



FOR IMMEDIATE RELEASE

20 DECEMBER 2016

TSX-V: AZR

AZARGA METALS' YEAR END STAKEHOLDER UPDATE

AZARGA METALS CORP. ("Azarga Metals" or the "Company") (**TSX-V:AZR**) takes this opportunity to update its stakeholders on our progress as 2016 comes to a close.

We closed the transaction to create Azarga Metals on 30 May of this year and have made remarkable progress since then on our newly acquired Unkur Copper-Silver Project in the Zabaikalsky administrative region of eastern Russia.

The Company decided to focus on Unkur because we believe the historically available data suggests it has potential to be a globally significant silver and copper deposit. Since then, we embarked on the first major new exploration program at the project and early results have validated this belief.

The historical data, mostly collated over 40-years ago, makes it clear Unkur is a sizeable and high grade deposit but we felt that, due to exploration techniques of the time, that data likely understates the scale of the mineralization. The historical work also focused on the copper and paid little attention to the silver mineralization.

Highlights of 2016 physical exploration

Our field work will carry on into next year but in the short time since the acquisition, we have already completed 16 diamond core holes totaling about 4,600 cumulative linear meters. We have also excavated 5 trenches covering 309 cumulative linear meters and finally, in addition to surface geologic mapping, which disclosed the presence of additional outcropping mineralization, we have completed about 130 line kilometers of detailed ground magnetic survey.

Results are still pending for a great deal of this year's work, including all trenching data, but those results that have come back have returned some impressive drill intersections that confirm significant grade and thickness. Highlights include:

- AM-001 – Three separate intersections:

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- Intersection 1 – **40 meters at 0.74% copper and 65.9g/t silver** (ie, 1.34% copper equivalent or 146.7g/t silver equivalent), **including a 22 meter sub-section at 1.13% copper and 103.5g/t silver** (ie, 2.08% copper equivalent or 228.9g/t silver equivalent).
 - Intersection 2 – **0.81% copper and 18 meters at 70.0g/t silver** (ie, 1.45% copper equivalent or 158.5g/t silver equivalent), **including a seven meter sub-section at 1.51% copper and 137.7g/t silver** (ie, 2.77% copper equivalent or 302.6g/t silver equivalent).
 - Intersection 3 – **five meters at 0.32% copper and 49.2g/t silver** (ie, 0.77% copper equivalent or 84.2g/t silver equivalent).
- AM-003 – **16 meters at 0.79% copper and 84.0g/t silver** (ie, 1.56% copper equivalent 170.3g/t silver equivalent).
- AM-017 – **10 meters at 1.63% copper and 134.2g/t silver** (ie, 1.63% copper equivalent or 312.2g/t silver equivalent).

(Note: Copper and silver equivalents assume 100% recoveries and a US\$2.59/lb copper price and US\$16.26/oz silver price.)

Scale of the area where significant mineralization has been observed in 2016 program

Intersections of significant mineralization have been observed in drilling across a strike length of approximately three kilometers so far, on profiles drilled approximately every 300 meters, and holes have been drilled in pairs with between 300 meters and 600 meters between them on each profile.

Two mineralized zones observed with potential for more

Historical exploration had focused on what we now refer to as the “upper zone” of mineralization. However, drill hole AM-001 provided a revelation for us in that it identified a second, stratigraphically distinct “lower zone” which will be the subject of further exploration in future programs. There is in fact potential for more, stratigraphically distinct zones of mineralization at Unkur, which is quite common in silver-copper deposits with similar geology.

Copper or silver?

All the 10 intersections of significant mineralization reported to date show grades of both copper and silver that each on a stand alone basis would be considered significant. This could be an interesting dynamic for any future development plans at Unkur because the prices for these metals can move in quite different cycles, one being a base metal and the other a precious metal. Six months ago when silver was US\$17.61/oz and copper US\$2.07/lb, the value of the silver contained in the 10 intersections of significant mineralization outweighed the copper. However, since then copper has risen approximately 25% whilst silver has fallen approximately 8% and that change means

the value of the copper now outweighs the silver in those significant intersections observed and reported to date. (Note: this discussion assumes 100% recoveries.)

Upcoming milestones

The current phase of physical exploration will continue into January next year with assay results expected to be received through January, February and possibly into early March.

We have retained SRK Consulting (Russia) Ltd. ("SRK"), with the aim that they can prepare an initial (maiden) NI 43-101 Resource estimate, and the expectation that their work is complete towards the end of the first quarter or early in the second quarter of 2017. We believe that any Resource delineated will have upside potential in both directions along strike and down dip. Our geophysical surveys in fact indicate that exciting drill targets occur contiguous to and northeast of our current exploration focus area.

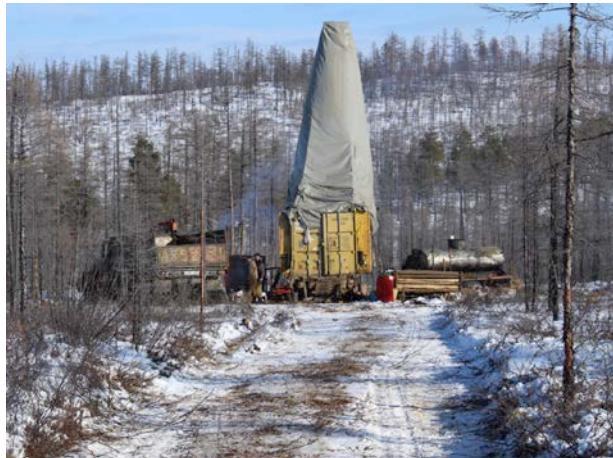
Concurrently with the SRK work, we plan to compile the data we have collected during the current phase of physical exploration to enhance our geologic model of Unkur and plan another phase of physical exploration for later in 2017. Subject to continued availability of funding and relevant internal approvals, we anticipate that next year's exploration program will comprise:

- Step-out drilling and drill testing of new targets identified from geophysical data.
- Infill drilling within the area drilled during the current exploration phase (assuming a significant Resource is delineated within that area) to upgrade confidence of any maiden Resource and to obtain samples for metallurgical test work.
- Continuing geophysical exploration of the broader license area with the objective of identifying additional drill targets.

Azarga Metals' goal for 2017 will be to complete a preliminary economic assessment or scoping study to conceptualize potential development of the Unkur Copper-Silver Project by the end of the year.

We would like to thank our employees for the success observed to date and our stakeholders for your continued support. We look forward to an exciting 2017.

One of two drill rigs operating (late-November 2016)



Source: Azarga Metals.

Geological team onsite studying data (late-November 2016)



Source: Azarga Metals.

UNKUR COPPER-SILVER PROJECT

Azarga Metals owns 60% of the Unkur Copper-Silver Project along with the right to acquire the remaining 40% in the future.

Sediment-hosted copper and silver mineralization has been identified across the 5,390 hectare project license area, in outcrops, trenches and by historical diamond drilling. The prior exploration outlined a large area of high-grade shallow stratiform sediment hosted copper-silver 20 to 50 meters thick over an area four to six kilometers long.

Further details concerning Unkur Copper-Silver Project located in the Zabaikalsky administrative region in eastern Russia are contained in a technical report filed by the Company as per its news release of 5 April 2016.

Qualified Person

The Company's President and Chief Executive Officer, Dorian L. (Dusty) Nicol, B.Sc. Geo, MA Geo, a Qualified Person as defined by NI 43-101, has reviewed and approved the exploration information disclosures contained in this Press Release.

AZARGA METALS CORP.

Alexander Molyneux
Chairman

Dorian L. (Dusty) Nicol
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