



**Fission**  
URANIUM CORP.

**Management's Discussion & Analysis**

**Fission Uranium Corp.**

**For the Three Month Period Ended  
September 30, 2016**

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## **Fission Uranium Corp.**

Management's Discussion and Analysis  
For the three month period ended September 30, 2016  
(Expressed in Canadian dollars, unless otherwise noted)

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### **Introduction**

The following Management's Discussion and Analysis ("MD&A"), prepared as of November 13, 2016, should be read in conjunction with the unaudited condensed interim financial statements and accompanying notes of Fission Uranium Corp. (the "Company" or "Fission Uranium") for the three month period ended September 30, 2016. The reader should also refer to the audited financial statements for the year ended June 30, 2016, as well as Management's Discussion and Analysis for that year.

The Company's condensed interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, *IAS 34, Interim Financial Reporting* ("IAS 34") and do not contain all of the information required for annual financial statements.

The three month period ended September 30, 2016 is the first quarter of the Company's current fiscal year. The Company is changing its fiscal year end from June 30 to December 31 in order to better align the Company's financial disclosure with one of its largest shareholders for operational and administrative efficiency. The change in fiscal year end is effective December 31, 2016 and so the transitional fiscal period will be for the six month period ending December 31, 2016.

Additional information related to the Company, including the most recent Annual Information Form ("AIF"), is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com). Further information including news releases and property maps are available on the Company's website at [www.fissionuranium.com](http://www.fissionuranium.com), or by requesting further information from the Company's head office located at 700 – 1620 Dickson Ave., Kelowna, British Columbia, Canada, V1Y 9Y2.

### **Forward looking statements**

Statements in this report that are not historical based facts are forward looking statements that could involve known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Should one or more of these unknown risks and uncertainties, or those described under the headings "Risk Factors" in the Company's AIF, which can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com), and those set forth in this MD&A under the heading "Cautionary notes regarding forward-looking statements" and "Risks and uncertainties" materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

### **Scientific and technical disclosure**

Scientific and technical information in this MD&A was reviewed and approved by Ross McElroy, P. Geol. President and COO of Fission Uranium. Ross McElroy is a "Qualified Person" as defined by Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").

### **Description of business**

Fission Uranium is a junior resource issuer specializing in uranium exploration and development in Saskatchewan's Athabasca Basin in Western Canada. The Company was incorporated on February 13, 2013 under the laws of the Canada Business Corporations Act in connection with a court approved plan of arrangement to reorganize Fission Energy Corp. (the "Fission Energy Arrangement"). Fission Uranium's common shares are listed on the Toronto Stock Exchange under the symbol "FCU", the OTCQX marketplace in the U.S. under the symbol "FCUUF" and on the Frankfurt Stock Exchange under the symbol "2FU".

The Company's primary asset is the Patterson Lake South ("PLS") project, which hosts the Triple R deposit – a large, high-grade and near-surface deposit that is part of a 2.63km mineralized trend. This trend has one of the largest mineralized footprints in the Athabasca Basin region and remains open in multiple directions. The property comprises 17 contiguous claims totaling 31,039 hectares and is located in the south west margin of Saskatchewan's Athabasca Basin, home of the richest producing uranium mines in the world.

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### **Corporate goals**

Management firmly believes that long-term world-wide uranium demand, driven by an ongoing nuclear reactor construction boom, will require new sources of uranium supply from politically stable jurisdictions. As such, management is optimistic about the long-term prospects for the uranium market and the Company is committed to developing its world-class Triple R deposit at PLS, as well as exploring for additional high-grade deposits on the property.

Continued exploration and development success over the past three years has enabled the Company to fund its operations primarily through share equity financing and increase shareholder value in a difficult uranium sector and challenging capital market environment for mineral exploration companies.

In addition to progressing the Company's exploration and development plans, management will continue to seek strategic opportunities to add further shareholder value and appropriately monetize the PLS property and Triple R deposit for shareholders.

Specific growth plans include:

- Following up on high-priority exploration targets with the goal of making new uranium discoveries;
- Expanding the footprint of known mineralized zones in close proximity to the Triple R deposit and potentially add those zones to an updated mineral resource estimate for the Triple R deposit;
- Improving the already strong economic parameters of the Triple R deposit (as defined by the Preliminary Economic Assessment ("PEA") study) by expanding the overall footprint of the Triple R deposit, discovering and/or defining new mineralization; and
- Continuing to develop the Triple R deposit towards the prefeasibility stage.

### **Summary of significant exploration and development accomplishments for the three months ended September 30, 2016 and subsequent**

- The Company conducted a summer 2016 exploration program between July 4, 2016 and August 24, 2016. Important results from the zone growth drilling include:
  - Increasing the overall strike length of the PLS mineralized trend to 2.63km. This is the largest lateral footprint in the Athabasca Basin region.
  - Merging the R600W zone with the R840W zone and increasing the strike length of the on-land R840W zone to 465m. The newly merged R840W zone is not included in the Triple R deposit resource estimate.
  - Expanding the strike length of the R1620E zone to 225m, including a high-grade core traced over 95m in strike length. The gap between the Triple R deposit's R780E zone and R1620E zone is now 270m. The R1620E zone is not included in the Triple R deposit resource estimate.
- Summer 2016 exploration drilling had the following key results:
  - Significantly anomalous pathfinder geochemical elements were detected, 600m west of the R840W zone. Anomalous boron up to 775 ppm and uranium up to 115 ppm were detected in exploration drill hole PLS16-490 on line 1665W.
  - Reverse circulation ("RC") hole on line 1050W, 30m west of the R840W zone intercepted anomalous radioactivity up to 460 cps in rock chips over 3.05m corresponding to 9,308 cps in down hole gamma survey.
  - The deepest mineralization to date was intersected on line 780E on the R780E zone, reflecting the potential to grow the deposit at depth.

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### **Summary of significant exploration and development accomplishments for the three months ended September 30, 2016 and subsequent (continued)**

- Activities progressing engineering requirements towards a pre-feasibility study, included successful completion of four soil overburden geotechnical holes and five regional hydrogeology monitoring wells. In addition a 2D marine acoustic survey was completed in September with the goal of obtaining important information about the overburden – bedrock interface.

### **Summary of significant corporate accomplishments for the three months ended September 30, 2016 and subsequent**

The Company was nominated, and short-listed for, three awards at the inaugural Mines & Money event in Toronto. The award categories were:

- Small Cap Deal of the Year
- CEO of the Year
- North American Exploration Company of the Year

### **PLS Preliminary Economic Assessment highlights**

Below are the highlights from the NI 43-101 technical report entitled "Technical Report on the Preliminary Economic Assessment of the Patterson Lake South Property, Northern Saskatchewan, Canada" prepared by David A. Ross, M.Sc., P.Geo. of RPA. Additional report details can be found under the heading "PLS NI 43-101 technical report & resource estimate" (Page 6-9).

- Base case pre-tax net present value ("NPV") of \$1.81 billion, post-tax NPV of \$1.02 billion (10% discount rate);
- Mine life of 14 years producing an estimated 100.8 million lbs of yellowcake at a metallurgical recovery of 95% with 77.5 million lbs of U<sub>3</sub>O<sub>8</sub> recovered in the first 6 years of production;
- Average annual production of 7.2 million lbs U<sub>3</sub>O<sub>8</sub> over the life of mine;
- Base case pre-tax net cash flow over the proposed mine life of \$4.12 billion, post-tax net cash flow of \$2.53 billion;
- Base case pre-tax internal rate of return ("IRR") of 46.7%, post-tax IRR of 34.2%;
- Pay back estimated at 1.4 years (pre-tax), pay back at 1.7 years (post-tax);
- Estimated initial capital costs of \$1.1 billion; and
- Average operating costs ("OPEX") of US\$14.02/lb U<sub>3</sub>O<sub>8</sub> over the life of mine.

(Base case using US\$65/lb U<sub>3</sub>O<sub>8</sub> and an exchange rate of US\$0.85:C\$1.00).

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the outputs of the PEA will be realized.

The PEA study considers the PLS project as a stand-alone mine and mill operation, which includes development and extraction of the R00E and R780E zones (Triple R deposit). Due to the early stage of drill definition, the PEA does not include the recently discovered R600W and R840W zones, recently merged and now called the R840W zone, nor the R1620E zone which was recently transformed into a high grade zone. Although not included in the PEA production schedule, definition drilling continues to expand the known mineralization since the discovery of high-grade mineralization within the newly merged R840W zone and the R1620E zone.

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### PLS Preliminary Economic Assessment highlights (continued)

The study envisions a combination of open-pit and underground mining, with a dyke system (dyke and slurry wall) for water control. High-grade mineralization (above 4% U<sub>3</sub>O<sub>8</sub>) is captured within the open pit, eliminating the need for expensive, specialized underground mining methods. This hybrid open pit and underground mining results in an OPEX cost of US\$14.02/lb U<sub>3</sub>O<sub>8</sub> over the life of the mine, making the Triple R deposit potentially one of the lowest cost uranium producers in the world.

### Summer 2016 drill program

An aggressive summer 2016 exploration program commenced on July 4, 2016. The primary objectives of the program included zone growth, regional exploration and collecting data required for engineering analysis to advance the Triple R deposit towards prefeasibility status.

The intent of the summer 2016 exploration program was to rapidly expand the R840W mineralized zone across and along strike using wider drill spacing than used for delineation work around the established zones. Drilling extended mineralization from line 1020W to 795W. Furthermore, delineation for the R1620E zone discovered high grade mineralization from lines 1455E to 1515E. Lower priority delineation drilling, as well, was planned to help infill between known mineralization at R600W and new mineralization on line 435W discovered during the winter 2016 exploration program.

The regional exploration drilling objectives included testing for deep mineralization below the R780E zone, as well as, a number of prospective geological, structural, geochemical and geophysical targets along strike of the Triple R deposit and other off-strike EM conductors.

During the summer 2016 exploration program 30 diamond drill holes and 4 reverse circulation drill holes were completed. Of these, 23 holes targeted zones with the potential for additional resources, and 11 were drilled on regional exploration targets.

### Zones with Potential for Additional Resources

#### R1620E Zone

- Zone growth drilling reduced the gap between the R780E zone and the R1620E zone to 270m.
- Wide, high-grade mineralization intersected at R1620E expanded the strike length of the zone to 225m including a high-grade core of 95m.
- The following assay results confirmed the highest grades to date at the R1620E zone:
  - Hole PLS16-500 (line 1545E) which returned 27.0m @ 5.0% U<sub>3</sub>O<sub>8</sub> (between 86.0m to 113.0m) including 9.5m @ 13.56% U<sub>3</sub>O<sub>8</sub> (between 98.5m to 108.0m).
  - Hole PLS16-498 (line 1515E) which returned 26.5m @ 3.60% U<sub>3</sub>O<sub>8</sub> (between 78.5m to 105.0m) including 9.0m @ 8.56% U<sub>3</sub>O<sub>8</sub> (between 89.0m to 98.0m).
  - Hole PLS 16-485 (line 1515E) which returned 17.0m @ 5.76% U<sub>3</sub>O<sub>8</sub> (between 84.0m to 101.0m) including 7.5m @ 12.90% U<sub>3</sub>O<sub>8</sub> (92.0m to 99.5m).

#### R840W Zone

- Intersected high-grade mineralization at hole PLS16-512 (line 765W) which resulted in the successful merger of the R600W zone into the R840W zone at the west end of Triple R deposit. The strike length of the newly merged R840W zone is 465m.
- The following assay results confirmed strong grades at the R840W zone:
  - Hole PLS16-512 (line 765W), which merged the R600W zone into the R840W zone, returned 54.0m @ 1.39% U<sub>3</sub>O<sub>8</sub> (between 108.5m to 162.5m) including 9.0m @ 6.65% U<sub>3</sub>O<sub>8</sub> (between 141.0m to 150.0m).

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### Summer 2016 drill program (continued)

#### Zones with Potential for Additional Resources (continued)

- The following assay results confirmed strong grades at the R840W zone (continued):
  - Hole PLS16-504 (line 915W) which returned 11.0m @ 10.03% U<sub>3</sub>O<sub>8</sub> (between 158.5m to 169.5m) including 4.0m @ 25.95% U<sub>3</sub>O<sub>8</sub> (between 162.0m to 166.0m) and 10.5m @ 2.65% U<sub>3</sub>O<sub>8</sub> (between 205.5m to 216.0m) including 4.0m @ 6.62% U<sub>3</sub>O<sub>8</sub> (between 211.0m to 215.0m).
  - Hole PLS16-495 (line 855W) which returned 10.0m @ 3.74% U<sub>3</sub>O<sub>8</sub> (between 138.0m to 148.0m) including 1.0m @ 8.92% U<sub>3</sub>O<sub>8</sub> (between 139.5m to 140.5m) and 4.0m @ 5.92% U<sub>3</sub>O<sub>8</sub> (between 142.5m to 146.5m).
  - Hole PLS16-493 (line 885W) which returned 18.0m @ 2.01% U<sub>3</sub>O<sub>8</sub> (between 169.5m to 187.5m) including 2.0m @ 5.77% U<sub>3</sub>O<sub>8</sub> (between 177.0 to 179.0m) and 1.5m @ 5.39% U<sub>3</sub>O<sub>8</sub> (between 186.0m to 187.5m).

#### Exploration Drilling

As part of the summer exploration drilling, the following key exploration results occurred:

- Significantly anomalous pathfinder geochemical elements were detected, approximately 600m west of the R840W zone. Anomalous boron up to 775 ppm and uranium up to 115 ppm were detected in drillhole on line 1665W.
- RC hole on line 1050W, 30m west of R840W zone intercepted anomalous radioactivity up to 460 cps in rock chips over 3.05m corresponding to 9,308 cps in down hole gamma survey.
- The deepest mineralization to date was intersected on line 780E of the R780E zone, reflecting the potential to grow the deposit at depth.

#### Prefeasibility Activities

As part of the summer 2016 program the Company undertook certain work required to advance engineering analysis to move the project towards a prefeasibility study. These activities included:

- Regional hydrogeology monitoring wells to record and interpret long-term water flow analysis in areas contemplated for major infrastructure.
- Ring dike geotechnical soil borehole testing around the expected R00E pit perimeter wall area. In addition a marine acoustic survey was performed that is important for planning the locations of future geotechnical holes that will be drilled in Patterson Lake.

### PLS property

Details of the Company's PLS Project as of September 30, 2016 are shown below:

Property	Location	Ownership	Claims	Hectares	Stage	Carrying value (\$CDN)
Patterson Lake South	Athabasca Basin, SK	100%	17	31,039	Drilling	272,413,536

On January 11, 2016 the Company executed an offtake agreement with CGN Mining Company Limited ("CGN Mining"). Under the terms of the offtake agreement, CGN Mining will purchase 20% of annual U<sub>3</sub>O<sub>8</sub> production and will have an option to purchase up to an additional 15% U<sub>3</sub>O<sub>8</sub> production from the PLS property, after commencement of commercial production.

### PLS mineralized trend & Triple R deposit summary

Uranium mineralization at PLS occurs within the Patterson Lake Conductive Corridor and has been traced by core drilling along a mineralized trend approximately 2.63km of east-west strike length in four separate mineralized zones. From west to east, these zones are: R840W, R00E, R780E and R1620E. Thus far only the R00E and R780E have been included in the Triple R deposit resource estimate.

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### **PLS mineralized trend & Triple R deposit summary (continued)**

The discovery hole of what is now referred to as the Triple R deposit was announced on November 5, 2012 with drill hole PLS12-022, from what is considered part of the R00E zone. Through successful exploration programs completed to date, it has evolved into a large, near surface, basement hosted, structurally controlled high-grade uranium deposit.

The Triple R deposit resource estimate currently consists of only the R00E zone on the western side and the much larger R780E zone further on strike to the east. Within the deposit, the R00E and R780E zones have an overall strike length validated by a resource estimate of 1.05km with the R00E measuring approximately 105m in strike length and the R780E zone measuring approximately 945m in strike length. A 225m gap separates the R00E zone to the west and the R780E zone to the east, though sporadic, narrow, weakly mineralized intervals from drill holes completed within this gap suggest the potential for further significant mineralization in this area. The R780E zone is located beneath Patterson Lake which is approximately six metres deep in the area of the deposit. The entire Triple R deposit is covered by approximately 50m to 60m of overburden.

Mineralization remains open along strike both to the western and eastern extents. Previous logging of drill core interpreted sequences of basement rocks to be meta-sedimentary (meta-pelitic and meta-semi-pelitic gneiss) but recent observations have changed this interpretation to represent varying degrees of altered mafic volcanic rocks. Mineralization is both located within and associated with mafic volcanic intrusives with varying degrees of silicification, metasomatic mineral assemblages and hydrothermal graphite. The graphitic sequences are, associated with the PL-3B basement Electro-Magnetic ("EM") Conductor. Recent very positive drill results returning wide and strongly mineralized intersections from the R840W zone, has allowed interpretation to merge the previously described R600W zone into the R840W zone. The R840W zone, located 495m to the west along strike of the Triple R deposit, currently has a defined strike length of 465m and is still open. Drill results within the R840W zone have significantly upgraded the prospectivity of these areas for further growth of the PLS resource on land to the west of the Triple R deposit. The recently discovered high-grade mineralization in the R1620E zone, located 270m to the east along strike has significantly upgraded the prospectivity for further growth of the PLS resource to the east of the Triple R deposit.

### **PLS NI 43-101 technical report & resource estimate**

Below are the details of the resource estimate for the PLS property. The resource – subsequently named the Triple R deposit – is a large, high-grade and near-surface deposit that is located within a 2.63km mineralized trend. The NI 43-101 technical report entitled "Technical Report on the Preliminary Economic Assessment of the Patterson Lake South Property, Northern Saskatchewan, Canada" prepared by David A. Ross, M.Sc., P.Geo. of RPA, was SEDAR-filed on September 15, 2015.

The NI 43-101 compliant Triple R deposit mineral resource estimate is based on all geochemical assay data available as of July 28, 2015, which includes all drilling on the property up to and including drill hole PLS15-386.

The Triple R deposit resource estimate was prepared using a cut-off grade of 0.2% U<sub>3</sub>O<sub>8</sub> for open pit and 0.25% U<sub>3</sub>O<sub>8</sub> for underground and is estimated to contain:

- 81,111,000 lbs U<sub>3</sub>O<sub>8</sub> indicated mineral resource based on 2,011,000 tonnes at an average grade of 1.83% U<sub>3</sub>O<sub>8</sub>
- 27,157,000 lbs U<sub>3</sub>O<sub>8</sub> inferred mineral resource based on 785,000 tonnes at an average grade of 1.57% U<sub>3</sub>O<sub>8</sub>

The uranium deposit is contained entirely in basement lithology. Mineralization is open in all directions and at depth.

Gold mineralization is associated with the uranium mineralization in the Triple R deposit and is reported as part of the mineral resource:

- 38,000 ounces Au indicated mineral resource based on 2,011,000 tonnes of mineralization at an average grade of 0.59 g/t Au; and
- 17,000 ounces Au inferred mineral resource based on 785,000 tonnes of mineralization at an average grade of 0.66 g/t Au.

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## PLS NI 43-101 technical report & resource estimate (continued)

### Tonnage and grade by zone and sub-zone as of July 28, 2015

	Tonnage	U <sub>3</sub> O <sub>8</sub> grade	Au grade	U <sub>3</sub> O <sub>8</sub> pounds	Au ounce
<b>Indicated Open Pit</b>					
R780E High Grade	107,000	17.98	2.75	42,565,000	10,000
R780E Main Zone	952,000	0.82	0.42	17,130,000	13,000
R00E	89,000	1.23	0.13	2,409,000	380
<b>Total</b>	<b>1,149,000</b>	<b>2.45</b>	<b>0.62</b>	<b>62,104,000</b>	<b>23,000</b>
<b>Indicated Underground</b>					
R780E High Grade	5,000	23.27	3.34	2,514,000	1,000
R780E Main Zone	645,000	0.85	0.54	12,082,000	11,000
R00E	16,000	2.07	0.17	712,000	90
R780E Other	197,000	0.85	0.58	3,699,000	4,000
<b>Total</b>	<b>863,000</b>	<b>1.00</b>	<b>0.56</b>	<b>19,007,000</b>	<b>15,000</b>
<b>Indicated Open Pit and Underground</b>					
R780E High Grade	112,000	18.22	2.78	45,079,000	10,000
R780E Main Zone	1,597,000	0.83	0.47	29,211,000	24,000
R00E	105,000	1.35	0.14	3,121,000	470
R780E Other	197,000	0.85	0.58	3,699,000	4,000
<b>Total</b>	<b>2,011,000</b>	<b>1.83</b>	<b>0.59</b>	<b>81,111,000</b>	<b>38,000</b>
	Tonnage	U <sub>3</sub> O <sub>8</sub> grade	Au grade	U <sub>3</sub> O <sub>8</sub> pounds	Au ounce
<b>Inferred Open Pit</b>					
R780E High Grade	23,000	25.27	2.78	12,845,000	3,000
R780E Main Zone	23,000	1.62	0.47	802,000	1,000
R00E	3,000	2.04	0.14	133,000	-
Halo	21,000	0.54	0.58	248,000	160
R780E Other	5,000	0.31	0.20	31,000	-
<b>Total</b>	<b>74,000</b>	<b>8.61</b>	<b>1.64</b>	<b>14,060,000</b>	<b>4,000</b>
<b>Inferred Underground</b>					
R780E High Grade	2,000	22.77	2.48	1,053,000	170
R780E Main Zone	35,000	0.93	0.87	723,000	1,000
R00E	5,000	4.15	0.84	501,000	150
Low Grade Halo	120,000	0.52	0.35	1,386,000	1,000
R780E Other	547,000	0.78	0.58	9,433,000	10,000
<b>Total</b>	<b>711,000</b>	<b>0.84</b>	<b>0.56</b>	<b>13,097,000</b>	<b>13,000</b>
<b>Inferred Open Pit and Underground</b>					
R780E HG	25,000	25.06	3.73	13,898,000	3,000
R780E MZ	58,000	1.20	0.99	1,526,000	2,000
R00E	8,000	3.41	0.56	634,000	150
Low Grade Halo	141,000	0.52	0.34	1,634,000	2,000
R780E Other	552,000	0.78	0.58	9,465,000	10,000
<b>Total</b>	<b>785,000</b>	<b>1.57</b>	<b>0.66</b>	<b>27,157,000</b>	<b>17,000</b>



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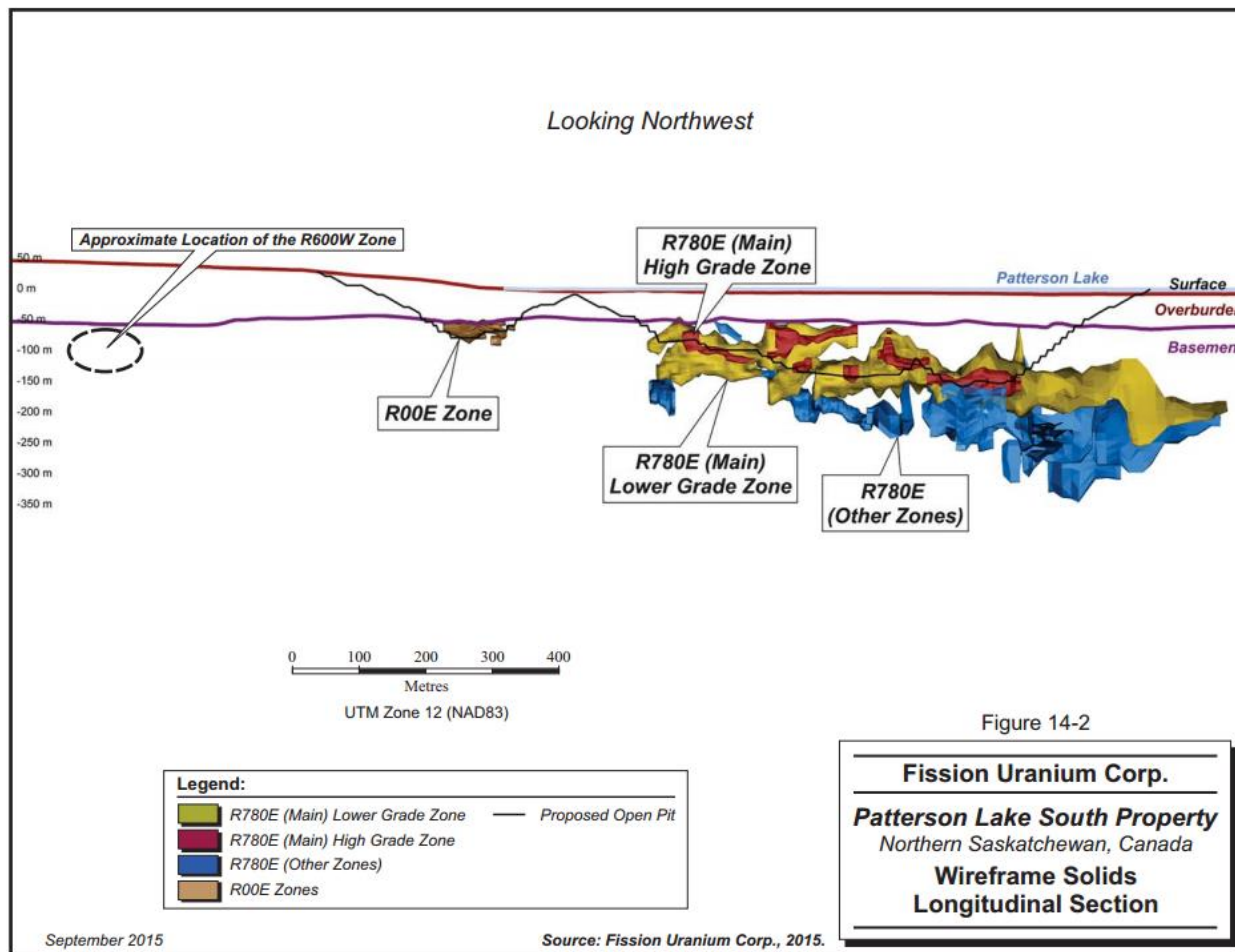
## PLS NI 43-101 technical report & resource estimate (continued)

### Notes:

- CIM definitions were followed for Mineral Resources.
- Mineral Resources are reported within the preliminary pit design at a pit discard cut-off grade of 0.20%  $U_3O_8$  and outside the design at an underground cut-off grade of 0.25%  $U_3O_8$  based on a long-term price of US\$65 per lb  $U_3O_8$  and PEA cost estimates.
- A minimum mining width of 2.0m was used.
- Numbers may not add due to rounding.

The modeling and estimation of uranium and gold mineral resources for the Triple R deposit was prepared by Mr. David Ross, P.Geo., an employee of RPA and independent of Fission Uranium. Mr. Ross is a certified Professional Geologist and a Qualified Person as defined by NI 43-101. The mineral resources have been classified in accordance with CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014). It should be noted that mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

Map 1 – Triple R Deposit Wireframe Solids Longitudinal Section Looking North West (as at September, 2015)



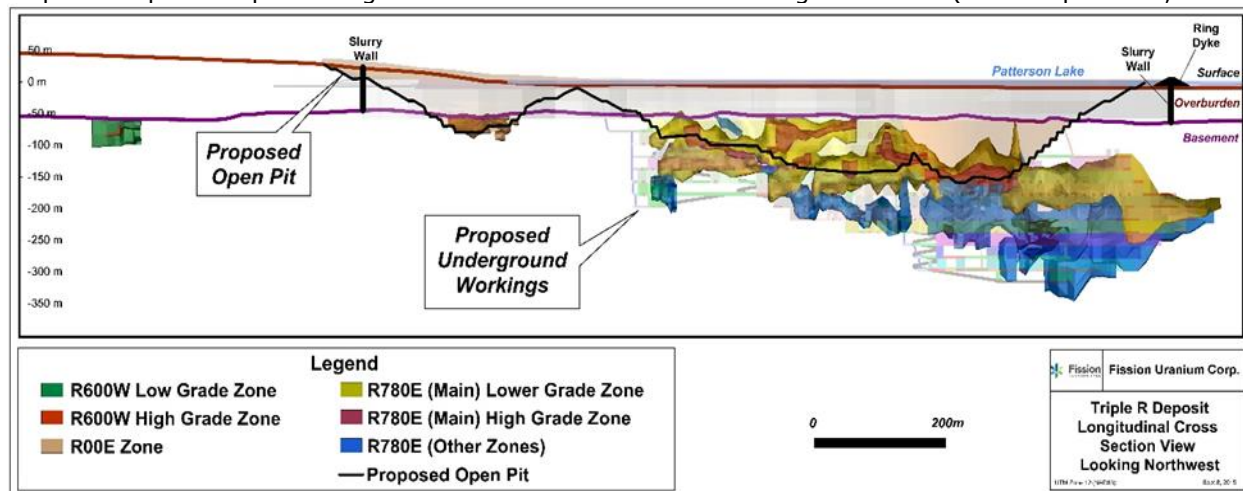
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## PLS NI 43-101 technical report & resource estimate (continued)

Map 2 – Triple R Deposit Longitudinal Cross Section View Looking Northwest (as at September, 2015)



## Uranium outlook

Management believes that the exploration and development of uranium properties presents an opportunity to increase shareholder value for the following reasons:

- *Increased long-term worldwide demand for nuclear energy*

Worldwide nuclear energy demand and the associated nuclear power plant build-out is projected to increase significantly in the years ahead, and will require new uranium supply to meet this increasing demand. According to the World Nuclear Association, electricity demand is estimated to rise by more than 76% from 2011 to 2030.

- *Increased long-term demand for uranium*

Currently, there are 448 operable reactors worldwide. 58 new reactors are currently under construction, a further 167 are planned or have been ordered and an additional 345 have been proposed for construction by 2030. The Ux Consulting Company expects worldwide uranium demand to increase 22% by 2020. In addition, many analysts continue to forecast a long-term global uranium demand/supply imbalance, which suggests a potential for significantly higher uranium prices.

In January 2016, the uranium spot price began to decrease to its 11 year low of USD\$18.34/lb on November 10, 2016. This figure is substantially lower than the OPEX for many uranium mines. The price drop is attributed to two main factors: excess inventories and slower-than-expected restarts of Japan's reactor fleet. In reaction, producers have begun to curtail their operations, with leading uranium producer, Cameco Corp., shutting down its Rabbit Lake operation (which includes the second largest uranium milling facility in the western world) in April 2016. As production is taken offline, and with reprocessing (a form of secondary supply) expected to reduce from 2014 onwards (UPC, August 19, 2015), analysts expect the eventual upturn, leading to significantly higher uranium prices over the long-term, to be more aggressive.

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### Uranium outlook (continued)

- *Increased long-term demand for uranium (continued)*

Increased long-term demand is expected particularly from developing countries, which are driving the reactor construction boom. Foremost amongst these are China, India, Russia, and South Korea. There are currently 20 nuclear power plants under construction in China, which accounts for 34% of all the reactors under construction worldwide. The majority are scheduled for completion between 2016 and 2023. China's current domestic uranium production accounts for less than 25% of their annual uranium fuel requirements resulting in increased imports and stockpiling. In 2010, Cameco Corp. signed the first of two long-term contracts with Chinese owned utilities for the delivery of uranium. Additional long-term demand is anticipated from other Asian countries, most notably India and South Korea, as they expand their planned nuclear build-out. In 2015, Cameco signed its first contract with India to supply 7.1 million lbs of uranium concentrate through to 2020. CGN Mining's offtake agreement with Fission Uranium is also highly significant as it highlights the fact that China is moving to further secure its long term uranium supply.

The following is a list of selected countries with nuclear reactors that are either planned, proposed, or under construction as of November 1, 2016:

Country	Construction	Planned	Proposed	Total
China	20	41	136	197
India	5	20	44	69
Russia	7	25	23	55
USA	4	18	24	46
France	1	-	1	2
Saudi-Arabia	-	-	16	16
South Korea	3	8	-	11
UAE	4	-	10	14
Canada	-	2	3	5
Others	14	53	88	155
<b>Total</b>	<b>58</b>	<b>167</b>	<b>345</b>	<b>570</b>

Source: World Nuclear Association Website (World Nuclear Power Reactors & Uranium Requirements - [www.world-nuclear.org](http://www.world-nuclear.org) - Updated November 1, 2016)

- *Uranium demand/supply*

A global uranium demand/supply imbalance has existed for many years. Primary uranium supply (from mining) has consistently and significantly failed to keep pace with demand. The shortfall has been filled using secondary supply, including the sale of government stockpiles, fuel reprocessing and the highly enriched uranium ("HEU") agreement (which ended late 2013).

After Japan shut down its reactor fleet in March 2011 a decline in uranium demand and subsequently in production was witnessed. Following the shutdown, three operating reactors have restarted with another receiving approval to restart but is currently awaiting the outcome of legal challenges.

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### Uranium outlook (continued)

- *Uranium demand/supply (continued)*

In 2014, uranium production declined again, following a series of events including stalled mining license negotiations in Niger, legal action in Kazakhstan, and sanctions against Russia (all three countries are major sources of uranium). This has heightened concerns about security of uranium supply and has led to a general expectation that nuclear energy utilities (the primary users of uranium) will seek their supply in more stable jurisdictions. A deal between Canadian-based uranium producer Cameco and India's power utilities in April 2015 for uranium supply suggests this expectation is correct, as does China based CGN Mining's offtake agreement with Fission Uranium.

Kazakhstan is currently the world's largest producer of uranium with approximately 43% of total worldwide production. The new production is primarily from lower grade deposits, which is not sustainable over the long-term. Canada, home to the highest grade uranium in the world, is the second largest supplier, responsible for approximately 16%.

Uranium prices declined to a nine year low in 2014, later rising by over 30% and then falling to just over US \$25/lb in September, 2016. To support a healthy global uranium mining sector, general consensus among analysts including RBC Capital (Canada), Raymond James Canada, and Resource Capital Research (Australia) is that a uranium price of US \$70-\$80/lb is required to stimulate new exploration and mine development worldwide.

- *Primary supply issues*

As a direct result of low uranium prices, Cameco, one of the world's largest producers of uranium, announced in April 2016 that it is suspending production at its Rabbit Lake uranium mine in Saskatchewan and placing the facility into "care and maintenance". It is also reducing production at McArthur River/Key Lake and at its US uranium operations. It is estimated by Cantor Fitzgerald that this will remove 3% of the uranium available to the spot market in 2016.

This follows a period in which several new projects have been categorized as uneconomic. Worldwide projects cancelled or deferred since 2012 include: Yeelirrie and Kintyre in Australia (Cameco), Trekkopje in Namibia (AREVA), Imouraren in Niger (AREVA) and the Olympic Dam expansion in Australia (BHP). Salman Partners estimates that 105.5 million lbs of uranium has been removed from the world's mine plans for the period 2014 to 2021 (Metals Morning Note, February 13, 2014).

Increasing the pressure on medium to long term supply is the lengthy period (approximately ten years on average) required to take a uranium project from discovery to production. With so many projects stalled or abandoned, it is felt by analysts that a growing supply/demand imbalance may be difficult to deal with once secondary supplies can no longer meet rising demand. This increases the attractiveness of assets that have the potential to be taken into production in the shortest time possible and at a lower cost. Typically such projects would have similar characteristics to Fission Uranium's Triple R deposit: high-grade, shallow, in basement rock and in a stable jurisdiction.

- *Japanese nuclear reactor fleet and uranium stockpiles*

Following the Fukushima incident in March 2011, Japan shut down all of its nuclear reactors, pending new safety regulations, legislation and inspections. A new nuclear regulator was set up and, after a considerable delay, Japan's nuclear operators were given permission to apply to restart their reactors. The process is lengthy, and the time taken has adversely affected uranium spot prices as the market was expecting faster turnaround times. At the time of writing, the first 3 of 25 reactors that are in various stages of the application process have now been restarted.

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### Uranium outlook (continued)

- *Japanese nuclear reactor fleet and uranium stockpiles (continued)*

While the first wave of reactor restarts in Japan is not expected to immediately increase uranium demand, it increases confidence that Japan's utility companies will not sell their uranium fuel stockpiles into the market. The potential for this estimated 90 million lbs of uranium to enter the spot market has been viewed as a significant threat to uranium prices since 2011 and analysts believe it has been a major factor in suppressing the buy cycle and pricing.

### Uranium market

#### Ux U3O8 Price® - 2 Year History (Spot vs. Long-Term)



Source: Ux Consulting Company LLC, www.uxc.com: November, 2016

### Selected annual information

The financial information presented below for the current and comparative periods was prepared in accordance with IFRS and is expressed in Canadian dollars.

	June 30 2016	June 30 2015	June 30 2014
	\$	\$	\$
Net loss and comprehensive loss	(10,338,002)	(9,874,580)	(4,750,560)
Total assets	341,001,877	272,093,019	240,027,324
Current liabilities	975,550	6,313,569	3,312,827
Non-current liabilities	2,709,102	914,834	-
Shareholders' equity	337,317,225	264,864,616	236,714,497
Basic and diluted loss per common share	(0.02)	(0.03)	(0.02)

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### Summary of quarterly results

The financial information presented below for the current and comparative periods was derived from financial statements prepared in accordance with IFRS applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*.

<b>Quarter ended</b>	<b>September 30 2016</b>	<b>June 30 2016</b>	<b>March 31 2016</b>	<b>December 31 2015</b>
	\$	\$	\$	\$
Exploration and evaluation assets	272,413,536	265,041,196	262,504,640	255,346,582
Working capital	52,996,228	71,730,643	75,516,754	2,283,923 <sup>(1)</sup>
Net income (loss) and comprehensive income (loss)	(1,556,596)	(1,733,180)	(2,876,540)	(2,914,566)
Net income (loss) per share basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)

<b>Quarter ended</b>	<b>September 30 2015</b>	<b>June 30 2015</b>	<b>March 31 2015</b>	<b>December 31 2014</b>
	\$	\$	\$	\$
Exploration and evaluation assets	253,580,356	243,461,489	238,475,731	226,837,890
Working capital	6,170,395 <sup>(1)</sup>	19,090,178 <sup>(1)</sup>	7,572,587	17,774,121 <sup>(2)</sup>
Net income (loss) and comprehensive income (loss)	(2,813,716)	(2,056,006)	273,029	(4,698,667)
Net income (loss) per share basic and diluted	(0.01)	(0.01)	0.00	(0.01)

<sup>(1)</sup> The working capital at December 31, 2015, September 30, 2015 and June 30, 2015 includes a \$4,402,200 flow-through share premium liability which is a non-cash item and was taken into other income when the renunciation documents were filed.

<sup>(2)</sup> The working capital at December 31, 2014 includes a \$4,321,125 flow-through share premium liability which is a non-cash item and was taken into other income when the renunciation documents were filed.

### Results of operations

The expenses incurred by the Company are typical of junior exploration and development companies that do not have established cash flows from mining operations. Changes in these expenditures from quarter to quarter are impacted directly by non-recurring activities or events.

#### *Comparison of the three months ended September 30, 2016 and September 30, 2015*

- The Company had a net loss and comprehensive loss of \$1,556,596 (\$(0.00) per basic share and diluted share) compared to a net loss and comprehensive loss of \$2,813,716 (\$(0.01) per basic share and diluted share).
- Consulting and directors fees decreased to \$416,561 from \$757,520 primarily as a result of the three months ended September 30, 2015 containing non-recurring consulting costs associated with the Patterson Lake South PEA. The decrease was partially offset from the addition of 3 directors to the Company's Board of Directors.
- Professional fees decreased to \$148,112 from \$1,018,094 primarily as a result of the three months ended September 30, 2015 containing non-recurring legal fees associated with the arrangement agreement with Denison Mines Corp, (the "2015 Denison Arrangement").

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### **Results of operations (continued)**

*Comparison of the three months ended September 30, 2016 and September 30, 2015 (continued)*

- Public relations and communications costs decreased to \$366,315 from \$481,987 primarily as a result of the three months ended September 30, 2015 containing non-recurring shareholder communications costs associated with the 2015 Denison Arrangement. The decrease was offset by costs associated with the Company enhancing its public relations program to publicize its successful exploration discoveries at the PLS property.
- Share-based compensation decreased to \$449,342 from \$592,753 due to the diminishing impact of vesting stock options granted in prior periods.
- Interest and miscellaneous income increased to \$207,092 from \$68,970 primarily as a result of the Company having more cash available to invest in interest earning GIC's.

### **Liquidity and capital resources**

Fission Uranium is an exploration and evaluation company and has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets, including the acquisition costs, is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The Company's ability to meet its obligations and its ability to fund exploration programs depends on its ability to raise funds. The Company anticipates being able to raise funds, as necessary, primarily through the issuance of common shares. To date the Company has been successful in raising funds through the issuance of common shares, however there are no assurances that the Company will be successful in raising funds in the future. On an ongoing basis, the Company monitors and adjusts, when required, exploration programs as well as ongoing general and administrative costs to ensure that adequate levels of working capital are maintained.

The Company has no exploration and evaluation asset agreements that require it to meet certain expenditures.

#### *Financing and private placements*

- *January 26, 2016 private placement*

The Company completed a private placement with CGN Mining of 96,736,540 common shares at a price of \$0.85 per share, for gross proceeds of \$82,226,059. The Company paid agents' commissions of \$4,111,303 plus expenses of \$619,417.

#### *Changes in working capital for the three months ended September 30, 2016*

At September 30, 2016, the Company had a positive working capital balance of \$52,996,228 as compared to \$71,730,643 at June 30, 2016. The decrease in working capital is primarily due to a summer 2016 PLS drill program, regular administrative expenditures and the purchase of two \$5,000,000 fixed rate guaranteed investment certificates ("GIC's") with a term of 2 years. The GIC's are included in non-current assets and excluded from the working capital calculation.

#### *Cash flow for the three months ended September 30, 2016:*

Cash and cash equivalents for the three months ended September 30, 2016 decreased by \$18,581,099 primarily as a result of:

- Net operating and administrative expenses in the amount of \$1,477,656.
- Purchase of two \$5,000,000 fixed rate GIC's with a term of 2 years.
- Exploration and evaluation asset additions of \$7,152,071.

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### Related party transactions

The Company has identified the CEO, President and COO, CFO, VP Exploration, and the Company's directors as its key management personnel.

	Three months ended	
	September 30 2016	September 30 2015
	\$	\$
<i>Compensation Costs</i>		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	684,440	536,099
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	341,150	382,886
	<b>1,025,590</b>	<b>918,985</b>

	Three months ended	
	September 30 2016	September 30 2015
	\$	\$
Exploration and administrative services billed to Fission 3.0 Corp. a company over which Fission Uranium has significant influence	44,030	151,597

Included in accounts payable at September 30, 2016 is \$97,096 (June 30, 2016 - \$31,141) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at September 30, 2016 is \$8,364 (June 30, 2016 - \$9,409) for exploration and administrative services and expense recoveries due from Fission 3.0 Corp.

Transactions with CGN Mining, which is deemed to be a related party as it accounts for its investment in the Company as an investment in an associate, have been disclosed in "Liquidity and capital resources - Financings and private placements" and "PLS property".

These transactions were in the normal course of operations.

### Outstanding share data

As at November 13, 2016, the Company has 484,072,994 common shares issued and outstanding, 39,035,000 incentive stock options outstanding with exercise prices ranging from \$0.2505 to \$1.65 per share.

### Internal controls over financial reporting

The Company's management is responsible for designing and maintaining an adequate system of internal controls over financial reporting as required under National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*. Management designed the internal control system based on the Internal Control - Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). From this framework an evaluation of the internal control system was completed and management concluded that the system of internal controls over financial reporting was effective as at June 30, 2016.

Any internal control system, no matter how well designed, has inherent limitations. Therefore, internal controls can only provide reasonable assurance with respect to financial statement preparation and presentation.



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### **Internal controls over financial reporting (continued)**

There have not been any significant changes in the Company's internal control over financial reporting during the three month period ended September 30, 2016 that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

### **Disclosure controls and procedures**

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in the securities legislation. The Company's management has concluded that the disclosure controls and procedures were effective as at June 30, 2016.

Any control system, no matter how well designed, has inherent limitations. Therefore, disclosure controls and procedures can only provide reasonable assurance with respect to timely disclosure of material information.

### **Financial assets**

All financial assets are initially recorded at fair value and categorized into the following two categories for subsequent measurement purposes: amortized cost and fair value.

A financial asset is classified at 'amortized cost' only if both of the following criteria are met: a) the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Company has classified its cash and cash equivalents, amounts receivable and investments at amortized cost for subsequent measurement purposes.

### **Financial liabilities**

All financial liabilities are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are measured at amortized cost.

### **Key estimates and judgments**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### *Exploration and evaluation assets*

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in the following areas:

- (i) Determination of whether any impairment indicators exist at each reporting date giving consideration to factors such as budgeted expenditures on the PLS property, assessment of the right to explore in the specific area and evaluation of any data which would indicate that the carrying amount of exploration and evaluation assets is not recoverable; and
- (ii) Assessing when the commercial viability and technical feasibility of the project has been determined, at which point the asset is reclassified to property and equipment.

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### **Significant accounting policies**

The accounting policies applied in preparation of the September 30, 2016 unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended June 30, 2016.

### **New standards, amendments and interpretations not yet effective**

The IASB issued a number of new standards and amendments to standards and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2017.

#### Accounting standards effective January 1, 2019

##### *IFRS 16, Leases*

In January 2016, the IASB issued *IFRS 16, Leases*, which will replace *IAS 17, Leases*. The standard provides a single lease accounting model, which requires all leases, including financing and operating leases, to be reported on the statement of financial position, unless the term is less than 12 months or the underlying asset has a low value. The Company has not yet considered the potential impact of the adoption of IFRS 16.

### **Cautionary notes regarding forward-looking statements**

Certain information contained in this MD&A constitutes "forward-looking statements" and "forward-looking information" within the meaning of Canadian legislation.

Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur", "be achieved" or "has the potential to".

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. The Company believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this MD&A should not be unduly relied upon. This information speaks only as of the date of this MD&A. In particular, this MD&A may contain forward-looking information pertaining to the following: the net present value, metal recoveries, capital costs, operating costs, production, rates of return, payback and impact of the now merged R840W zone and R1620E zone on the operations; the likelihood of completing and benefits to be derived from corporate transactions; the estimates of the Company's mineral resources on its PLS property; estimated exploration and development expenditures; expectations of market prices and costs; supply and demand for uranium ("U<sub>3</sub>O<sub>8</sub>"); possible impacts of litigation and regulatory actions on the Company; exploration, development and expansion plans and objectives; expectations regarding adding to its mineral resources through acquisitions and exploration; and receipt of regulatory approvals, permits and licences under governmental regulatory regimes.

There can be no assurance that such statements will prove to be accurate, as the Company's actual results and future events could differ materially from those anticipated in this forward-looking information as a result of the factors discussed below in this MD&A under the heading "Risks and Uncertainties".

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### **Cautionary notes regarding forward-looking statements (continued)**

Accordingly, readers should not place undue reliance on forward-looking statements. These factors are not, and should not be construed as being exhaustive. Statements relating to "mineral resources" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described can be profitably produced in the future. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking information after the date of this MD&A or to conform such information to actual results or to changes in the Company's expectations except as otherwise required by applicable legislation.

### **Cautionary notice to US investors regarding mineral resource estimates**

Disclosure of mineral resource estimates and mineral classification terms herein are made in accordance with the Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. NI 43-101 is a rule established by the Canadian Securities Administrators ("CSA") that sets the standards for all public disclosure by issuers regarding scientific information and technical data concerning mineral projects. These standards differ significantly from the mineral reserve disclosure rules of the Securities and Exchange Commission ("SEC"). As a result, the Company's mineral resource estimate is not comparable to similar resource information that would be generally disclosed by US based companies under the rules of the SEC. The terms mineral resource, measured mineral resources, indicated mineral resources and inferred mineral resources, are reporting classification standards in Canada. Furthermore, inferred mineral resources have a greater amount of uncertainty as to whether they can be mined economically, legally, or whether they exist at all. In accordance with Canadian rules, inferred mineral resource estimates cannot form the basis of pre-feasibility or feasibility studies. There are no guarantees and it cannot be assumed that any classification of mineral resources: measured, indicated, inferred, in whole, or in part, will ever be upgraded to a higher classification. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

### **Risks and uncertainties**

The Company is subject to a number of risks and uncertainties, including: uncertainties related to exploration and development; uncertainties related to the nuclear power industry; the ability to raise sufficient capital to fund exploration and development; changes in economic conditions or financial markets; increases in input costs; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological or operational difficulties or inability to obtain permits encountered in connection with exploration activities, labour relations matters, and economic issues that could materially affect uranium exploration and mining. The cost of conducting and continuing mineral exploration and development is significant, and there is no assurance that such activities will result in the discovery of new mineralization or that the discovery of a mineral deposit will be developed and advanced to commercial production. The Company continually seeks to minimize its exposure to these adverse risks and uncertainties, but by the nature of its business and exploration activities, it will always have some degree of risk.