EUROGAS INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2018

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Eurogas International Inc. ("Eurogas International" or the "Corporation") is an independent oil and natural gas exploration company targeting oil and natural gas reserves. Eurogas International is incorporated under the *Companies Act* (Barbados), and its common shares trade on the Canadian Securities Exchange ("CSE") under the symbol EI. At March 31, 2018, Dundee Corporation, the principal shareholder of the Corporation, controlled 54% of the issued and outstanding common shares of the Corporation.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of April 25, 2018 and provides an update on matters discussed in, and should be read in conjunction with the Corporation's audited financial statements as at and for the year ended December 31, 2017 (the "2017 Audited Financial Statements") and the unaudited condensed interim financial statements of the Corporation as at and for the three months ended March 31, 2018 (the "March 2018 Interim Financial Statements") prepared under International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars, unless otherwise specified.

GOING CONCERN ASSUMPTION

The Corporation's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, obtaining exploitation concessions for any such economically recoverable reserves, the ability to raise the necessary capital to finance development and settle current obligations of the Corporation, and the working capital from future profitable production or proceeds from the disposition of assets. The March 2018 Interim Financial Statements do not give effect to any adjustments which would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business. The amounts the Corporation may realize on the disposition of its assets or the discharging of its liabilities in other than the normal course of its business may be significantly different than the carrying value of these assets and liabilities as reflected in the March 2018 Interim Financial Statements.

SFAX OFFSHORE EXPLORATION PERMIT

The Corporation has entered into a joint operating arrangement with DNO Tunisia AS ("DNO"), a wholly-owned subsidiary of DNO International ASA, and with Atlas Petroleum Exploration Worldwide Ltd. ("APEX"), pursuant to which the joint venturers have agreed to undertake exploration, appraisal and extraction operations on the Sfax permit, which currently covers approximately 800,000 acres in the shallow Mediterranean waters in the Gulf of Gabes, offshore Tunisia and southeast of the city of Sfax ("Sfax Permit"). The Corporation holds a 5.625% working interest in the Sfax Permit. DNO has contractually assumed full responsibility for completion of obligations pursuant to the terms of the Sfax Permit, including all drilling obligations and any compensatory payment obligation that may arise as a result of non-compliance. In that regard, DNO has provided a full guarantee to the Tunisian governmental authorities.

During 2015, the joint venturers sought an extension of the first renewal period of the Sfax Permit, and in August 2015, the Tunisian authorities approved a two-year extension, extending the first renewal period and the associated exploration well drilling obligation to December 8, 2017. On July 21, 2017, the Tunisian authorities approved a further one-year extension to December 8, 2018. The extension is subject to certain conditions, including the replacement of a seismic commitment with the deepening of the well drilling obligation to the Reineche formation. In April 2018, DNO advised the Corporation that it is considering options for its Tunisian assets.

Notwithstanding the approval of the extension of the first renewal period, the current capital markets environment and the associated volatility in the price of oil causes significant uncertainties to the Corporation's determination of possible cash flows from its oil and natural gas activities. Accordingly, the Corporation carries its investment in the Sfax Permit at a cost of $nil as at March 31, 2018 and December 31, 2017.

Agreement with Delta Hydrocarbons B.V. ("Delta")

In prior years and prior to its current working interest arrangements with DNO, the Corporation and APEX had entered into a farm out option agreement with Delta pertaining to the farm out of a 50% working interest in the Sfax Permit. Delta subsequently exited from the farm out option agreement and under a settlement agreement, Delta forfeited its 50% working interest option in exchange for a portion of certain payments, if and when received by the Corporation and APEX, to a maximum of US$20.0 million. Payments to Delta pursuant to the settlement arrangement may include a share of the proceeds from the cost oil or cost gas portion of any future production revenues realized from the Sfax Permit.

INNOVATIVE PRODUCTION SERVICES, LTD. ("IPS")

The Corporation currently holds a 45% interest in IPS. The sole business activity of IPS is the ownership and continuing maintenance of a mobile offshore production unit (the "MOPU"), which was acquired by IPS in May 2007 in expectation of leasing the equipment to affiliated companies to facilitate their producing, processing and transporting of oil and natural gas. The MOPU is currently inactive and is moored in Louisiana, in the United States of America. The Corporation accounts for its investment in IPS using the equity method of accounting. During the three months ended March 31, 2018, the Corporation's share of costs associated with the MOPU was $47,059 (three months ended March 31, 2017 – $49,631).

RESULTS OF OPERATIONS

Comparison of the Three Months Ended March 31, 2018 with the Three Months Ended March 31, 2017

During the three months ended March 31, 2018, the Corporation incurred a net loss of $480,844, or a loss of approximately $0.02 per share. This compares with a net loss of $464,348, or a loss of approximately $0.01 per share incurred by the Corporation during the same period of 2017.

The Corporation's net loss during the three months ended March 31, 2018 includes $317,096 (three months ended March 31, 2017 – $317,096) of interest expense associated with dividends payable on the Corporation's Series A Preference Shares outstanding (see *"Liquidity and Capital Resources – Series A Preference Shares"*).

General and administrative expenses incurred during the three months ended March 31, 2018 were $40,792, compared with $51,369 incurred during the same period of the prior year. Primarily as a result of reduced business activities, the Corporation experienced lower corporate and professional fees during the first three months of 2018, compared with the same period of 2017.

Interest expense was $60,403 during the three months ended March 31, 2018, compared with $48,086 incurred in the same period of the prior year. Included in interest expense during the three months ended March 31, 2018 is $60,208 (three months ended March 31, 2017 – $47,958) associated with the Corporation's $5.0 million credit facility provided by Dundee Corporation (see *"Liquidity and Capital Resources – Cash Resource Availability"*).

Summary of Quarterly Results

	2018	2017				2016		
	31-Mar	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
Net loss	$ (480,844)	$ (475,390)	$ (443,551)	$ (510,749)	$ (464,348)	$ (486,943)	$ (465,481)	$ (476,340)
Capital expenditures	-	-	-	-	-	-	-	-

LIQUIDITY AND CAPITAL RESOURCES

Cash Resource Availability

At March 31, 2018, the Corporation had cash of $3,385, compared with $592 at December 31, 2017. The Corporation's current cash resources are insufficient to meet its current obligations, including its obligations pursuant to the terms of the Series A Preference Shares and associated dividends as outlined below. The Corporation is considering its future business strategies and assessing the possibility of alternative financing options, including possible debt or equity issuances or the monetization of certain assets. There can be no assurance that the Corporation will be successful in any of these alternatives.

The Corporation has established a $5.0 million revolving demand credit facility with Dundee Corporation to provide the necessary operating funds to meet certain ongoing general and administrative expenses. Borrowings under the facility bear interest at a rate per annum equal to the prime lending rate for loans as set out by a Canadian Schedule I Chartered Bank, plus 1.25%, and are due on demand. At March 31, 2018, the Corporation had drawn $5.3 million against this facility. Although the Corporation has exceeded amounts available pursuant to these arrangements, Dundee Corporation has not demanded payment.

As lender to the Corporation, Dundee Corporation may, at its discretion, require the Corporation to convert all of the amounts outstanding pursuant to the credit facility, including interest thereon, into common shares of the Corporation, at a conversion price that is based on the fair value of the common shares, defined as the closing price of the common shares of the Corporation at the time of such conversion, subject to a minimum conversion price of $0.05 per common share. Any issuance of common shares by the Corporation pursuant to these arrangements will require customary approvals, including regulatory approvals.

Series A Preference Shares

The Corporation has issued 32,150,000 Series A Preference Shares with a face value of $32.15 million. The Series A Preference Shares are held by Dundee Energy Limited ("Dundee Energy"), a subsidiary of Dundee Corporation. The Series A Preference Shares issued by the Corporation rank in priority to the common shares of the Corporation as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Corporation and entitle Dundee Energy to a fixed preferential cumulative dividend at a rate of 4% per annum. Dundee Energy may reinvest any such dividends received into common shares of the Corporation, subject to obtaining the necessary approvals.

The Series A Preference Shares may be redeemed, at the option of either the Corporation or Dundee Energy, at any time, at a price equal to their face value of $32.15 million**.**

Dundee Energy has not advised the Corporation of its intent with respect to exercising its right to the redemption of the Series A Preference Shares and its entitlement to demand payment of the associated cumulative dividends outstanding. The terms of the Series A Preference Shares and, specifically, the right of retraction by Dundee Energy, expose the Corporation to significant liquidity risk.

The Series A Preference Shares are non-voting except in the event that the Corporation fails to pay the cumulative 4% dividend for eight quarters. Thereafter, but only so long as any dividends on the Series A Preference Shares remain in arrears for more than eight quarters, Dundee Energy is entitled, voting exclusively and separately as a series, to elect a majority of the members of the Board of Directors of the Corporation. At March 31, 2018, cumulative dividends outstanding on the Series A Preference Shares were $12.4 million (December 31, 2017 – $12.1 million), representing outstanding dividends for more than eight quarters. However, at March 31, 2018, Dundee Energy had not exercised its entitlement to elect a majority of the members of the Board of Directors of the Corporation.

Common Shares

At April 25, 2018, there were 31,105,526 common shares outstanding.

COMMITMENTS

In prior years, the Corporation and APEX had entered into a farm out option agreement with Delta that was subsequently terminated. The Corporation and APEX are obligated to make certain payments to Delta if and when proceeds are received by the Corporation and APEX, to a maximum of US$20.0 million. Payments to Delta may include a share of the proceeds from the cost oil or cost gas portion of any future production revenues realized from the Sfax Permit.

RELATED PARTY TRANSACTIONS

Other than as described in Note 12 to the March 2018 Interim Financial Statements, there have been no significant changes in the nature and scope of related party transactions to those described in Note 12 to the 2017 Audited Financial Statements and the accompanying MD&A.

BUSINESS RISKS

There are a number of inherent risks associated with the Corporation's activities and with its current and future stages of development. These risks are detailed in the section entitled "*Business Risks*" in the Corporation's MD&A accompanying its 2017 Audited Financial Statements. The Corporation has not identified any material changes to the risk factors affecting its business and its approach to managing those risks from those discussed in the document referred to above.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and amounts in net operating income or loss, and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of net operating income or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A summary of the Corporation's significant accounting policies is provided in Note 3 to the 2017 Audited Financial Statements and a summary of critical accounting judgments, estimates and assumptions made by the Corporation are provided in Note 4 to the 2017 Audited Financial Statements. There have been no significant changes to the Corporation's significant accounting policies or to the judgments, estimates and assumptions made by the Corporation in the preparation of the March 2018 Interim Financial Statements from those significant accounting policies and judgments, estimates and assumptions made by the Corporation in the preparation of its 2017 Audited Financial Statements.

CONTROLS AND PROCEDURES

In connection with exemption orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer and the Chief Financial Officer of the Corporation will file a Venture Issuer Basic Certificate with respect to the financial information contained in the March 2018 Interim Financial Statements and in the accompanying MD&A.

In contrast to the certificate that would be issued in accordance with the Canadian Securities Administrators' National Instrument 52-109, the Venture Issuer Basic Certification includes a "Note to Reader" stating that the Chief Executive Officer and Chief Financial Officer do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109.

Notwithstanding the filing of a Venture Issuer Basic Certificate, the Corporation makes significant efforts to maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In addition, the Chief Executive Officer and Chief Financial Officer have designed controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in compliance with IFRS. The Chief Executive Officer and Chief Financial Officer have evaluated whether there were any changes to the Corporation's control over financial reporting during the three months ended March 31, 2018, that have materially affected, or are reasonably likely to materially affect the Corporation's internal control over financial reporting. There were no changes identified during their evaluation.

It should be noted that while the Corporation's Chief Executive Officer and the Chief Financial Officer believe that the Corporation's disclosure controls and procedures provide a reasonable level of assurance that they are effective, there are inherent limitations in all internal control systems and no disclosure controls and procedures or internal control over financial reporting will provide complete assurance that no future errors or fraud will occur. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system is met.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the risk that the Corporation is unable to access sufficient capital from internal and external sources, volatility of commodity prices, currency fluctuations, risks associated with foreign operations, exploration, development and production risks, risks of not being able to obtain or renew permits and licenses, environmental risks, the impact of general economic conditions, reliance on key personnel and management, competition from other industry participants, and other risk factors discussed or referred to in the section entitled *"Business Risks"* in this MD&A and other documents filed from time to time with the securities administrators, all of which may be accessed at *www.sedar.com*. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they might have on the Corporation. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") at *www.sedar.com*.