EUROPEAN URANIUM
RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

Notice to Reader

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

EUROPEAN URANIUM RESOURCES LTD.
Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note		March 31, 2016		September 30, 2015
ASSETS					
Current					
Cash	4	$	3,797	$	3,827
Funds held in escrow	16		1,500,000		-
Receivables	5		7,091		4,468
Marketable securities	6		-		68,124
Prepaid expenses and deposits	7		-		2,649
			1,510,888		79,068
Equipment	8		-		4,324
Deferred transaction costs	16		23,854		-
		$	1,534,742	$	83,392
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current					
Trade and other payables	10	$	656,348	$	640,110
Notes payable	11		31,875		-
Funds held in escrow	16		1,500,000		-
			2,188,223		640,110
Shareholders' deficiency					
Share capital	12		125,818,934		125,818,934
Share-based reserve			14,614,877		14,614,877
Accumulated other comprehensive income			-		22,349
Deficit			(141,087,292)		(141,012,878)
			(653,481)		(556,718)
		$	1,534,742	$	83,392

Nature of operations and going concern	1
Unkur Acquisition	16

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Board of Directors on May 25, 2016.

They are signed on the Company's behalf by:

"Michael Hopley"
Michael Hopley, Director

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

EUROPEAN URANIUM RESOURCES LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Note	For the three months ended March 31, 2016	For the three months ended March 31, 2015	For the six months ended March 31, 2016	For the six months ended March 31, 2015
EXPENSES					
Administration		$ 474	$ 29,589	$ 593	$ 54,809
Depreciation		3,970	730	4,324	2,007
Employee salaries, fees to directors and contractors		-	89,058	84,284	167,155
Exploration and evaluation expenditures		-	47,955	-	104,011
Exploration and evaluation and other recoveries		-	(47,955)	-	(104,011)
Professional fees		1,540	1,674	1,540	2,091
Public, government and investor relations		-	327	-	327
Regulatory fees		13,135	13,299	19,662	15,467
Travel		-	(11,954)	-	17,813
		19,119	122,723	110,403	259,669
OTHER INCOME (EXPENSE)					
Foreign exchange gain (loss)		8,552	(19,374)	17,509	(11,814)
Gain on disposal of subsidiary	*9*	-	-	67,841	-
Impairment loss on marketable securities		-	(30,032)	-	(92,219)
Interest expense	*11*	(300)	-	(300)	-
Interest income		11	111	13	295
Loss on sale of marketable securities	*6*	(49,074)	-	(49,074)	(9,149)
		(40,811)	(49,295)	35,989	(112,887)
LOSS FOR THE PERIOD		(59,930)	(172,018)	(74,414)	(372,556)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
Foreign currency translation differences for foreign operations		-	9,205	(22,349)	(3,533)
COMPREHENSIVE LOSS FOR THE PERIOD		$ (59,930)	$ (162,813)	$ (96,763)	$ (376,089)
Basic and diluted loss per common share		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of outstanding common shares		65,942,652	65,942,652	65,942,652	65,942,652

EUROPEAN URANIUM RESOURCES LTD.
Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	For the six months ended	
	March 31, 2016	March 31, 2015
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Loss for the period	$ (74,414)	$ (372,556)
Items not affecting cash:		
Depreciation	4,324	2,007
Gain on disposal of subsidiary	(67,841)	-
Impairment loss on marketable securities	-	92,219
Accrued interest expense	300	-
Loss on sale of marketable securities	49,074	9,149
Unrealized foreign exchange gain	(22,225)	(4,783)
Change in non-cash working capital items:		
Receivables	(2,623)	69,965
Prepaid expenses and deposits	2,649	10,962
Trade and other payables	83,779	(7,859)
	(26,977)	(200,896)
INVESTING ACTIVITIES		
Proceeds on sale of marketable securities	19,050	26,894
	19,050	26,894
FINANCING ACTIVITIES		
Deferred transaction costs	(23,854)	-
Notes payable	31,875	-
	8,021	-
EFFECT OF FOREIGN EXCHANGE ON CASH	(124)	902
DECREASE IN CASH FOR THE PERIOD	(30)	(173,100)
CASH, BEGINNING OF THE PERIOD	3,827	242,141
CASH, END OF THE PERIOD	$ 3,797	$ 69,041
Supplemental cash flow information:		
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	-	-

EUROPEAN URANIUM RESOURCES LTD.
Consolidated Statements of Changes in Equity (Deficiency)
(Unaudited - Expressed in Canadian dollars)

				Accumulated other comprehensive income		
	Number of shares	Share capital	Share-based reserve	Cumulative translation account	Deficit	Total shareholders' equity (deficiency)
Balance, September 30, 2014	65,942,653	$ 125,818,934	$ 14,614,877	$ 13,438	$ (140,324,350)	$ 122,899
Comprehensive loss for the period	-	-	-	(3,533)	(372,556)	(376,089)
Balance, March 31, 2015	65,942,653	$ 125,818,934	$ 14,614,877	$ 9,905	$ (140,696,906)	$ (253,190)

				Accumulated other comprehensive income		
	Number of shares	Share capital	Share-based reserve	Cumulative translation account	Deficit	Total shareholders' deficiency
Balance, September 30, 2015	65,942,653	$ 125,818,934	$ 14,614,877	$ 22,349	$ (141,012,878)	$ (556,718)
Comprehensive loss for the period	-	-	-	(22,349)	(74,414)	(96,763)
Balance, March 31, 2016	65,942,653	$ 125,818,934	$ 14,614,877	$ -	$ (141,087,292)	$ (653,481)

1. NATURE OF OPERATIONS AND GOING CONCERN

European Uranium Resources Ltd. (the “Company”) is a publicly-traded company incorporated under the laws of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSXV”) and trade under the symbol EUU. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., V4B 1E6.

The Company is engaged in the identification, acquisition, exploration and, if warranted, development of mineral resource projects. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

On March 1, 2016, the Company and Azarga Metals Limited (“Azarga Metals”) executed a share purchase agreement whereby the six shareholders of Azarga Metals (the “Selling Shareholders”) agreed to sell 60% of the issued shares of Azarga Metals to the Company in exchange for shares of the Company and deferred cash payments (the “Unkur Acquisition”). In connection with the Unkur Acquisition, the Company intends to raise $2,000,000 through a private placement of common shares, settle certain related party debt and to consolidate its shares on a 10:1 basis (the Transactions”) (Note 16).

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at March 31, 2016, the Company had a working capital deficiency of $677,335. Upon completion of the Transactions, the Company will have settled related party debt of $550,104 and raised $2,000,000. Management estimates that these new funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. However, there is no assurance that the Transactions will complete and the Company may need to seek additional sources of financing to carry on operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

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

2. BASIS OF PRESENTATION

Statement of compliance

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

2. BASIS OF PRESENTATION (continued)

Basis of measurement

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

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

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the parent company's functional currency as well as the functional currency of the Company's US subsidiary, Tournigan Energy USA Inc. The functional currency of the Company's Slovakian subsidiaries, Ludovika Energy s.r.o. and Ludovika Mining s.r.o., is the Euro. Tournigan Energy USA Inc. was dissolved on February 29, 2016. Ludovika Energy s.r.o. was sold on October 19, 2015 (Note 8).

Use of accounting estimates, judgments and assumptions

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

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

Share-based compensation

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

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

2. BASIS OF PRESENTATION (continued)

Use of accounting estimates, judgments and assumptions *(continued)*

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the function currency of the parent company as well as the functional currency of the Company's US subsidiary, Tournigan Energy USA Inc., is the Canadian dollar. The functional currency of the Company's Slovakian subsidiaries, Ludovika Energy s.r.o. and Ludovika Mining s.r.o., is the Euro.

3. SIGNIFICANT ACCOUNTING POLICIES

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

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2016, and have not been applied in preparing these consolidated financial statements.

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

- New standard IFRS 9, Financial Instruments

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

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

- New standard IFRS 16, Leases

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

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

(Unaudited - Expressed in Canadian dollars)

4. CASH

		March 31, 2016		September 30, 2015
Canadian dollar denominated deposits	$	3,607	$	1,924
US dollar denominated deposits		190		1,903
Total	$	3,797	$	3,827

5. RECEIVABLES

		March 31, 2016		September 30, 2015
Amounts due from the Government of Canada pursuant to goods and services input tax credits	$	7,091	$	4,468
Other		-		-
Total	$	7,091	$	4,468

6. MARKETABLE SECURITIES

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

7. PREPAID EXPENSES AND DEPOSITS

		March 31, 2016		September 30, 2015
Prepaid expenses	$	-	$	2,649
Deposits		-		-
Total	$	-	$	2,649

(Unaudited - Expressed in Canadian dollars)

8. EQUIPMENT

	Canada Computer & Software	United States Computer & Software	Total
Cost			
September 30, 2015	$ 3,927	$ 8,136	$ 12,063
Additions	-	-	-
Disposals	-	(8,136)	(8,136)
March 31, 2016	$ 3,927	$ -	$ 3,927
Accumulated depreciation			
September 30, 2015	$ 1,177	$ 6,562	$ 7,739
Depreciation	2,750	1,574	4,324
Disposals	-	(8,136)	(8,136)
March 31, 2016	$ 3,927	$ -	$ 3,927
Carrying amounts			
September 30, 2015	$ 2,750	$ 1,574	$ 4,324
March 31, 2016	$ -	$ -	$ -

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

9. EXPLORATION AND EVALUATION ASSETS

Kuriskova Uranium project

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

Novoveska Huta Uranium project

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

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Kremnica Gold project

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

10. TRADE AND OTHER PAYABLES

		March 31, 2016		September 30, 2015
Trade and other payables in Canada	$	114,131	$	128,588
Trade and other payables in Slovakia		-		27,912
Consulting fees owing to related parties		96,184		72,568
Director fees owing to related parties		64,040		64,040
Interest payable to related parties		300		-
Reimbursement of expenses owing to related parties		38,806		30,143
Salaries owing to related parties		342,887		316,859
Total	$	656,348	$	640,110

11. NOTES PAYABLE

On March 1, 2016, the Company entered into a loan agreement with three of the Selling Shareholders (Note 16) whereby the Selling Shareholders agreed to loan the Company up to $100,000 with a 12-month term and interest at the rate of 15% per annum. During the three months ended March 31, 2016, the Selling Shareholders loaned the Company $31,875 and the Company accrued $300 in interest expense included in trade and other payables as at March 31, 2016. Subsequent to March 31, 2016, the Selling Shareholders loaned the Company further funds (Note 16).

12. SHARE CAPITAL

a) Authorized

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

b) Issued and Outstanding

As at March 31, 2016, the Company had 65,942,653 common shares issued and outstanding (December 31, 2015 – 65,942,653)

(Unaudited - Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

a) Warrants

The continuity of share purchase warrants for the six months ended March 31, 2016, is as follows:

Expiry date	Exercise price	Balance, September 30, 2015	Issued	Exercised	Expired	Balance, March 31, 2016	
April 16, 2016	$ 0.15	555,555	-	-	-	555,555	*
		555,555	-	-	-	555,555	
Weighted average exercise price		$ 0.15	$ -	$ -	$ -	$ 0.15	

* Expired unexercised subsequent to March 31, 2016

b) Options

On August 21, 2015, the Company's shareholders approved the renewal of a rolling stock option plan applicable to directors, employees and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSXV. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors

The continuity of stock options for the six months ended March 31, 2016, is as follows:

Expiry date	*Exercise price*	Balance, September 30, 2015	Granted	Exercised	Expired	Balance, March 31, 2016
July 15, 2016	*$ 0.55*	415,000	-	-	(95,000)	320,000
November 19, 2017	*$ 0.22*	460,000	-	-	(120,000)	340,000
		875,000	-	-	(215,000)	660,000
Weighted average exercise price		$ 0.38	$ -	$ -	$ 0.31	$ 0.38

As at March 31, 2016, the weighted average remaining contractual life of the options outstanding was 0.98 years.

13. RELATED PARTY TRANSACTIONS AND BALANCES

a) Consulting fees

During the three and six months ended March 31, 2016, the Company paid or accrued $Nil (2015 - $25,000) and $25,000 (2015 - $50,000) respectively, to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by Doris Meyer, the Chief Financial Officer and Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, a Corporate Secretary, and accounting and administrative staff to the Company.

(Unaudited - Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Compensation of key management personnel:

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel, which includes the amounts disclosed above, during the three and six months ended March 31, 2016, and 2015 were as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015	Six months ended March 31, 2016	Six months ended March 31, 2015
Consulting fees*	$ -	$ 25,000	$ 25,000	$ 50,000
Interest expense	300	-	300	-
Salaries and benefits*	-	95,766	59,284	189,882
	$ 300	$ 120,766	$ 84,584	$ 239,882

* On January 1, 2016, Golden Oak and the Company's CEO agreed to waive their fees until completion of the Transactions (Note 16).

14. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of mineral properties, and has three geographical segments: Canada, the USA and Europe. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and equipment and have been disclosed in Notes 8 and 9.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2016	September 30, 2015
Cash	Loans and receivables	$ 3,797	$ 3,827
Receivables	Loans and receivables	4,468	4,468
Marketable securities	Available for sale	-	68,124
Trade and other payables	Other liabilities	656,348	640,110

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, marketable securities, and trade and other payables. The fair value of receivables, marketable securities, and trade and other payables approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy.

Risk Management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended September 30, 2015.

16. UNKUR ACQUISITION

On March 1, 2016, the Company and Azarga Metals Limited ("Azarga Metals") executed a share purchase agreement whereby the six shareholders of Azarga Metals (the "Selling Shareholders") agreed to sell 60% of the issued shares of Azarga Metals to the Company in exchange for shares of the Company and deferred cash payments (the "Unkur Acquisition"). In connection with the Unkur Acquisition, the Company intends to raise $2,000,000 through a private placement of common shares (the "Private Placement"), settle certain related party debt (the "Debt Settlement") and consolidate its shares on a 10:1 basis (the "Share Consolidation"). Following the closing of the Unkur Acquisition and ancillary transactions, the Company will change its name to Azarga Metals Corp.

Subject to terms and conditions, the Selling 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 Azarga Metals Selling 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.

Azarga Metals (BVI) owns 100% of the issued shares of Shilka Metals LLC (Cyprus) which in turn owns 100% of the issued capital of Tuva-Kobalt (Russia). 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.

On closing, the Company will issue the Selling Shareholders 15,776,181 common shares (the "Consideration Shares"), which will be approximately 37% of the number of shares as constituted after closing the Unkur Acquisition, the Private Placement, the Debt Settlement and the Consolidation (the "Transactions").

16. UNKUR ACQUISITION (continued)

In exchange for the Consideration Shares, the Selling Shareholders will transfer 60% of the issued shares of Azarga Metals to the Company. The Consideration Shares will be restricted from trading for two years from the issue date. The Company will be assigned existing loans made by the Selling Shareholders to Azarga Metals of up to US$800,000 that bear interest at the rate of 12% per annum, which can be capitalized or paid in cash (the "Debt"). The Debt must be paid within seven years from closing. The Selling Shareholders will retain a 5% net smelter return royalty ("NSR") and their combined 40% interest in Azarga Metals will be free carried to initial production and profitability subject to the Put/Call Options. The Company will have 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 Selling 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 Debt and the Deferred Cash Payments will become due and payable within five days.

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

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 Selling Shareholders within 12-months notice that the Bonus Payment Threshold has been met.

Loan

Three of the Selling Shareholders of Azarga Metals agreed to loan the Company up to $100,000 with a 12-month term and interest at the rate of 15% per annum to facilitate the various transactions. Subsequent to March 31, 2016, the Selling Shareholders loaned the Company $37,000. This is in addition to the $31,875 loaned during the six months ended March 31, 2016 (Note 11).

Private Placement

To fund anticipated exploration, the Company will undertake a non-brokered private placement of a minimum of 20,000,000 post-consolidated shares at a price of $0.10 per share for gross proceeds of a minimum $2,000,000. As at March 31, 2016 the Company had collected $1,500,000 of this amount and subsequent to March 31, 2016 the Company collected a further $450,000. A further $50,000 is committed. These funds are being held in escrow pending completion of the Transactions. The Private Placement is conditional on completion of the successful completion of the Unkur Acquisition, the Debt Settlement and the Share Consolidation.

Debt Settlement

The Company entered into settlement agreements with certain current and past related parties to fully settle an aggregate of $550,104 debt recorded in the books of the Company by forgiveness of $490,791 of the debts and the issuance of 577,572 post-consolidated common shares at a price of $0.10 per share for the remainder of $57,757.

16. UNKUR ACQUISITION (continued)

Share Consolidation and Name Change

The Board of Directors plan to change the name of the Company from European Uranium Resources Ltd. to Azarga Metals Corp. and to consolidate the company's shares on a 10 old for 1 new basis.

TSXV Approval

Closing the Unkur Acquisition is subject to closing the Private Placement and Share Consolidation. The Unkur Acquisition is arm's length and there is no finder's fee. The Unkur Acquisition has been classified as a fundamental acquisition under the rules of the TSXV.