

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Black Range Minerals Limited

ACN/ARSN 86 009 079 047

1. Details of substantial holder (1)

Name Powertech Uranium Corp

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 25 February 2014

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary fully paid shares (Ordinary Shares)	662,372,843	662,372,843	25.33% (based on 2,614,833,970 Ordinary Shares on issue at the date of this notice).

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Powertech Uranium Corp	Acquisition consequent upon entry into a conditional merger agreement with Azarga Resources Limited. See Annex A.	662,372,843 Ordinary Shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Powertech Uranium Corp.	Azarga Resources Limited	Azarga Resources Limited	662,372,843 Ordinary Shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Powertech Uranium Corp.	25 February 2014		Conditional merger agreement with Azarga Resources Ltd. (see Annex A) and subsequent transactions in Black Range shares by Azarga as described in Annex B.	

Annexure A

Re: Black Range Minerals Limited (ACN: 009 079 047)

22 July 2014

This is annexure A of 67 pages referred to in form 603 'Notice of initial substantial holder'

SHARE PURCHASE AGREEMENT
between
POWERTECH URANIUM CORP.
and
AZARGA RESOURCES LIMITED


Richard F. Clement, Jr. 
22 July, 2014

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 25th day of February, 2014

AMONG:

POWERTECH URANIUM CORP., a corporation incorporated under the laws of the Province of British Columbia

(“Powertech” or the “Purchaser”)

AND:

AZARGA RESOURCES LIMITED, a corporation incorporated under the laws of the British Virgin Islands

(“Azarga”)

WHEREAS:

- A. Azarga currently holds approximately 45% of the Powertech Shares;
- B. Azarga and Powertech desire to enter into this Agreement, pursuant to the terms and conditions of which, Powertech will acquire all of the issued and outstanding Azarga Shares in exchange for the issuance of such number of Powertech Shares to the Azarga Shareholders such that the Azarga Shareholders will hold, collectively, approximately 77% of the Powertech Shares upon completion of the Transactions and, as a result, the Transactions will constitute a reverse takeover for the Purchaser, on and subject to the terms and conditions contained in this Agreement;
- C. In furtherance of the Transactions, each of the Powertech Board and the Azarga Board have agreed to submit the transactions contemplated hereby to the Powertech Shareholders and Azarga Shareholders, respectively, for approval.

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

“**Acquisition Proposal**” means, other than the transactions contemplated by this Agreement, any offer, proposal, expression of interest, or inquiry, whether oral or written, from any person (other than, in the case of Azarga, Powertech or any of its affiliates, and other than, in the case of Powertech, Azarga or any of its affiliates) made after the date

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"Azarga Material Property" means the indirect interest of Azarga in the Kok Moinok Uranium Deposit in Kyrgystan;

"Azarga Options" means the outstanding options to purchase Azarga Shares as set forth in Schedule "A" hereto and any additional options that may be issued in accordance with the terms hereof prior to the Closing Date;

"Azarga Reimbursement Event" has the meaning ascribed thereto in Section 9.4.5;

"Azarga Securityholders" means, collectively, the Azarga Shareholders and the holders of Azarga Options;

"Azarga Shares" means the common shares of Azarga, as currently constituted and as may be issued in accordance with the terms hereof prior to the Closing Date;

"Azarga Shareholders" means the holders of Azarga Shares;

"Azarga Subsidiaries" means Azarga Resources USA Company, Azarga Resources (Hong Kong) Limited, Azarga Resources Canada Ltd. and UrAsia in Kyrgyzstan, LLC;

"BCBCA" means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;

"BCSC" means the British Columbia Securities Commission;

"business day" means any day, other than (a) a Saturday, Sunday or statutory holiday in the Province of British Columbia or Hong Kong and (b) a day on which banks are generally closed in the Province of British Columbia or Hong Kong;

"Closing" means the completion of the Transactions in accordance with the provisions of this Agreement;

"Closing Date" means July 31, 2014, or such earlier or later date as may be agreed to by the Parties, which date may not be later than the Outside Date;

"Closing Time" means 11:00 a.m. (Vancouver Time) on the Closing Date;

"Consideration Shares" has the meaning ascribed thereto in Section 2.1;

"Contract" means any contract, agreement, license, franchise, lease, arrangement or other right or obligation to which Azarga or Powertech or any of their respective subsidiaries is a party or by which Azarga or Powertech or any of their respective subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

"Convertible Note Deed" means the Convertible Note Deed dated May 22, 2013, as amended on August 28, 2013 and February 12, 2014, between Powerlite Ventures Limited and Azarga;

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objection being made) of Governmental Entities as set out in Schedule "C" hereto;

"Key Third Party Consents" means those consents, approvals and notices required from any third party to proceed with the transactions contemplated by this Agreement, as set out in Schedule "D" hereto;

"Law" or **"Laws"** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including the TSX), and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"Liens" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"Loan Agreement" means the Loan Agreement dated July 31, 2012, as amended February 12, 2014, among Alexander Molyneux, Curtis Church, Pacific Advisers Limited Pte. and Azarga;

"Loan Facility Agreement" means the Loan Facility Agreement dated October 18, 2013 between the Purchaser and Azarga;

"Matching Party" shall have the meaning ascribed thereto in Section 9.3.1;

"Material Adverse Effect" means in respect of any Party, any change, effect, event or occurrence that either individually or in the aggregate with other such changes, effects, events or occurrences, is or would reasonably be expected to be, material and adverse to the business, operations, results of operations, assets, properties, condition (financial or otherwise) or liabilities of that Party and its subsidiaries, on a consolidated basis, except any change, effect, event or occurrence resulting from or relating to: (i) the announcement of the execution of this Agreement or the transactions contemplated hereby; (ii) changes in general economic, securities, financial, banking or currency exchange markets; (iii) any change in GAAP; (iv) any natural disaster, provided that it does not have a materially disproportionate effect on that Party relative to comparable mining companies; (v) changes affecting the mining industry generally or metal prices, provided that such changes do not have a materially disproportionate effect on that Party relative to comparable mining companies; (vi) generally applicable changes in applicable Law; (vii) the commencement or continuation of any war, armed hostilities or acts of terrorism, provided that it does not have a materially disproportionate effect on that Party relative to comparable mining companies; (viii) changes in political or civil conditions in any jurisdiction in which such Party's assets and/or its business and operations are

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"Participant Agreement" means the "agreement of participants" of "Urasia in Kyrgyzstan Limited Liability Company" dated July 27, 2012, as amended February 26, 2013, December 24, 2013 and February 12, 2014;

"Party" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **"Parties"** means every Party;

"Permit" means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity;

"person" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Powertech Board" means the board of directors of Powertech as the same is constituted from time to time;

"Powertech Board Appointment Resolution" means the ordinary resolution of the holders of outstanding Powertech Shares approving the election to the Powertech Board those people set forth in, and substantially in the form and content of, Schedule "B" hereto;

"Powertech Change in Recommendation" has the meaning ascribed thereto in Section 10.2.1(d)(i);

"Powertech Circular" means the notice of the Powertech Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the Powertech Shareholders in connection with the Powertech Meeting, as amended, supplemented or otherwise modified from time to time;

"Powertech Compensation Resolution" means the ordinary resolution of the holders of outstanding Powertech Shares approving each of the Security Based Compensation Arrangements, in accordance with the requirements of MI 61-101 and the requirements of the TSX, as applicable, in form and substance acceptable to Azarga acting reasonably;

"Powertech Consolidation Resolution" means the special resolution of the holders of outstanding Powertech Shares approving the Share Consolidation, substantially in the form and content of Schedule "B" hereto;

"Powertech Escrowed Shareholders" means each of the executive officers and directors of Powertech who hold greater than 2,500,000 Powertech Shares (on a pre-Share Consolidation basis);

"Powertech Financial Statements" means Powertech's audited consolidated financial statements as at December 31, 2010, 2011 and 2012 (including the notes thereto) and Powertech's unaudited interim consolidated financial statements as at September 30, 2013, in each case including the related management's discussion and analysis;

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favour of the Powertech Resolutions;

"Powertech Warrants" means the outstanding warrants to purchase Powertech Shares;

"Reimbursement Event" means a Powertech Reimbursement Event or an Azarga Reimbursement Event;

"Replacement Options" has the meaning ascribed thereto in Section 2.3;

"Replacement Option Shares" has the meaning ascribed thereto in Section 2.3;

"Representatives" has the meaning ascribed thereto in Section 9.2.1;

"Response Period" has the meaning ascribed thereto in Section 9.3.1(b);

"Securities Act" means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"Securities Authorities" means the BCSC and the applicable securities commissions and other securities regulatory authorities in each of the other provinces of Canada, including the TSX;

"Securities Laws" means the Securities Act, together with all other applicable provincial securities laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

"Security Based Compensation Arrangements" means (i) the right to acquire certain Powertech Shares pursuant to the terms of an employment agreement between Blake Steele and Azarga, (ii) such other outstanding rights to acquire Azarga Shares pursuant to outstanding Azarga Options and Azarga Convertible Securities, as such may be amended to provide for the issuance of securities of Powertech in lieu of existing obligations to acquire securities of Azarga, and/or (iii) the transfer to any officers, directors or shareholders of Powertech or Azarga of any of the Powertech Warrants;

"SEDAR" means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101-*"System for Electronic Document Analysis and Retrieval"* of the Canadian Securities Administrators and available for public view at www.sedar.com;

"Share Consolidation" means the consolidation of the Powertech Shares, on a basis to be agreed upon by the Parties;

"subsidiary" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body

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"TSX Approval" means the approval by the TSX of the transactions contemplated by this Agreement; and

"U.S. Securities Act" means the *United States Securities Act of 1933* as amended.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "\$" refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under GAAP and all determinations of an accounting nature required to be made shall be made in a manner consistent with GAAP, consistently applied.

1.7 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A	-	Azarga Securityholders
Schedule B	-	Powertech Resolutions
Schedule C	-	Key Regulatory Approvals
Schedule D	-	Key Third Party Consents
Schedule 4.1(m)	-	Azarga Mineral Properties

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consideration payable or otherwise deliverable to any person hereunder and from all dividends or other distributions otherwise payable to any former Azarga Securityholders such amounts as Powertech or Azarga may be required or permitted to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

2.5 Pre-Closing Reorganization

Prior to the Closing Date Azarga may, and Powertech shall upon reasonable request of Azarga, effect a reorganization of Azarga's or Powertech's business, operations, subsidiaries and assets or other similar transactions (each, a "**Pre-Acquisition Reorganization**"); provided, however, that Powertech need not effect a Pre-Acquisition Reorganization which in the opinion of Powertech, acting reasonably: (i) would require Powertech to obtain the prior approval of the Powertech Shareholders in respect of such Pre-Acquisition Reorganization other than at the Powertech Meeting; (ii) would impede or materially delay the consummation of the Transactions, or (iii) would not be in the best interests of Powertech or the Powertech Shareholders. Without limiting the foregoing and other than as set forth in clause (i) above, Powertech shall use reasonable efforts to obtain all necessary consents, approvals or waivers from any persons to effect each Pre-Acquisition Reorganization, and Powertech shall cooperate with Azarga in structuring, planning and implementing any such Pre-Acquisition Reorganization. Azarga shall provide written notice to Powertech of any proposed Pre-Acquisition Reorganization which may require approval of the Powertech Shareholders at least ten (10) business days prior to the date of the mailing of the Powertech Circular. In addition: (a) if the Transactions are not completed, Azarga shall pay the implementation costs of the Pre-Acquisition Reorganization and any direct or indirect costs and liabilities thereof, including employment costs, Taxes and liabilities as well as any costs, Taxes and liabilities that may be incurred to unwind any such Pre-Acquisition Reorganization; and (b) any Pre-Acquisition Reorganization shall not require Powertech or the Powertech Subsidiary to contravene any applicable Laws, their respective organizational documents or any Material Contract.

2.6 U.S. Securities Compliance

Powertech and Azarga shall take all steps as may be required to cause the Consideration Shares and Replacement Option Shares to be issued to the Azarga Securityholders pursuant to this Agreement (and any other securities issuable as a result of the Transactions contemplated hereunder) to be issued pursuant to an exemption from registration under the U.S. Securities Act.

ARTICLE 3 POWERTECH SHAREHOLDER APPROVAL

3.1 Powertech Meeting

Subject to the terms of this Agreement:

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a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to Azarga and its affiliates, including the Azarga Shares) and shall provide Powertech Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the Powertech Meeting. Subject to Section 9.2, the Powertech Circular will include the unanimous recommendation of the Powertech Board that Powertech Shareholders vote in favour of the Powertech Resolutions, and a statement that each director of Powertech intends to vote all of such director's Powertech Shares (including any Powertech Shares issued upon the exercise of any Powertech Options) in favour of the Powertech Resolutions, subject to the other terms of this Agreement.

- (c) Azarga shall furnish to Powertech all such information regarding Azarga, its affiliates and the Azarga Shares as may be reasonably required by Powertech in the preparation of the Powertech Circular and other documents related thereto, including without limitation the Azarga Financial Statements. Azarga shall use commercially reasonable efforts to obtain any necessary consents from its auditors for the use of any financial information relating to Azarga required to be included in the Powertech Circular. Azarga shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the Powertech Circular in order to make any information so furnished or any information concerning Azarga not misleading in light of the circumstances in which it is disclosed and shall constitute full, true and plain disclosure of such information concerning Azarga.
- (d) Powertech shall give Azarga and its legal counsel a reasonable opportunity to review and comment on the Powertech Circular, prior to the Powertech Circular being printed and mailed to Powertech Shareholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by Azarga and its legal counsel, provided that all information relating solely to Azarga included in the Powertech Circular shall be in form and content satisfactory to Azarga, acting reasonably. Powertech shall provide Azarga with a final copy of the Powertech Circular prior to mailing to the Powertech Shareholders.
- (e) Azarga and Powertech shall each promptly notify the other if at any time before the Closing Date either Party becomes aware (in the case of Azarga only with respect to Azarga and in the case of Powertech only with respect to Powertech) that the Powertech Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Powertech Circular, and the Parties shall co-

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF AZARGA

4.1 Representations and Warranties of Azarga

Azarga hereby represents and warrants to and in favour of Powertech, and acknowledges that Powertech is relying upon such representations and warranties in connection with the entering into of this Agreement, that:

- (a) Corporate Status. Azarga (i) is a corporation incorporated, organized and subsisting under the laws of the jurisdiction of its incorporation; (ii) has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its properties and assets; and (iii) has all requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder.
- (b) Capitalization. The authorized capital of Azarga consists of 200 million Azarga Shares. As of the date hereof, (i) 76,612,661 Azarga Shares are issued and outstanding; and (ii) 8,412,339 Azarga Options are issued and outstanding providing for the issuance of 8,412,339 Azarga Shares (which number of Azarga Options includes 7,262,339 Azarga Options to be granted pursuant to certain investment agreements between Azarga and each of Alex Molyneux, Curtis Church, Pacific Advisors, Matthew O'Kane and Blake Steele, as such investment agreements will be amended effective on the Closing Date).
- (c) Issuance of Securities. All outstanding Azarga Shares have been duly authorized and validly issued, and are fully paid and non-assessable. All securities of Azarga (including the Azarga Shares and Azarga Options) have been issued in compliance with applicable Laws and not issued in violation of any pre-emptive or other similar rights.
- (d) Convertible Securities. Except for the Azarga Options and the Azarga Convertible Securities, no person, firm or corporation has any agreement, option, right or privilege (whether at law, preemptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of Azarga or of any Azarga Subsidiary.
- (e) Dividends and Distributions. Azarga has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares of any class or agreed to do so.
- (f) Azarga Subsidiaries. The Azarga Subsidiaries are the only subsidiaries of Azarga and all securities of the Azarga Subsidiaries held by Azarga are (other than certain deferred consideration for the acquisition of the shares of UrAsia in Kyrgyzstan, LLC) held directly or indirectly by Azarga free and clear of all

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- (k) Material Contracts. Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on Azarga:
- (i) Azarga is not in breach of or default under the terms of any Material Contract;
 - (ii) as of the date hereof, to the knowledge of Azarga, no other party to any Material Contract is in breach of or default under the terms of any such Material Contract; and
 - (iii) each Material Contract is a valid and binding obligation of Azarga that is a party thereto and is in full force and effect.
- (l) No Violation. Neither the authorization, execution and delivery of this Agreement by Azarga nor the completion of the transactions contemplated by this Agreement, nor the performance of its obligations thereunder, nor compliance by Azarga with any of the provisions of this Agreement will:
- (1) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach of any provision of, or require, other than the Key Third Party Consents that relate to Azarga, any consent, approval or notice under any of the terms, conditions or provisions of:
 - (A) their respective articles, charters or by-laws or other comparable organizational documents; or
 - (B) any Permit or Material Contract to which Azarga or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Azarga or any of its subsidiaries is bound; or
 - (2) subject to obtaining the Key Regulatory Approvals,
 - (A) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to Azarga or any of its subsidiaries or any of their respective properties or assets; or
 - (B) cause the suspension or revocation of any Permit currently in effect relating to Azarga or any of its subsidiaries
- (except, in the case of each of clauses (1) and (2) above, for such violations, conflicts, breaches, defaults, terminations, accelerations, creations of Liens, suspensions or revocations

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conducted and operated in accordance with good industry practices and in material compliance with all applicable Laws.

- (o) Compliance with Environmental Laws. To the best of the knowledge of Azarga, except as could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect on Azarga (i) each of Azarga and its subsidiaries is not in violation of any applicable Law relating to pollution or occupational health and safety, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including laws relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"); (ii) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, information requests, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against Azarga and its subsidiaries; (iii) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up, remediation or other response actions, or any action, suit or proceeding by any private party or governmental body or agency, against or affecting Azarga and its subsidiaries relating to Hazardous Materials or any Environmental Laws; and (iv) each of Azarga and its subsidiaries is not the subject of any international, foreign, federal, provincial, municipal or private action, suit, litigation, grievance, arbitration proceeding, governmental proceeding, investigation or claim involving a demand for damages or other potential liability with respect to violations of Environmental Laws.
- (p) Bankruptcy. No act or proceeding has been taken by or against Azarga or any of the Azarga Subsidiaries in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Azarga or the Azarga Subsidiaries nor, to the knowledge of Azarga, is any threatened, or for the appointment of a trustee, receiver, manager or other administrator of Azarga or any of the Azarga Subsidiaries or any of their properties or assets. Azarga has not sought protection under the *Bankruptcy and Insolvency Act* (Canada) or the *Company Creditors Arrangement Act* (Canada) or applicable bankruptcy legislation outside Canada.
- (q) No Litigation. There are no material actions, suits, judgments, investigations, inquires or proceedings of any kind whatsoever outstanding, pending or, to the knowledge of Azarga, threatened against or affecting Azarga, any Azarga Subsidiary or their respective directors or officers, at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever which, in the aggregate, may have a Material Adverse Effect on Azarga and the Azarga Subsidiaries, on a consolidated basis.

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- (d) Issuance of Securities. All outstanding Powertech Shares have been duly authorized and validly issued, and are fully paid and non-assessable. All securities of Powertech (including the Powertech Shares, Powertech Options and Powertech Warrants) have been issued in compliance with applicable Laws and not issued in violation of any pre-emptive or other similar rights.
- (e) Convertible Securities. Except as set out in the Powertech Public Disclosure Record, no person, firm or corporation has any agreement, option, right or privilege (whether at law, preemptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of Powertech.
- (f) Dividends and Distributions. Powertech has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares of any class or agreed to do so.
- (g) Powertech Subsidiaries. The Powertech Subsidiary is the only subsidiary of Powertech and all securities of the Powertech Subsidiary are held directly by Powertech free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims and demands whatsoever. The Powertech Subsidiary (i) has been incorporated in its jurisdiction of incorporation and is up-to-date in all material corporate filings and in good standing under the laws of such jurisdiction; and (ii) has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its properties and assets.
- (h) Absence of Changes. Other than the transactions contemplated in this Agreement, the business of Powertech has been conducted in the ordinary course and there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on Powertech.
- (i) Compliance with Laws. To the knowledge of Powertech, each of Powertech and the Powertech Subsidiary is, in all material respects, conducting its respective businesses in compliance with all applicable laws, rules and regulations (including all federal, provincial, state, municipal, and local environmental anti-pollution and licensing laws, anti-corruption laws, regulations and other lawful requirements of any governmental or regulatory body, including relevant exploration concessions and permits) of each jurisdiction in which its respective businesses are carried on, except where any non-compliance would not, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect.

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Powertech, any consent, approval or notice under any of the terms, conditions or provisions of:

- (A) their respective articles, charters or by-laws or other comparable organizational documents; or
 - (B) any Permit or Material Contract to which Powertech or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Powertech or any of its subsidiaries is bound; or
- (2) subject to obtaining the Key Regulatory Approvals,
- (A) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to Powertech or any of its subsidiaries or any of their respective properties or assets; or
 - (B) cause the suspension or revocation of any Permit currently in effect relating to Powertech or any of its subsidiaries

(except, in the case of each of clauses (1) and (2) above, for such violations, conflicts, breaches, defaults, terminations, accelerations, creations of Liens, suspensions or revocations which, or any consents (expressly excluding the Key Third Party Consents and Key Regulatory Approvals), approvals or notices which if not given or received, would not, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect).

- (n) Listing. The current issued and outstanding Powertech Shares are listed and posted for trading on the TSX and no order, ruling or determination having the effect of ceasing or suspending trading in any securities of Powertech or prohibiting the sale of the Powertech Shares or the trading of any of Powertech's issued securities has been issued and no proceedings for such purpose are pending or, to the knowledge of Powertech, threatened. Neither Powertech nor the Powertech Subsidiary has taken any action which would be reasonably expected to result in the delisting or suspension of the Powertech Shares on or from the TSX and Powertech is currently in material compliance with the rules and regulations of the TSX.
- (o) Powertech Financial Statements. The Powertech Financial Statements present fairly and correctly in all material respects, the consolidated financial position of Powertech and the Powertech Subsidiary as at the dates thereof and the

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such withdrawal, revocation, amendment or termination is pending or threatened or will occur in the future; and

- (v) all material obligations in respect of the Powertech Mining Rights have been complied with at all times, and no action, claim, demand, dispute or liability in respect of the same is outstanding or, to the knowledge of Powertech, threatened.
- (q) Operational Matters. Except as would not reasonably be expected to have a Material Adverse Effect on Powertech:
 - (i) all rentals, payments and obligations, royalties, overriding royalty interests, production payments, net profits, interest burdens and other payments due or payable on or prior to the date hereof under or with respect to the directly or indirect assets of Powertech have been properly and timely paid; and
 - (ii) all exploration, development and mining activities conducted by Powertech or the Powertech Subsidiary on their properties have been conducted and operated in accordance with good industry practices and in material compliance with all applicable Laws.
- (r) Compliance with Environmental Laws. To the best of the knowledge of Powertech, except as could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect on Powertech (i) each of Powertech and the Powertech Subsidiary is not in violation of any Environmental Laws; (ii) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, information requests, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against Powertech or the Powertech Subsidiary; (iii) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up, remediation or other response actions, or any action, suit or proceeding by any private party or governmental body or agency, against or affecting Powertech or the Powertech Subsidiary relating to Hazardous Materials or any Environmental Laws; and (iv) each of Powertech and the Powertech Subsidiary is not the subject of any international, foreign, federal, provincial, municipal or private action, suit, litigation, grievance, arbitration proceeding, governmental proceeding, investigation or claim involving a demand for damages or other potential liability with respect to violations of Environmental Laws.
- (s) Bankruptcy. No act or proceeding has been taken by or against Powertech or the Powertech Subsidiary in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Powertech or the Powertech Subsidiary nor, to the knowledge of Powertech, is any threatened, or for the appointment of a trustee, receiver, manager or other administrator of Powertech or the Powertech Subsidiary or any of their properties or assets.

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such examinations, issues or disputes would not result in a Material Adverse Effect.

- (x) NI 43-101. Powertech is in compliance with the provisions of NI 43-101 and has filed all technical reports required thereby and there has been no change that would require the filing of a new technical report under NI 43-101. All scientific and technical information set forth in the Powertech Public Disclosure Record has been reviewed by a "qualified person" as required under NI 43-101 and has been prepared in accordance with Canadian industry standards set forth in NI 43-101. Powertech has no reason to believe that all of the assumptions underlying the information contained in its technical reports are not reasonable and appropriate, and has no reason to believe that the projected capital and operating costs and projected production and operating results relating to its properties as summarized in the Powertech Public Disclosure Record are not commercially achievable by Powertech.

ARTICLE 6 COVENANTS

6.1 Covenants of Azarga Regarding the Conduct of Business

Azarga covenants and agrees that, during the period from the date of this Agreement until the earlier of the Closing Date and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, applicable Laws or any Governmental Entities, or as consented to by Powertech in writing, Azarga shall, and shall cause each of its subsidiaries to, conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Closing Date and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, Azarga shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of Powertech (which consent shall not be unreasonably withheld or delayed):

- (a) (i) amend its articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of Azarga or any of its subsidiaries, or declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Azarga Shares owned by any person or the securities of any subsidiary owned by a person other than Azarga other than, in the case of any subsidiary wholly-owned by Azarga, any dividends payable to Azarga or any other wholly-owned subsidiary of Azarga; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of Azarga or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Azarga or its subsidiaries, other than: (A) the issuance of Azarga Shares pursuant to the terms of the outstanding Azarga Options or Azarga Convertible Securities; (B) transactions in the ordinary

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- deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers or employees or former directors, officers, employees of Azarga or any of its subsidiaries; (v) materially increase bonus levels or other benefits payable to any director, officer or employee of Azarga or any of its subsidiaries; (vi) provide for accelerated vesting, removal of restrictions on exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Closing Date; or (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;
- (d) settle, pay, discharge, satisfy, compromise, waive, assign or release, in an amount greater than US\$300,000, (i) any material action, claim or proceeding brought against Azarga and/or any of its subsidiaries; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement;
- (e) waive, release or assign any material rights, claims or benefits of Azarga or any of its subsidiaries;
- (f) enter into any agreement that if entered into prior to the date hereof would be a Material Contract; or modify, amend in any material respect, transfer or terminate any Material Contract, or waive, release or assign any material rights or claims thereto or thereunder;
- (g) change any method of Tax accounting, make or change any Tax election, file any materially amended Tax return, settle or compromise any Tax liability in excess of US\$300,000, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a material Tax refund;
- (h) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits or any approvals of or from any Governmental Entity necessary to conduct its businesses as now conducted or as proposed to be conducted; or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for approvals;
- (i) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Azarga to consummate the transactions contemplated by this Agreement; or

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accounting policies, in each case except as required in accordance with GAAP; or (viii) enter into any agreement with respect to any of the foregoing;

- (b) except in the ordinary course of business consistent with past practice or as is necessary to comply with applicable Laws or Contracts: (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, any assets, securities, properties, interests or businesses of Powertech or the Powertech Subsidiary; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, businesses, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other person, for an amount greater than US\$300,000; (iii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person; (iv) pay, discharge or satisfy any material liabilities or obligations; (v) waive, release, grant or transfer any rights of material value; (vi) enter into new commitments of a capital expenditure nature in excess of US\$100,000 except in accordance with approved current budgets that have been disclosed in writing to Azarga; or (vii) authorize or propose any of the foregoing, or enter into any agreement to do any of the foregoing;
- (c) other than as is necessary to comply with applicable Laws or Contracts: (i) grant to any officer, employee, director or consultant of Powertech or the Powertech Subsidiary an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, or director of Powertech or the Powertech Subsidiary; (iii) take any action with respect to the grant of any material severance, change of control, bonus or termination pay to, or enter into any material employment agreement, deferred compensation or other similar agreement (or materially amend any such existing agreement) with any officer, employee or director of Powertech or the Powertech Subsidiary; (iv) materially increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend or make any contribution to any employee plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers or employees or former directors, officers, employees of Powertech or the Powertech Subsidiary; (v) materially increase bonus levels or other benefits payable to any director, officer or employee of Powertech or the Powertech Subsidiary; (vi) provide for accelerated vesting, removal of restrictions on exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Closing Date; or (vii) establish, adopt or amend (except as required by applicable Law)

development that, to the knowledge of Powertech, is or could reasonably be expected to constitute a Material Adverse Effect.

6.3 Covenants of Azarga Relating to the Transactions

Azarga shall, and shall cause its subsidiaries to, perform all obligations required or desirable to be performed by Azarga or any of its subsidiaries under this Agreement, cooperate with Powertech in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Azarga shall, and where applicable shall cause its subsidiaries to,;

- (a) obtain as soon as practicable following execution of this Agreement, and for inclusion in the Powertech Circular, the Azarga Financial Statements with respect to the consolidated financial position of Azarga and the Azarga Subsidiaries as at the dates thereof and the consolidated results of the operations and cash flows of Azarga and the Azarga Subsidiaries for the periods then ended prepared in accordance with GAAP;
- (b) obtain as soon as practicable following execution of this Agreement a technical report prepared in accordance with NI 43-101 with respect to the Azarga Material Property;
- (c) use its best efforts to obtain as soon as practicable following execution of this Agreement the consent and approval of the Azarga Securityholders and all third party consents, approvals and notices required under any of the Material Contracts, all Key Regulatory Approvals and all Key Third Party Consents relating to Azarga;
- (d) defend all lawsuits or other legal, regulatory or other proceedings against Azarga challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (e) not take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Azarga to consummate the transactions contemplated by this Agreement; and
- (f) until the earlier of the Closing Time and termination of this Agreement, Azarga shall, subject to applicable Law, make available and cause to be made available to Powertech, and the agents and advisors thereto, information reasonably requested by Powertech for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Azarga and Powertech following the Closing Date and confirming the representations and warranties of Azarga set out in this Agreement.

representations and warranties of Powertech set out in this Agreement.

ARTICLE 7 CONDITIONS

7.1 Mutual Conditions Precedent

The obligations of the Parties to complete the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Closing Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

- (a) the Powertech Share Issuance Resolution and the Powertech Consolidation Resolution (in such form as Azarga may direct) shall have been obtained at the Powertech Meeting;
- (b) all necessary approvals of the Azarga Securityholders shall have been obtained and all documents necessary to issue the Consideration Shares and the Replacement Options to the Azarga Securityholders have been received by Powertech;
- (c) TSX Approval shall have been obtained for the transactions contemplated by this Agreement;
- (d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, against Powertech or Azarga which shall prevent the consummation of the transactions contemplated by this Agreement;
- (e) the Key Regulatory Approvals and Key Third Party Consents shall have been obtained; and
- (f) this Agreement shall not have been terminated in accordance with its terms.

7.2 Additional Conditions Precedent to the Obligations of Powertech

The obligations of Powertech to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Powertech and may be waived by Powertech):

- (a) Powertech shall have conducted and completed its due diligence investigation of Azarga and shall have been satisfied, acting reasonably, with the results of such investigation and shall have determined to proceed with the transactions contemplated by this Agreement;
- (b) all covenants of Azarga under this Agreement to be performed on or before the Closing Time which have not been waived by Powertech shall have been duly performed by Azarga in all material respects, and Powertech shall have received a certificate of Azarga addressed to Powertech and dated the Closing

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are qualified by the expression "Material Adverse Effect" shall be true and correct in all respects, as though made on and as of the Closing Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and all other representations and warranties made by Powertech in this Agreement that are not so qualified shall be true and correct in all material respects as of the Closing Date as if made on and as of such date (except for representations and warranties made as of a specified date the accuracy of which shall be determined as of that specified date); and Azarga shall have received a certificate of Powertech, addressed to Azarga and dated the Closing Date, signed on behalf of Powertech by a senior executive officer of Powertech (on Powertech's behalf and without personal liability), confirming the same as at the Closing Date;

- (d) since the date of this Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Powertech;
- (e) Powertech shall have delivered evidence satisfactory to Azarga of the approval of the listing and posting for trading on the TSX of the Consideration Shares and the Replacement Option Shares issuable on the exercise of the Replacement Options, subject only to satisfaction of the standard listing conditions; and
- (f) the Powertech Shareholder Approvals shall have been obtained at the Powertech Meeting.

ARTICLE 8 CLOSING ARRANGEMENTS

8.1 Closing

The closing of the transactions contemplated hereby shall take place at the offices of Blake, Cassels & Graydon LLP in Vancouver, British Columbia (or at such other location as may be agreed upon by Powertech and Azarga) at the Closing Time (or such other time as may be agreed by Powertech and Azarga).

8.2 Closing Transactions

The Parties shall consummate the following transactions on the Closing Date:

- (a) Azarga shall have delivered or caused to be delivered to the Purchaser certificates (or such other evidence, as may be applicable) representing the number of Azarga Shares owned by such Azarga Shareholder as set forth opposite such Azarga Shareholder's name on Schedule "A" hereto, in each case duly endorsed for transfer or accompanied by duly executed instrument of

failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Closing Time of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Closing Time; or
- (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Closing Time.

9.1.2 Powertech may not exercise its rights to terminate this Agreement pursuant to Section 10.2.1(c)(iii) and Azarga may not exercise its right to terminate this Agreement pursuant to Section 10.2.1(d)(iv) unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment or the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the expiration of a period of fifteen (15) business days from such notice, and then only if such matter has not been cured by such date. For greater certainty, in the event that such matter is cured within the time period referred to herein without a Material Adverse Effect, this Agreement may not be terminated as a result of the cured breach.

9.2 Non-Solicitation

9.2.1 Except as provided for herein, neither Powertech nor Azarga, nor any of their respective subsidiaries, shall, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of such Party or any of its subsidiaries (collectively, the "**Representatives**"): (i) make, solicit, assist, initiate, encourage or otherwise facilitate the initiation of any inquiries or proposals regarding an Acquisition Proposal; (ii) participate in any discussions or negotiations with any person (other than Powertech or any of its affiliates, in the case of Azarga, or Azarga and its affiliates, in the case of Powertech) regarding an Acquisition Proposal, provided, however, that Powertech or Azarga may communicate with any person making an Acquisition Proposal for the purpose of advising such person that the Acquisition Proposal could not reasonably be expected to result in a Superior Proposal; (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, (iv) accept or enter into or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, understanding, undertaking or arrangement or other contract in respect of an Acquisition Proposal or (v) make a Powertech Change in Recommendation.

9.2.2 Each of Powertech and Azarga shall, and shall cause their respective subsidiaries and Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted heretofore by it, its subsidiaries or any Representatives with respect to any Acquisition Proposal, and, in connection

Party that is the subject of the Acquisition Proposal shall thereafter also provide such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, information regarding the value in financial terms that its board of directors has in consultation with its financial advisor determined should be ascribed to any non-cash consideration offered under the Superior Proposal, and such other information as the other Party may reasonably request and shall keep the other Party fully informed as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all inquiries from the other Party with respect thereto.

9.2.5 Each Party covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 9.2.3) unless:

- (a) the board of directors of the Party concludes in good faith the Acquisition Proposal constitutes a Superior Proposal;
- (b) the Party has complied with the provisions of Section 9.3;
- (c) in the case of Powertech, it has not obtained Powertech Shareholder Approval;
- (d) the Acquisition Proposal did not result from a breach of this Section 9.2;
- (e) the Party pays any Expenses as and when payable pursuant to Section 9.4 and complies with the procedures set out in Section 10.2.

9.2.6 Nothing contained in this Agreement shall prohibit the board of directors of a Party from taking any action or, in the case of Powertech, making a Powertech Change in Recommendation, or from making any disclosure to any of its securityholders prior to the Closing Time including, for greater certainty, disclosure of a Powertech Change in Recommendation in respect of an Acquisition Proposal, if, in the good faith judgment of its board of directors, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with such board of director's exercise of its fiduciary duties or such action or disclosure is otherwise required under applicable Law (including by responding to an Acquisition Proposal under a directors' circular or otherwise as required under Securities Laws); provided that, for greater certainty, in the event of a Powertech Change of Recommendation and a termination by Azarga of this Agreement pursuant to Section 10.2.1(d)(i), Powertech shall reimburse all Expenses of Azarga as required by Section 9.4.

9.3 Right to Match

9.3.1 Each Party covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 9.2.3) as contemplated in Section 9.2.5 unless:

- (a) such Party (the "**Terminating Party**") has complied with its obligations under Section 9.2 and has provided the other Party (the "**Matching Party**") with a copy of the Superior Proposal and all related documentation described in

Party incurring such Expenses.

9.4.2 If an Azarga Reimbursement Event occurs, Azarga shall reimburse Powertech in full (by payment by wire transfer of immediately available funds) all Expenses of Powertech.

9.4.3 If a Powertech Reimbursement Event occurs, Powertech shall reimburse Azarga (by payment by wire transfer of immediately available funds) all Expenses of Azarga.

9.4.4 For the purposes of this Agreement, "**Azarga Reimbursement Event**" means the termination of this Agreement:

- (a) by Powertech pursuant to Section 10.2.1(c)(iv);
- (b) by Powertech pursuant to Section 10.2.1(c)(v);
- (c) by Azarga pursuant to Section 10.2.1(d)(ii); or
- (d) by Powertech pursuant to Section 10.2.1(b)(i) if prior to the termination of this Agreement, a bona fide Acquisition Proposal, or the intention to make an Acquisition Proposal, with respect to Azarga shall have been made to Azarga or publicly announced by any person (other than Powertech or any of its affiliates) and not withdrawn and within six months following the date of such termination:
 - (i) the announced Acquisition Proposal is consummated by Azarga; or
 - (ii) Azarga and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the Azarga Board approves or recommends, the announced Acquisition Proposal which is subsequently consummated at any time thereafter;

provided that, for the purposes of this Section 9.4.4(d) all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%".

9.4.5 For the purposes of this Agreement, "**Powertech Reimbursement Event**" means the termination of this Agreement:

- (a) by Azarga pursuant to Section 10.2.1(d)(i), except where the Powertech Change in Recommendation which has led to the termination pursuant to Section 10.2.1(d)(i) was made solely because the Powertech Board, acting in good faith, determined that a change, effect, event or occurrence had taken place that constituted a Material Adverse Effect on Azarga and that, as a consequence, it would be inconsistent with the Powertech Board's fiduciary obligations to continue to recommend that Powertech Shareholders vote in favour of the Powertech Share Issuance Resolution and the Powertech Consolidation Resolution;

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business planning, to their officers, employees, agents, properties, books, records and Contracts, and shall furnish Powertech with all data and information as Powertech may reasonably request.

9.5.2 From the date hereof until the earlier of the Closing Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing Contracts, Powertech shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to Azarga and to the officers, employees, agents and representatives of Azarga such access as Azarga may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts, and shall furnish Azarga with all data and information as Azarga may reasonably request.

9.5.3 Powertech and Azarga acknowledge and agree that information furnished pursuant to this Section 9.5 shall be considered confidential information and Powertech and Azarga shall treat such information confidentially and not disclose, and shall cause its Representatives to treat confidentially and not disclose, such information except as required in connection herewith.

9.6 Insurance and Indemnification

9.6.1 Within 30 days of the Closing Date, Powertech will, or will cause Azarga and its subsidiaries to, obtain and maintain in effect without any reduction in scope or coverage for six years from the Closing Date customary policies of directors' and officers' liability insurance providing protection in respect of claims arising from facts or events which occurred on or prior to the Closing Date; provided, however, that Powertech acknowledges and agrees that prior to the Closing Date, Powertech may, in the alternative, purchase run off directors' and officers' liability insurance for a period of up to six years from the Closing Date with the prior written consent of Powertech.

9.6.2 The provisions of this Section 9.6 are intended for the benefit of, and shall be enforceable by, each insured or indemnified person, his or her heirs and his or her legal representatives and, for such purpose, Azarga hereby confirms that it is acting as agent and trustee on their behalf.

ARTICLE 10 TERM, TERMINATION, AMENDMENT AND WAIVER

10.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Closing Time and the termination of this Agreement in accordance with its terms.

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- in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied;
- (iv) Azarga is in breach or in default of any of its obligations or covenants set forth in Section 9.2; or
 - (v) the Azarga Board authorizes Azarga to enter into a legally binding agreement relating to a Superior Proposal;
- (d) by Azarga, if:
- (i) prior to obtaining the Powertech Shareholder Approval, the Powertech Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Azarga, or fails to reaffirm its recommendation of, the transactions contemplated by this Agreement, within five (5) business days (and in any case prior to the Powertech Meeting) after having been requested in writing by Azarga to do so, in a manner adverse to Azarga, (it being understood that the taking of a neutral position or no position with respect to an Acquisition Proposal beyond a period of five (5) business days or beyond the date which is the day prior to the date proxies in respect of the Powertech Meeting must be deposited shall be considered an adverse modification) (a "**Powertech Change in Recommendation**");
 - (ii) the Azarga Board authorizes Azarga, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal; provided that concurrently with such termination, Azarga pays all Expenses of Powertech pursuant to Section 9.4;
 - (iii) any of the conditions set forth in Section 7.1 or Section 7.3 is not satisfied, and such condition is incapable of being satisfied by the Outside Date;
 - (iv) subject to Section 9.1, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Powertech set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that Azarga is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied;
 - (v) Powertech is in breach or default of its obligations or covenants set forth in Section 9.2;
 - (vi) the Powertech Meeting has not occurred on or before June 30, 2014,

specific breach or condition waived.

ARTICLE 11 GENERAL PROVISIONS

11.1 Privacy

Powertech and Azarga shall comply with applicable privacy Laws in the course of collecting, using and disclosing personal information about an identifiable individual (the "Transaction Personal Information"). Powertech shall not disclose Transaction Personal Information to any person other than to its advisors who are evaluating and advising on the transactions contemplated by this Agreement. If Powertech completes the transactions contemplated by this Agreement, Powertech shall not, following the Closing Date, without the consent of the individuals to whom such Transaction Personal Information relates or as permitted or required by applicable Law, use or disclose Transaction Personal Information:

- (a) for purposes other than those for which such Transaction Personal Information was collected by Azarga prior to the Closing Date; and
- (b) which does not relate directly to the carrying on of Azarga's business or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented.

Powertech shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure. Powertech shall cause its advisors to observe the terms of this Section and to protect and safeguard Transaction Personal Information in their possession. If this Agreement is terminated, Powertech shall promptly deliver to Azarga all Transaction Personal Information in its possession or in the possession of any of its advisors, including all copies, reproductions, summaries or extracts thereof.

11.2 Notices

Any notice, direction or other instrument required or permitted to be given under this Agreement shall be in writing and may be given by the delivery of the same or by mailing the same by prepaid registered or certified mail or by sending the same by facsimile, email or other similar form of communication (provided that if a method of notice other than email is selected, the notice shall also be sent by email), in each case addressed as follows:

- (a) if to Powertech:

Powertech Uranium Corp.
5575 DTC Parkway #140
Greenwood Village, CO 80111
Attention: Richard F. Clement, Jr.
Fax No.: 505-821-8006
Email: rfclement@powertechuranium.com

with a copy (which shall not constitute notice) to:

which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

11.5 Time of Essence

Time shall be of the essence in this Agreement.

11.6 Entire Agreement, Binding Effect and Assignment

This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement (including the schedules hereto) constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any person other than the Parties any rights or remedies hereunder. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Party.

11.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

11.8 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

11.9 Language

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

POWERTECH URANIUM CORP.

Per: _____
Name:
Title:

AZARGA RESOURCES LIMITED

Per: _____
Name: Joseph L. Haslin
Title: Director

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Azarga Options

Holder	Number	Current Exercise Price	Expiry Date	Replacement Options ⁽¹⁾	Adjusted Exercise Price ⁽²⁾
Curtis Bartley Church	85,000	US\$0.40	May 1, 2018 ⁽³⁾	310,250	C\$0.12
Arslan Kenenbaev	85,000	US\$0.40	May 1, 2018 ⁽³⁾	310,250	C\$0.12
Alexander Alan Molyneux	85,000	US\$0.40	May 1, 2018 ⁽³⁾	310,250	C\$0.12
Eldar Moldobek Uluu	80,000	US\$0.40	May 1, 2018 ⁽³⁾	292,000	C\$0.12
Joseph LeRoy Havlin	80,000	US\$0.40	May 1, 2018 ⁽³⁾	292,000	C\$0.12
Matthew James Gerard O'Kane	80,000	US\$0.40	May 1, 2018 ⁽³⁾	292,000	C\$0.12
Svetlana Meng	80,000	US\$0.40	May 1, 2018 ⁽³⁾	292,000	C\$0.12
Diuishenaly Kaesnov	55,000	US\$0.40	May 1, 2018 ⁽³⁾	200,750	C\$0.12
Elvira Ashiralieva	55,000	US\$0.40	May 1, 2018 ⁽³⁾	200,750	C\$0.12
Erkinbek Kazakbaev	55,000	US\$0.40	May 1, 2018 ⁽³⁾	200,750	C\$0.12
Ivan Malukhin	42,500	US\$0.40	May 1, 2018 ⁽³⁾	155,125	C\$0.12
Talai Tursukeev	42,500	US\$0.40	May 1, 2018 ⁽³⁾	155,125	C\$0.12
Dimitriy Plaskin	42,500	US\$0.40	May 1, 2018 ⁽³⁾	155,125	C\$0.12
Anatoly Platov	30,000	US\$0.40	May 1, 2018 ⁽³⁾	109,500	C\$0.12
Munkhjin Batbilig	30,000	US\$0.40	May 1, 2018 ⁽³⁾	109,500	C\$0.12
Elaine Tang	30,000	US\$0.40	May 1, 2018 ⁽³⁾	109,500	C\$0.12
Blake Albert Steele	42,500	US\$0.40	November 4, 2018 ⁽³⁾	155,125	C\$0.12
Blake Albert Steele	150,000	US\$0.50	November 4, 2018 ⁽³⁾	547,500	C\$0.15
Alexander Alan Molyneux	4,362,109	US\$0.40	February 12, 2019 ⁽⁴⁾	15,921,697	C\$0.12
Curtis Bartley Church	625,000	US\$0.40	February 12, 2019 ⁽⁴⁾	2,281,250	C\$0.12
Pacific Advisors Pte Ltd	1,822,596	US\$0.40	February 12, 2019 ⁽⁴⁾	6,652,475	C\$0.12
Matthew James Gerard O'Kane	77,634	US\$0.40	February 12, 2019 ⁽⁴⁾	283,364	C\$0.12
Blake Albert Steele ⁽⁵⁾	375,000	US\$0.40	February 12, 2019 ⁽⁴⁾	1,368,750	C\$0.12
Total	8,412,339			30,705,037	

- (1) Calculated with an exchange ratio of 3.65 Replacement Options per Azarga Option,
(2) Adjusted to reflect an exchange ratio of 3.65 and the Exchange Rate.
(3) Such Azarga Options vest 33% after 12 months, 33% after 24 months and 34% after 36 months.
(4) Such Azarga Options to be granted pursuant to certain investment agreements between Azarga and each of Alexander Molyneux, Curtis Church, Pacific Advisors, Matthew O'Kane and Blake Steele, as such investment agreements will be amended to provide for the issuance of Azarga Options as set forth above. All such Azarga Options are fully vested.
(5) See the description under Azarga Convertible Securities below for the additional securities issuable upon the exercise of these Azarga Options.

Azarga Convertible Securities

Pursuant to the terms of an employment agreement between Blake Steele and Azarga dated November 4, 2012, if Mr. Steele exercises the 375,000 Azarga Options he has been granted thereunder (as described in the table above) he is entitled to an additional 375,000 Azarga Shares for no additional compensation therefor. Such employment agreement will be amended effective the Closing Date to allow for the delivery by Azarga to Mr. Steele of Powertech Shares in lieu of all such Azarga Shares (such number of Powertech Shares issuable thereunder to be adjusted to reflect the exchange ratio of 3.65 Powertech Shares for each Azarga Share and to reflect the Share Consolidation), subject to receipt of all applicable approvals of Azarga and Powertech.

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- (ii) the signing of the certificates, consents and other documents or declarations required under the Agreement or otherwise to be entered into by Powertech;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing; and

- (f) notwithstanding that this resolution has been passed (and the Agreement and Transaction approved) by the shareholders of Powertech, the directors of Powertech are hereby authorized and empowered, without further notice to, or approval of, the securityholders of Powertech to (i) to amend the Agreement to the extent permitted by the Agreement; or (ii) subject to the terms of the Agreement, not to proceed with the Transaction.

CONSOLIDATION RESOLUTION

RESOLVED as a special resolution that:

- (g) the issued and allotted common shares of Powertech be consolidated on the basis of [*] existing common shares will be consolidated into one new common share of Powertech;
- (h) the notice of articles and articles of Powertech be amended, as applicable, under sections 257 and 263 of the *Business Corporations Act* (British Columbia) as may be necessary to give effect to the share consolidation are hereby approved;
- (i) in the event that the consolidation would otherwise result in the issuance of a fractional common share, no fractional common shares shall be issued and the number of common shares that each holder of shares shall receive shall be rounded up to the nearest whole number;
- (j) any director or officer of Powertech is hereby authorized on behalf of Powertech, at such times and on such dates as may be determined by such director or officer, to take all necessary steps or actions, and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and as may be necessary or desirable to give effect to this special resolution; and
- (k) notwithstanding that this special resolution has been passed (and the share consolidation approved) by the shareholders of Powertech, the board of directors of Powertech are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Powertech to not proceed with the share consolidation.

SCHEDULE "C"
KEY REGULATORY APPROVALS

Powertech

Approval of the TSX of the listing of the Consideration Shares and the Powertech Shares issuable on the exercise of the Replacement Options to be issued pursuant to the Agreement and of the Powertech Share Consolidation.

The grant from the Australian Securities and Investments Commission of a modification of the terms of the Corporations Act, or receipt of approval of the shareholders of Black Range Minerals, to allow the Transactions.

SCHEDULE 4.1(m)
AZARGA MINERAL PROPERTIES

NAME OF CONCESSION	ACQUISITION DATE	LICENSE AREA (Ha)	REGISTR. No	LICENSE No	OWNER NAME	APP. DATE /EXP. DATE
Kyzylompulskaja	2010.11.18	42379	00236	2852MP	UrAsia in Kyrgyzstan Ltd	Exp. Date: 2015.12.31
Shirgiskaja		24000			UrAsia in Kyrgyzstan Ltd	App. Date: 2014.1.14
Arsy		19600			UrAsia in Kyrgyzstan Ltd	App. Date: 2014.1.14

Note: This list does not include Azarga's interest in Powertech's Centennial Property.

Annexure B

Re: Black Range Minerals Limited (ACN: 009 079 047)
22 July 2014

This is annexure B of 1 page referred to in form 603 'Notice of initial substantial holder'

Powertech Uranium Corp. may be deemed the beneficial owner of the ordinary shares and therefore the substantial holder thereof consequent upon entry into a conditional merger agreement with Azarga Resources Limited. See Annex A. Azarga Resources Limited's relevant interest in the ordinary shares has changed since Powertech Uranium Corp. became a holder of a relevant interest, as follows. Accordingly, as at 22 July 2014, Azarga Resources Limited is the registered holder of 662,372,843 ordinary shares which represent 25.33% based on 2,614,833,970 issued ordinary shares.

**Azarga Resources Limited
Shares Sold - Black Range Minerals Limited**

Date	Total Consideration	Shares Sold
24/03/2014	\$ 30,000	3,000,000
26/03/2014	\$ 27,000	3,000,000
27/03/2014	\$ 27,588	3,000,000
28/03/2014	\$ 90,000	10,000,000
28/03/2014	\$ 27,000	3,000,000
04/02/2014	\$ 35,000	5,000,000
04/04/2014	\$ 13,222	1,888,824
15/04/2014	\$ 91,000	13,000,000
	<u>\$ 340,810</u>	<u>41,888,824</u>

Shares purchased on market - Black Range Minerals Limited

Date	Total Consideration	Shares Purchased
20/06/2014	\$ 5,000	1,000,000
20/06/2014	\$ 5,000	1,000,000
23/06/2014	\$ 15,000	3,000,000
26/06/2014	\$ 5,000	1,000,000
27/06/2014	\$ 2,500	500,000
	<u>\$ 32,500</u>	<u>6,500,000</u>

Shares purchased through debt conversion - Black Range Minerals Limited

Date	Total Consideration	Shares Purchased
26/6/2014	\$ 1,633,000	163,300,000
26/6/2014	\$ 1,700,000	141,666,667
	<u>\$ 3,333,000</u>	<u>304,966,667</u>

Richard F. Clement, Jr. 22 July 2014