



## **MANAGEMENT'S DISCUSSION AND ANALYSIS – Quarterly Highlights**

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### **Introduction**

The following management discussion and analysis – quarterly highlights (“MD&A - Quarterly Highlights”) of the results of operations and financial condition of European Uranium Resources Ltd. (the “Company” or “European Uranium”) for the three months ended December 31, 2015 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 three months ended December 31, 2015 (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 February 29, 2016.

### **Description of the Business**

European Uranium is a reporting issuer in most of the provinces of Canada and trades on the TSX-V under the trading symbol “EUU” and on the Frankfurt Stock Exchange under the trading symbol “TGPN”.

European Uranium is an exploration stage business engaged in the acquisition and exploration of mineral properties however the Company currently has no active interest in any exploration projects.

The Company is actively seeking mineral exploration projects for acquisition or earn-in by agreement.

### **Financial Condition – three months ended December 31, 2015**

The Company began the 2016 fiscal year with cash of \$3,827. The Company recorded a positive cash movement of \$1,522 on operations, to end with cash of \$5,814 on December 31, 2015, after the positive effect of the foreign exchange on cash of \$465.

#### *Operating Activities*

Significant events during the first three months of the 2016 fiscal year and up to the date of this MD&A – Quarterly Highlights include the following:

- On October 2, 2015, the Company announced that the July 31, 2014, partnership agreement between EUU and Forte Energy NL (“Forte”) has been terminated and Forte has voluntarily forfeited its 50% beneficial interest in Ludovika Energy s.r.o (“LE”) and in Ludovika Mining s.r.o. to the Company. Forte has no outstanding obligations under the agreement;
- On November 16, 2015, the Company announced an update regarding its ownership status of LE, the holder of the exploration license overprinting the Kuriskova deposit area. With Forte no longer funding ongoing operations and the Company not being in a financial position to fund the maintenance of LE as a corporate entity during this period, the Company came to an agreement with an unrelated third party resident in Slovakia to acquire the Company's interests in LE in exchange for the Company retaining a 25% share of any future compensation paid to LE by the Slovak Government pursuant to the Court proceedings. EUU will not be responsible for any of the liabilities on the books of LE as of September 30, 2015, estimated as \$67,841 (€45,000), or subsequent; and
- On January 6, 2016, the Company sold the remaining 395,894 GRIT shares for gross proceeds of



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\$19,050 (average of £0.024 per GRIT share sold).

For the three months ended December 31, 2015, the Company incurred a net loss of \$63,558 or (\$0.00) per share, a decrease of \$136,980 from the net loss of \$200,538 for the three months ended December 31, 2014.

Total expenses totalled \$91,284 in the three month period ended December 31, 2015, compared to \$136,946 in the comparative period.

Gross exploration and evaluation expenditures on the uranium properties in the three month period ended December 31, 2015, were \$nil, compared to \$56,056 in the comparative period, with all of the comparative period expenditures recovered from Forte.

The Company recorded a gain on the sale of LE of \$67,841 reflecting the transfer of the balance of the accounts payable on the books of LE that were assumed by the buyer as at September 30, 2015.

The impairment loss on marketable securities of \$49,074 reflects the continued significant and prolonged decline in the market value of the GRIT shares held in accordance with IAS 39, prior to their eventual sale in January 2016.

**Liquidity and Capital Resources**

As at December 31, 2015, the Company had a working capital deficit of \$646,595. The Company is now actively searching for mineral properties to acquire which could provide financing alternatives. The Company then plans to raise additional financial resources through equity financings.

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. The ability of the Company to continue as a going concern and to discharge its liabilities in the normal course of business is dependent upon the successful completion of financing arrangements and/or the acquisition of financeable mineral properties. These factors 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.

There are \$546,397 accounts payable and accrued liabilities owed to related parties for salaries, directors fees, consulting fees, and expense reimbursements.

Amounts owing to related parties, totalling \$546,397 (September 30, 2015 - \$483,610) are comprised of:

	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Salaries	\$ <b>348,695</b>	\$ 316,859
Consulting fees	<b>100,622</b>	72,568
Directors fees	<b>64,040</b>	64,040
Reimbursement of expenses	<b>33,040</b>	30,143
<b>Total</b>	<b>\$ 546,397</b>	<b>\$ 483,610</b>



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**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
<b>Balance December 31, 2015</b>	65,942,653	555,555	805,000
<b>Balance as at the date of this MD&amp;A – Quarterly Highlights</b>	65,942,653	555,555	805,000

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

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 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.

**ADDITIONAL DISCLOSURE for VENTURE ISSUERS without SIGNIFICANT REVENUE**

The components of exploration costs are described in Note 11 to the Financial Report.

**OTHER INFORMATION**

Additional information relating to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's web site [www.euresources.com](http://www.euresources.com).