense on due to NCI Shareholders	*11*	(8,173)	-	(8,173)	-
Interest expense on notes payable	*12*	(1,387)	-	(1,687)	-
Interest income		3,135	50	3,148	345
Loss on sale of marketable securities	*6*	-	-	(49,074)	(9,149)
Reversal of accrued liabilities	*10*	25,000	-	25,000	-
		504,276	(27,779)	540,265	(140,666)
NET INCOME (LOSS) FOR THE PERIOD		402,344	(136,285)	327,930	(508,841)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
Foreign currency translation differences for foreign operations		(132,943)	(641)	(155,292)	(4,174)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		$ 269,401	$ (136,926)	$ 172,638	$ (513,015)
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Azarga shareholders		402,344	(136,285)	327,930	(508,841)
Non-controlling interest		-	-	-	-
		$ 402,344	$ (136,285)	$ 327,930	$ (508,841)
Basic and diluted income (loss) per common share		$ 0.02	$ (0.02)	$ 0.03	$ (0.08)
Weighted average number of common shares outstanding		18,589,480	6,594,012	10,577,908	6,594,012

AZARGA METALS CORP. (formerly European Uranium Resources Ltd.)
Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended June 30,	
	2016	**2015**
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Net income (loss) for the period	$ 327,930	$ (508,841)
Items not affecting cash:		
Depreciation	4,324	2,700
Forgiveness of trade and other payables	(474,308)	-
Gain on disposal of subsidiary	(67,841)	-
Impairment loss on marketable securities	-	121,294
Accrued interest expense	8,173	-
Loss on sale of marketable securities	49,074	9,149
Reversal of accrued liabilities	(25,000)	-
Obligation to issue shares	11,909	-
Unrealized foreign exchange loss (gain)	(8,446)	(4,172)
Change in non-cash working capital items:		
Receivables	(7,265)	70,808
Prepaid expenses and deposits	(280,130)	14,885
Trade and other payables	100,360	28,558
	(361,220)	(265,619)
INVESTING ACTIVITIES:		
Proceeds on sale of marketable securities	19,050	26,894
Unkur transaction costs, net of cash received	(43,422)	-
	(24,372)	26,894
FINANCING ACTIVITIES		
Private placement	2,000,000	-
Share issue costs	(11,365)	-
Notes payable	68,875	-
Repayment of notes payable	(68,875)	-
	1,988,635	-
EFFECT OF FOREIGN EXCHANGE ON CASH	(29,617)	(161)
INCREASE (DECREASE) IN CASH FOR THE PERIOD	1,573,426	(238,886)
CASH, BEGINNING OF THE PERIOD	3,827	242,141
CASH, END OF THE PERIOD	$ 1,577,253	$ 3,255
Supplemental cash flow information:		
Cash paid during the period for interest	$ 1,687	$ -
Cash paid during the period for income taxes	-	-

Supplementary Cash Flow Information (Note 17)

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AZARGA METALS CORP. (formerly European Uranium Resources Ltd.)

Consolidated Statements of Changes in Equity (Deficiency)

(Unaudited - Expressed in Canadian dollars)

	Number of shares	Share capital	Obligation to issue shares	Share-based reserve	Foreign exchange reserve	Deficit	Equity (deficiency) attributable to Azarga shareholders
Balance, September 30, 2014	6,594,012	$ 125,818,934	$ -	$ 14,614,877	$ 13,438	$ (140,324,350)	$ 122,899
Comprehensive loss for the period	-	-	-	-	(4,174)	(508,841)	(513,015)
Balance, June 30, 2015	6,594,012	$ 125,818,934	$ -	$ 14,614,877	$ 9,264	$ (140,833,191)	$ (390,116)

	Number of shares	Share capital	Obligation to issue shares	Share-based reserve	Foreign exchange reserve	Deficit	Equity (deficiency) attributable to Azarga shareholders
Balance, September 30, 2015	6,594,012	$ 125,818,934	$ -	$ 14,614,877	$ 22,349	$ (141,012,878)	$ (556,718)
Private placement	20,000,000	2,000,000	-	-	-	-	2,000,000
Finders' fees	32,500	3,250	-	-	-	-	3,250
Share issue costs	-	(14,615)	-	-	-	-	(14,615)
Shares for debt	577,572	57,757	-	-	-	-	57,757
Acquisition of Unkur project	15,776,181	1,577,618	-	-	-	-	1,577,618
Obligation to issue shares	-	-	11,909	-	-	-	11,909
Comprehensive income for the period	-	-	-	-	(155,292)	327,930	172,638
Balance, June 30, 2016	42,980,265	$ 129,442,944	$ 11,909	$ 14,614,877	$ (132,943)	$ (140,684,948)	$ 3,251,839

The accompanying notes form an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Azarga Metals Corp. (formerly European Uranium Resources Ltd.) (the "Company" or "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 corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., V4B 1E6.

The Company is engaged in the identification, acquisition, 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 May 31, 2016, the Company changed its name from European Uranium Resources Ltd. to Azarga Metals Corp. and consolidated its shares on a 10 old for 1 new basis. All share and per share amounts in these condensed consolidated interim financial statements have been retroactively restated.

On May 31, 2016, the Company completed: an initial acquisition of 60% of the Unkur Copper-Silver Project in eastern Russia from the shareholders of Azarga Metals Limited (Note 9); a concurrent private placement of $2,000,000 (Note 13); and the settlement of certain related party debt (Note 10).

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at June 30, 2016, the Company had working capital of $1,750,005. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. However, should the Company's current plans be updated, the Company may need to seek additional sources of financing to carry on future operations. 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.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2015.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the parent company's functional currency. The functional currency of the Company's BVI and Cyprus subsidiaries is the United States dollar while the functional currency of the Company's Russian subsidiary is the Russian Ruble. The functional currency of the Company's Slovakian subsidiary is the Canadian dollar. The functional currency of the Company's now sold Slovakian subsidiary as well as the function currency of the Company's now dissolved US subsidiary was the Canadian dollar.

Use of accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

<u>Carrying value and recoverability of exploration and evaluation assets</u>

Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

<u>Estimated useful lives of equipment</u>

The estimated useful lives of equipment which are included in the statements of financial position will impact the amount and timing of the related depreciation included in profit or loss.

<u>Share-based compensation</u>

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PRESENTATION (continued)

Use of accounting estimates, judgments and assumptions (continued)

(i) Critical accounting estimates (continued)

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent Company is the Canadian dollar. The functional currency of the Company's BVI and Cyprus subsidiaries is the United States dollar while the functional currency of the Company's Russian subsidiary is the Russian Ruble. The functional currency of the Company's Slovakian subsidiary is the Canadian dollar. The functional currency of the Company's now sold Slovakian subsidiary as well as the function currency of the Company's now dissolved US subsidiary was the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended September 30, 2015 except for the following:

Principles of consolidation

These consolidated financial statements include the accounts of Azarga and its subsidiaries, from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation (continued)

For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of subsidiary	Place of incorporation	Ownership interest at June 30, 2016	Principal activity
Azarga Metals Limited [(1)]	BVI	60%	Holding company
Shilka Metals Ltd [(1)]	Cyprus	60%	Holding company
Tuva-Kobalt LLC [(1)]	Russia	60%	Operating mineral exploration company
Tournigan Energy USA Inc. [(2)]	Colorado	0%	Provision of exploration support services
Ludovika Energy s.r.o. [(3)]	Slovakia	0%	Dormant mineral exploration company
Ludovika Mining s.r.o.	Slovakia	50%	Dormant mineral exploration company

[(1)] *acquired on May 31, 2016 (Note 9)*
[(2)] *dissolved on February 29, 2016*
[(3)] *sold on October 19, 2015 (Note 9)*

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2016, and have not been applied in preparing these consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2018:

- New standard IFRS 9, Financial Instruments

  IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

Effective for annual periods beginning on or after January 1, 2019:

- New standard IFRS 16, Leases

  All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

The Company has not early adopted these new standards and none of these standards are expected to have a material effect on the consolidated financial statements.

(Unaudited - Expressed in Canadian dollars)

4. CASH

	June 30, 2016	September 30, 2015
Canadian dollar denominated deposits held in Canada	$ 591,252	$ 1,924
US dollar denominated deposits held in Canada	955,889	1,903
US dollar denominated deposits held in Cyprus	511	-
Euro denominated deposits held in Cyprus	10	-
Ruble denominated deposits held in Russia	29,591	-
Total	$ 1,577,253	$ 3,827

5. RECEIVABLES

	June 30, 2016	September 30, 2015
Amounts due from the Government of Canada pursuant to goods and services input tax credits	$ 8,519	$ 4,468
Other	6,582	-
Total	$ 15,101	$ 4,468

6. MARKETABLE SECURITIES

As at September 30, 2015, the Company held 395,894 common shares of Global Resources Investment Trust Plc ("GRIT") with a cost of $587,348 and a fair value of $68,124. On January 6, 2016, the Company sold the remaining GRIT shares for gross proceeds of $19,050 (£9,335) and accordingly recorded a loss on sale of marketable securities of $49,074 (2015 - $9,149).

7. PREPAID EXPENSES AND DEPOSITS

	June 30, 2016	September 30, 2015
Prepaid expenses	$ -	$ 2,649
Deposit for drilling	282,779	-
Total	$ 282,779	$ 2,649

(Unaudited - Expressed in Canadian dollars)

8. EQUIPMENT

	Canada Computer & Software	United States Computer & Software	Total
Cost			
September 30, 2015	$ 3,927	$ 8,136	$ 12,063
Additions	-	-	-
Write-off	-	(8,136)	(8,136)
June 30, 2016	$ 3,927	$ -	$ 3,927
Accumulated depreciation			
September 30, 2015	$ 1,177	$ 6,562	$ 7,739
Depreciation	2,750	1,574	4,324
Write-off	-	(8,136)	(8,136)
June 30, 2016	$ 3,927	$ -	$ 3,927
Carrying amounts			
September 30, 2015	$ 2,750	$ 1,574	$ 4,324
June 30, 2016	$ -	$ -	$ -

On February 29, 2016, the Company dissolved its US subsidiary and accordingly wrote-off fully amortized equipment of $8,136.

9. EXPLORATION AND EVALUATION ASSETS

Components of the Company's exploration and evaluation assets located in Russia and Slovakia are summarized below:

	Russia	Slovakia			
	Unkur	Kuriskova	Other	Translation adjustment	Total
September 30, 2015	$ -	$ -	$ -	$ -	$ -
Acquisition of Unkur Project	2,630,107	-	-	-	2,630,107
Translation adjustment	-	-	-	(132,013)	(132,013)
June 30, 2016	$ 2,630,107	$ -	$ -	$ (132,013)	$ 2,498,094

Unkur copper, silver project, eastern Russia

On May 31, 2016, the Company purchased 60% of the outstanding shares of Azarga Metals Limited ("Azarga Metals"), a British Virgin Islands corporation from its six shareholders (the "Non-Controlling Interest Shareholders" or "NCI Shareholders"). Azarga Metals owns all of the issued shares of Shilka Metals Ltd., a Cyprus corporation and Shilka Metals holds all the issued capital of Tuva-Kobalt LLC ("Tuva-Kobalt"), a Russian limited liability company. Tuva-Kobalt was awarded the Unkur mineral exploration and exploitation license via a bidding process on August 26, 2014 that is valid through December 31, 2039.

Subject to terms and conditions, the NCI Shareholders agreed to grant the Company the right to purchase the remaining 40% of the shares of Azarga Metals (the "Call") and the Company granted the NCI Shareholders the right to sell the remaining 40% of the shares of Azarga Metals to it (the "Put"). The fair value of that 40% interest will be negotiated at the time of exercise.

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

The acquisition of Azarga Metals was completed by way of the issuance of 15,776,181 common shares of the Company ("Consideration Shares") with a fair value of $1,577,618 and Deferred Cash Payments (as described below). The Consideration Shares are restricted from trading until May 31, 2018. In addition, the Company incurred closing costs of $43,902 to complete the transaction.

Consideration given up		
Shares issued	$	1,577,618
Transaction costs		43,902
Total	$	1,621,520

Consideration received		
Cash	$	480
Receivables		3,368
Exploration and evaluation assets		2,630,107
Trade and other payables		(9,564)
Due to NCI Shareholders		(1,005,157)
Non-controlling interest in working capital deficiency		2,286
Total	$	1,621,520

IFRS requires that a determination is made as to whether an acquisition is a business combination by applying the definitions contained in IFRS 3, which requires that the assets acquired and liabilities assumed constitute a business. Management has determined that this acquisition does not constitute the acquisition of a business, therefore, has treated it as an acquisition of a group of assets.

The Company has assumed the obligation to fund Azarga Metals to repay existing loans made by the NCI Shareholders to Azarga Metals of US$644,413 at May 31, 2016, that bear interest at the rate of 12% per annum, which can be capitalized or paid in cash. Interest of $166,330 (US$122,296) had accrued to May 31, 2016 so that the total amount owed at May 31, 2016 was $1,005,157 (US$766,709). The amount due to NCI Shareholders must be paid by May 31, 2023 (Note 11).

The NCI Shareholders 40% interest in Azarga Metals is free carried to initial production and profitability subject to the Put/Call Options. The NCI Shareholders retain a 5% net smelter return royalty ("NSR"). The Company has the right to buy back up to 2% of the NSR at a cost of US$5 million per percentage point so that upon paying US$10 million the NSR will be reduced to 3%.

In addition, the Company agreed to make deferred cash payments to the NCI Shareholders of US$1,680,000 (the "Deferred Cash Payments") beginning with US$80,000 payable on June 1, 2017, with a payment on each annual anniversary that increases by US$80,000 a year so that the final payment of US$480,000 will be due on June 1, 2022. In the event of a change of control of the Company, the amount due to NCI Shareholders and the Deferred Cash Payments will become due and payable within five days.

The Company has undertaken to spend a minimum of US$3,000,000 on exploration activities on the Unkur Project prior to June 30, 2019, and an additional US$6,000,000 between July 1, 2019 and June 30, 2023.

9. EXPLORATION AND EVALUATION ASSETS (continued)

Unkur copper, silver project, eastern Russia (continued)

If at any time, a Resource (adding Measured, Indicated and Inferred of all combined deposits within the Unkur Project area) is estimated to contain copper and silver to the equivalent of 2 million tonnes or more of copper where Measured plus Indicated Resources comprise at least 70% of that estimate, taking the value of silver as copper equivalent (the "Bonus Payment Threshold"), an additional US$6,200,000 will be payable to the NCI Shareholders within 12-months notice that the Bonus Payment Threshold has been met.

If any of the above commitments are not met, then the Company would be subject to proportionate forfeiture of its 60% interest of Azarga Metals.

Kuriskova uranium project, Slovakia

The Kuriskova uranium project is located in Slovakia and is owned by Ludovika Energy s.r.o. ("LE"). On October 19, 2015, the Company transferred its 100% interest in LE to an unrelated third party in exchange for the Company retaining a 25% share of any future compensation paid to LE by the Slovak Government pursuant to the Court proceedings in respect of the non-renewal of the Kuriskova license by the Slovak Government. Upon the transfer of LE to this unrelated third party, the recorded net working capital deficit of $67,841 on the books of LE was unconsolidated from Azarga, and this gave rise to a gain on disposal of the subsidiary of $67,841.

Novoveska Huta uranium project, Slovakia

The Novoveska Huta uranium project is located in Slovakia and is owned by Ludovika Mining s.r.o. The Novoveska Huta exploration license was not renewed by the Government of Slovakia but the mining license remains valid until October 3, 2016. The Company intends to let the mining license expire and Ludovika Mining s.r.o. will not be maintained.

Kremnica gold project, Slovakia

The Company has a 2% net smelter return royalty ("NSR") on the first one million ounces gold and silver produced and a 1% NSR on the second one million ounces gold and silver produced from the Kremnica Gold project in Slovakia, part of the Šturec Project, owned by Ortac Resources Limited ("Ortac"). In addition, under the terms of a sale agreement with Ortac, the Company would be paid US$15 per ounce in either shares of Ortac or cash on the first 250,000 ounces of gold equivalent resource defined as proven and probable reserve in a bankable feasibility study which would be payable within 60 days of all required permits being obtained to allow commercial production at the Kremnica property. Ortac may buy-down the 2% NSR royalty granted to the Company, to 1%, at any time by paying the Company US$1 million cash.

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

The Company recorded the following exploration and evaluation expenditures for the three and nine months ended June 30, 2016:

	Three months ended June 30, 2016			Nine months ended June 30, 2016		
	Russia			Russia		
	Unkur	Other	Total	Unkur	Other	Total
Drilling and assays	$ 3,312	$ -	$ 3,312	$ 3,312	$ -	$ 3,312
Licenses and permits	1,486	-	1,486	1,486	-	1,486
Personnel, administration, and travel	3,174	-	3,174	3,174	-	3,174
	$ 7,972	$ -	$ 7,972	$ 7,972	$ -	$ 7,972

The Company recorded the following exploration and evaluation expenditures for the three and nine months ended June 30, 2015:

	Three months ended June 30, 2015			Nine months ended June 30, 2015		
	Slovakia			Slovakia		
	Kuriskova	Other	Total	Kuriskova	Other	Total
Drilling and assays	$ 4,114	$ 939	$ 5,053	$ 15,981	$ 3,168	$ 19,149
Licenses and permits	-	-	-	505	929	1,434
Personnel, administration, and travel	19,200	13,714	32,914	65,975	55,082	121,057
Studies and evaluations	-	-	-	338	-	338
	23,314	14,653	37,967	82,799	59,179	141,978
Recoveries from Forte Energy NL	(23,314)	(14,653)	(37,967)	(82,799)	(59,179)	(141,978)
	$ -	$ -	$ -	$ -	$ -	$ -

10. TRADE AND OTHER PAYABLES

	June 30, 2016	September 30, 2015
Trade and other payables in Canada	$ 89,412	$ 128,588
Trade and other payables in BVI	3,361	-
Trade and other payables in Cyprus	12,973	-
Trade and other payables in Russia	2,179	-
Trade and other payables in Slovakia	-	27,912
Consulting fees owing to related parties	-	72,568
Director fees owing to related parties	14,333	64,040
Reimbursement of expenses owing to related parties	2,870	30,143
Salaries owing to related parties	-	316,859
Total	$ 125,128	$ 640,110

On May 31, 2016, the Company entered into settlement agreements with certain current and past related parties to fully settle an aggregate of $532,065 debt recorded in the books of the Company by a forgiveness of $474,308 of the debts and the issue of 577,572 common shares at a price of $0.10 per share to settle the remainder of $57,757 (Note 13).

During the nine months ended June 30, 2016, the Company recorded a reversal of accrued liabilities of $25,000 for an over accrual of legal fees from a prior period.

(Unaudited - Expressed in Canadian dollars)

11. DUE TO NON-CONTROLLING INTEREST SHAREHOLDERS

	June 30, 2016	May 31, 2016 *(Acquisition date)*
Alexander Molyneux	$ 263,128	$ 267,060
E. McCarthy	263,282	267,216
Blake Steele	58,489	128,351
Olympia Capital	121,028	122,837
Metalsib	126,461	59,363
Accrued interest	166,158	160,330
Total	$ 998,546	$ 1,005,157

On acquisition of the Unkur Project (Note 9), the Company assumed the obligation to fund Azarga Metals to repay existing loans made by the NCI Shareholders of $844,827 (US$644,413) at May 31, 2016, that bear interest at the rate of 12% per annum, which can be capitalized or paid in cash. Interest of $160,330 (US$122,296) had accrued to May 31, 2016 so that the total amount at May 31, 2016 is $1,005,157 (US$766,709). The amount due to NCI Shareholders must be paid by May 31, 2023.

As at June 30, 2016, the amount due to NCI Shareholders totaled $832,388 (US$644,413) plus interest of $166,158 (US$128,635). For the month ended June 30, 2016, the Company recorded $8,173 of interest expense on the amount due to NCI Shareholders.

12. NOTES PAYABLE

On March 1, 2016, the Company entered into a loan agreement with three of the NCI Shareholders whereby the NCI Shareholders agreed to loan the Company up to $100,000 with a 12-month term and interest at the rate of 15% per annum. From March 2, 2016 to May 5, 2016, the Company was advanced a total of $68,875. In June 2016, the loans were repaid with interest of $1,687.

13. SHARE CAPITAL

a) Authorized

The Company has an unlimited number of common shares without par value authorized for issuance.

On May 31, 2016, the Company consolidated its shares on a 10 old for 1 new basis. All share and per share amounts in these condensed consolidated interim financial statements have been retroactively restated.

b) Issued and Outstanding

As at June 30, 2016, the Company had 42,980,265 common shares issued and outstanding (September 30, 2015 – 6,594,012).

(Unaudited - Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

b) Issued and Outstanding (continued)

During the nine months ended June 30, 2016, the Company issued the following common shares:

- On May 31, 2016, the Company completed a non-brokered private placement through the issue of 20,000,000 common shares at a price of $0.10 per share for gross proceeds of $2,000,000. The Company also issued 32,500 common shares as finder's fees valued at $3,250 and incurred cash share issue costs of $11,365.

- On May 31, 2016, the Company issued 577,572 common shares to settle debts of $57,757 (Note 10).

- On May 31, 2016, the Company issued 15,776,181 common shares valued at $1,577,618 as partial consideration for the Unkur project (Note 9).

c) Obligation to issue shares

Effective May 31, 2016, the Company and the Chief Executive Officer ("CEO") entered in to a consulting agreement whereby the Company agreed to pay the CEO an annual service fee of US$165,000 payable US$120,000 in cash and US$45,000 in common shares of the Company. During the month ended June 30, 2016, the Company recorded $4,909 (US$3,750) as an obligation to issue shares.

Effective June 1, 2016, the Company entered in to a consulting agreement with one of the NCI Shareholders whereby the Company agreed to pay the NCI Shareholder a monthly fee of $2,500 payable in common shares of the Company. During the month ended June 30, 2016, the Company recorded $2,500 as an obligation to issue shares.

Effective June 1, 2016, the Company agreed to pay the three non-executive directors of the Company director fees of $1,500 a month payable in common shares of the Company. During the month ended June 30, 2016, the Company recorded $4,500 as an obligation to issue shares.

All fees shall be paid in arrears on a quarterly basis by the issue of common shares of the Company upon receipt of TSX-V approval and priced in the context of the market on the last day of each calendar quarter.

The Company expects to issue these shares in October 2016.

d) Warrants

The continuity of share purchase warrants for the nine months ended June 30, 2016, is as follows:

Expiry date	Exercise price	Balance, September 30, 2015	Issued	Exercised	Expired	Balance, June 30, 2016
April 16, 2016	$ 1.50	55,555	-	-	(55,555)	-
		55,555	-	-	(55,555)	-
Weighted average exercise price		$ 1.50	$ -	$ -	$ 1.50	$ -

(Unaudited - Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

e) Options

On April 29, 2016, the Company's shareholders approved the renewal of a rolling stock option plan applicable to directors, employees and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors

The continuity of stock options for the nine months ended June 30, 2016, is as follows:

Expiry date	*Exercise price*	Balance, September 30, 2015	Granted	Exercised	Expired	Balance, June 30, 2016
July 15, 2016	*$ 5.50*	41,500	-	-	(11,500)	30,000
November 19, 2017	*$ 2.20*	46,000	-	-	(15,000)	31,000
		87,500	-	-	(26,500)	61,000
Weighted average exercise price		$ 3.77	$ -	$ -	$ 3.63	$ 3.82

As at June 30, 2016, the weighted average remaining contractual life of the options outstanding was 0.73 years.

14. RELATED PARTY TRANSACTIONS AND BALANCES

Except as disclosed elsewhere in these condensed consolidated interim financial statements, the Company incurred the following related party transactions:

a) Consulting fees

During the three and nine months ended June 30, 2016, the Company paid or accrued $8,333 (2015 - $25,000) and $33,333 (2015 - $75,000) respectively, to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by Doris Meyer, the Chief Financial Officer ("CFO") of the Company. Golden Oak provides the services of a Chief Financial Officer, a corporate secretary, and accounting and administrative staff to the Company.

b) Compensation of key management personnel:

Key management includes members of the Board of Directors, the CEO and the CFO. The aggregate compensation paid or accrued to key management personnel, which includes the amounts disclosed above, during the three and nine months ended June 30, 2016, and 2015 were as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2016	**2015**	**2016**	**2015**
Consulting fees	$ 8,333	$ 25,000	$ 33,333	$ 75,000
Director fees	4,500	-	4,500	-
Salaries and benefits	22,149	92,008	81,433	282,479
	$ 34,982	$ 117,008	$ 119,266	$ 357,479

(Unaudited - Expressed in Canadian dollars)

15. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of mineral properties, and has two geographical segments: Russia and Slovakia. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and have been disclosed in Note 9.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities – All financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale investments; or other liabilities, and the classification of the financial instruments is consistent with those disclosed in the consolidated financial statements as at and for the year ended September 30, 2015.

Financial Risk Management - All aspects of the Company's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended September 30, 2015.

Fair Value Hierarchy – All aspects of the Company's determination of how the fair value of financial instruments is determined is consistent with those disclosed in the consolidated financial statements as at and for the year ended September 30, 2015.

17. SUPPLEMENTARY CASH FLOW INFORMATION

During the nine months ended June 30, 2016, the Company:

- issued 15,776,181 common shares valued at $1,577,618 as partial consideration for the Unkur project;
- issued 32,500 common shares as finder's fees valued at $3,250; and
- issued 577,572 common shares to settle debts of $57,757.

There were no non-cash investing and financing activities in the nine months ended June 30, 2015.

18. NON-CONTROLLING INTEREST

The Company owns 60% of the shares of Azarga Metals. The Company is responsible for funding 100% of all costs related to the Unkur project until commencement of commercial production. The Company controls each of the entities and makes all decisions regarding work programs. Accordingly, the Company is reporting a non-controlling interest in the consolidated working capital items only and no share of the Azarga Metals group's operations.

		June 30, 2016		May 31, 2016 *(Acquisition date)*
NCI percentage		***40.0%***		***40.0%***
Current assets	$	3,848	$	3,848
Current liabilities		(9,564)		(9,564)
		(5,716)		(5,716)
Net working capital deficiency	$	(2,286)	$	(2,286)
Accumulated non-controlling interest	$	(2,286)	$	(2,286)

19. SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the Company completed the following transactions:

- On July 8, 2016, the Company granted 2,100,000 stock options to directors, officers, employees, and consultants at an exercise price of $0.20 and a term expiring on July 8, 2021. The options will vest as to one-third each six months beginning six months from the date of grant.

- On July 8, 2016, the Board of Directors of the Company awarded a one-time bonus of 400,000 common shares to the CEO and 100,000 common shares to the CFO. The shares will be issued as to one-third each six months beginning six months from the date of award providing the continued engagement of the CEO and CFO.

- On July 15, 2016, a total of 30,000 stock options expired unexercised.

- On August 9, 2016, the Company granted 125,000 stock options to a consultant at an exercise price of $0.20 and a term expiring on August 9, 2021. The options will vest as to one-third each six months beginning six months from the date of grant. The Company also awarded the consultant 75,000 common shares. The shares will be issued as to one-third each six months beginning six months from the date of award providing the continued engagement of the consultant.