



**MANAGEMENT DISCUSSION AND ANALYSIS
QUARTERLY HIGHLIGHTS**

For the nine months ended June 30, 2016

(Expressed in Canadian dollars)

AZARGA METALS CORP. (FORMERLY EUROPEAN URANIUM RESOURCES LTD.)
For the nine months ended June 30, 2016
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

The following management discussion and analysis – quarterly highlights (“MD&A - Quarterly Highlights”) of the results of operations and financial condition of Azarga Metals Corp. (formerly European Uranium Resources Ltd.) (the “Company” or “Azarga”) for the nine months ended June 30, 2016 and up to the date of this MD&A - Quarterly Highlights, has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management discussion and analysis for the fiscal year ended September 30, 2015 (the “Annual MD&A”).

This MD&A - Quarterly Highlights should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended September 30, 2015, together with the notes thereto, and the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the nine months ended June 30, 2016 (the “Financial Report”).

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

The effective date of this MD&A - Quarterly Highlights is August 23, 2016.

Description of the Business

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

Azarga is a mineral exploration and development company that owns 60% of the Unkur Copper-Silver Project in the Zabaikalsky province in eastern Russia. The Company is funded to conduct a first phase drill program during late summer 2016 consisting of approximately 3,000 cumulative linear meters of diamond core drilling. Drilling commenced in August 2016.

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

Unkur Drill program

Unkur Project

The Company commenced a diamond drill program in early August 2016 and by August 22, 2016 it had completed two holes with both intersecting distinct zones of visible mineralization. Both holes encountered mineralized intersections in excess of 20 meters. Visual inspection of the core shows the presence of both oxidized copper and copper-bearing sulphide mineralization principally in the form of chalcocite. Azarga Metals is now approximately one quarter through its first phase drilling program, which aims to drill between eight and ten holes totaling approximately 3,000 cumulative linear meters. The two drill rigs currently at Unkur are expected to operate through the end of October. Assays for the program should be received by the Company in the October through December period.

Unkur Acquisition

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

Unkur Acquisition

On May 31, 2016, the Company purchased 60% of the outstanding shares of Azarga Metals Limited (“Azarga Metals”), a British Virgin Islands corporation from its six shareholders (the “Non-Controlling Interest Shareholders” or “NCI Shareholders”). Azarga Metals owns all of the issued shares of Shilka Metals Ltd., a Cyprus corporation and Shilka Metals holds all the issued capital of Tuva-Kobalt LLC

AZARGA METALS CORP. (FORMERLY EUROPEAN URANIUM RESOURCES LTD.)
For the nine months ended June 30, 2016
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

(“Tuva-Kobalt”), a Russian limited liability company. Tuva-Kobalt was awarded the Unkur mineral exploration and exploitation license via a bidding process on August 26, 2014 that is valid through December 31, 2039.

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

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

Consideration given up

Shares issued	\$	1,577,618
Transaction costs		43,902
Total	\$	1,621,520

Consideration received

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

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

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

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

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

AZARGA METALS CORP. (FORMERLY EUROPEAN URANIUM RESOURCES LTD.)
For the nine months ended June 30, 2016
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

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

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

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

Private Placement

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

Debt Settlement

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

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 and resource disclosures contained in this MD&A – Quarterly Highlights.

Financial Condition – nine months ended June 30, 2016

The Company began the current fiscal period with cash of \$3,827. During the nine months ended June 30, 2016, the Company spent \$361,220 on operating activities net of working capital changes, spent \$24,372 on investing activities and received \$1,988,635 from financing activities, with a negative \$29,617 effect of foreign exchange on cash to end at June 30, 2016 with \$1,577,253 cash.

Operating Activities

For the nine months ended June 30, 2016, the Company has net income of \$327,930 which included a forgiveness of trade and other payables of \$474,308 and a gain on disposal of subsidiary of \$67,841.

Investing Activities

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

AZARGA METALS CORP. (FORMERLY EUROPEAN URANIUM RESOURCES LTD.)
For the nine months ended June 30, 2016
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

The Company incurred acquisition costs of \$43,902 on the acquisition of Azarga Metals net of cash received of \$480.

Financing Activities

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

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

Liquidity and Capital Resources

As at June 30, 2016, the Company had working capital of \$1,750,005. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. However, should the Company's current plans be updated, the Company may need to seek additional sources of financing to carry on future operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Related Party Transactions

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

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 9 to the Financial Report.

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

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance June 30, 2016	42,980,265	-	61,000
Options granted	-	-	2,225,000
Options expired	-	-	(30,000)
Balance as at the date of this MD&A – Quarterly Highlights	42,980,265	-	2,256,000

Cautionary Note Regarding Forward-looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements

AZARGA METALS CORP. (FORMERLY EUROPEAN URANIUM RESOURCES LTD.)
For the nine months ended June 30, 2016
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices.

There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Other Information

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