



**Fission**  
URANIUM CORP.

**Management's Discussion & Analysis**

**Fission Uranium Corp.**

**For the Six Month Period Ended  
June 30, 2019**

---

## **Fission Uranium Corp.**

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)

---



### **Introduction**

The following Management's Discussion and Analysis ("MD&A"), prepared as of August 12, 2019, 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 six month period ended June 30, 2019. The reader should also refer to the audited financial statements for the year ended December 31, 2018.

The Company's condensed interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("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.

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 forward looking 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 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. 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 uranium deposit that occurs within a 3.18km mineralized trend along the Patterson Lake Conductive Corridor. The deposit has one of the largest lateral mineralized footprints of comparable deposits in the Athabasca Basin region and remains open in multiple directions. The property comprises 17 contiguous claims totaling 31,039 hectares and is located geographically in the south west margin of Saskatchewan's Athabasca Basin, notable for hosting the highest-grade uranium deposits and operating mines in the world.

---

## **Fission Uranium Corp.**

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)

---



### **Corporate goals**

Management firmly believes that global uranium demand, driven by an ongoing nuclear reactor construction boom as a result of continually increasing electrical energy demand, will require new sources of uranium supply, especially from politically stable jurisdictions. In 2017, the number of nuclear reactors in the combined construction, planning and proposal stages, reached the highest level in 25 years and the amount of uranium required by utilities, currently uncovered by contracts, continues to increase rapidly. As such, management is optimistic about the long-term prospects for the uranium market and is committed to developing its Triple R deposit at PLS, while continuing to explore for additional high-grade occurrences on the property. Fission Uranium is fortunate to have its property located in the politically stable and investment friendly province of Saskatchewan, Canada. The Fraser Institute publishes an annual report of mining and exploration companies and ranks geographic regions globally in an attempt to assess how mineral endowments and public policy factors, such as taxation and regulatory uncertainty, affect exploration investment. Saskatchewan is consistently rated amongst the best jurisdictions in the world, being rated number one globally in 2016, number two in 2017 and number three in 2018.

Continued exploration and development success over the past six years has enabled the Company to fund its operations primarily through share equity financing 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:

- Continuing to develop the Triple R deposit towards the feasibility stage;
- Improving and de-risking the strong economic parameters of the Triple R deposit (as defined by the 2019 prefeasibility study) by work designed to further increase the certainty of the resource and viability of mine design in addition to expanding the overall footprint of the Triple R deposit, discovering and/or defining new mineralization; and
- Following up on high-priority regional exploration targets with the goal of making new uranium discoveries.

### **Summary of significant exploration and development accomplishments for the three month period ended June 30, 2019 and subsequent**

On May 30, 2019, the Company SEDAR filed a NI 43-101 technical report titled "Technical Report on the Pre-Feasibility Study of the Patterson Lake South Property, Northern Saskatchewan, Canada." The Prefeasibility Study ("PFS") was conducted by Roscoe Postle Associates Inc. ("RPA") and included a first-time estimate of Mineral Reserves for the Triple R deposit at its' Patterson Lake South property in Canada's Athabasca Basin region. With an estimated OPEX of just US\$6.77/lb U3O8 and an IRR (pre-tax) of 29%, the PFS further enhances the potential for highly-economic production at PLS. In addition, with the R780E zone still open at depth and along plunge to the east and the recently discovered high-grade mineralized zones along strike to the west and east (R1515W, R840W and R1620E zones) yet to be included in the reserve mine plan, there is clear upside for expanding the resource base and mine life and further improving the economics. The PFS is based on an open pit / underground hybrid operation and the Company is also progressing a PEA-level underground-only alternate scenario that indicates potential for improved economics to a PFS level. Highlights of the PFS can be found under the heading "PLS Prefeasibility Study highlights" on page 3.

---

## Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)

---



### PLS Prefeasibility Study highlights:

#### Robust Economics including Very Low Operating Costs ("OPEX")

- OPEX of US\$6.77/lb U3O8. OPEX is substantially less than the 2015 PEA technical report for PLS which estimated US\$12.38/lb (using the same exchange rate)
- Production averaging almost 15 million lbs U3O8 per year over the first five years from mineral reserves of 90.5 M lbs U3O8
- IRR (pre-tax) of 29%
- NPV (pre-tax), discounted at 8%, of C\$1.32B
- Payback in 2 years (pre-tax)
- Initial Capital Expenditures ("CAPEX") of C\$1.49B, and sustaining capital (including reclamation and closure) of C\$214M
- High processing recovery rate of 96.7%
- 4-year construction period and 8.2-year mine life

#### Increased Indicated Resource

- Indicated Resources contain 103,768,000 lbs U3O8, an increase of 18% compared to the previous Mineral Resource estimate, reported February 20, 2018.

#### Demonstrated Scope for Substantial Growth

- Additional Zones: The PFS Mineral Reserves are based on the Indicated Resources of the R780E and R00E zones. There are three other mineralized zones along strike that do not yet have sufficient drilling to classify the majority of their resources to Indicated, and future programs will work to advance this. These include the R1515W, R845W and R1620E zones.
- Zone Expansion: The R780E zone is open at depth and along plunge to the east and further opportunity exists to continue to grow the resource in those directions, potentially extending the underground mine life.
- Mineralization Upgrade: The PFS mine plan does not include areas of Inferred Resources in the R00E and R780E zones. Additional drilling has the potential to convert these to Indicated.

#### Flexible Mining Approach

- The PFS base case for production at PLS is a hybrid operation (open pit and underground), aimed at maximizing extraction of R780E and R00E resources. However, it also has the potential to be mined as a purely underground operation.
- A PEA-level underground-only scenario shows potential for improved economic results, including: a 3-year construction period and 7.3 year operation (based on the same Indicated Resources as the PFS base case). The Company is advancing this underground-only scenario to PFS level. Highlights of the PEA level underground-only scenario are:
  - o Lower CAPEX of C\$1.19B
  - o All in OPEX of US\$7.17 per pound
  - o Pre-tax IRR of 36%, NPV at 8% of C\$1.31B, and a 1.9 year payback
  - o Reduced footprint and environmental impact
  - o This PEA-level scenario is preliminary in nature and is based on assumptions and estimates that are not at a PFS level of detail and therefore cannot be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the PEA results will be realized.

#### Winter 2019 drill program

In March 2019, the Company announced results from three holes of the Winter work program at its' PLS property in Canada's Athabasca Basin region. The three holes were drilled on the R780E zone with the dual-purpose of resource expansion and geotechnical testing of rock-mechanics for mine planning. All three intercepted high-grade mineralization that fit within, and expanded beyond the boundaries of the current modeled high-grade domain. Results include hole PLS19-PW-09, which intercepted a 37.5m continuous zone of strong uranium mineralization with a near-continuous 3.72 m interval of >10,000 cps and a peak of 61,115 cps. In addition, hole PLS19-PW-10 intercepted 47.5m total composite mineralization, including 3.98m of total composite >10,000 cps. With the completion of these holes, the program focused on geotechnical drilling on the ring dyke and cut-off wall, as well as hydrogeology and pump testing.

## Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



### Winter 2019 drill program (continued)

Results Highlights:

*PLS19-PW-09 (line 735E)* successfully targeted a large jog in the eastern high-grade core model where the high-grade core was interpreted to extend.

- 41.0m total composite mineralization over a 74m interval (between 130.0m – 204.0m), including 4.52m total composite >10,000 cps

*PLS19-PW-010 (line 990E)* successfully targeted the interpreted extension of the R780E high grade core, approximately 120m east of the current high-grade resource model.

- 47.5m total composite mineralization over a 207.5m interval (between 108.0m – 315.5m), including 3.98m total composite >10,000 cps

*PLS19-PW-08 (line 615E)* successfully targeted a low-grade gap between the middle and eastern R780E high-grade cores, with the aim to identify new high-grade mineralization outside of the current model.

- 71.5m total composite mineralization over a 123m interval (between 121.0m – 244.0m), including 2.0m of total composite >10,000 cps

### PLS property

Details of the Company's PLS project as of June 30, 2019 are shown below:

Property	Location	Ownership	Claims	Hectares	Stage	Carrying value
Patterson Lake South	Athabasca Basin, SK	100%	17	31,039	PFS	\$ 314,551,875

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 of the Triple R deposit at PLS occurs within the Patterson Lake Conductive Corridor and has been traced by core drilling over ~3.18km of east-west strike length in five separated mineralized "zones" which collectively make up the Triple R deposit. From west to east, these zones are: R1515W, R840W, R00E, R780E and R1620E. Through successful exploration programs completed to date, Triple R has evolved into a large, near surface, basement hosted, structurally controlled high-grade uranium deposit. The discovery hole was announced on November 5, 2012 with drill hole PLS12-022, from what is now referred to as the R00E zone.

The R1515W, R840W and R00E zones make up the western region of the Triple R deposit and are located on land, where overburden thickness is generally between 55m to 100m. R1515W is the western-most of the zones and is drill defined to ~90m in strike-length, ~68m across strike and ~220m vertical and where mineralization remains open in several directions. R840W is located ~515m to the east along strike of R1515W and has a drill defined strike length of ~430m. R00E is located ~485m to the east along strike of R840W and is drill defined to ~115m in strike length. The R780E zone and R1620E zones make up the eastern region of the Triple R deposit. Both zones are located beneath Patterson Lake where water depth is generally less than six metres and overburden thickness is generally about 50m. R780E is located ~225m to the east of R00E and has a drill defined strike length of ~945m. R1620E is located ~210m along strike to the east of R780E, and is drill defined to ~185m in strike length.

Mineralization along the Patterson Lake Corridor trend remains prospective along strike in both the western and eastern directions. Basement rocks within the mineralized trend are identified primarily as mafic volcanic rocks with varying degrees of alteration. 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.

The Triple R deposit remains open in several directions. Recent drilling during the 2018 winter program has expanded the footprint of the Triple R deposit's R1515W zone. High-priority drill targets are located further west on-trend, towards the high-grade boulder field, as well as elsewhere on the PLS property.

## Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



### Uranium outlook

Management believes that the exploration and development of uranium properties presents an opportunity to increase shareholder value based on the following categories, including but not limited to: supply / demand fundamentals, geopolitics and clean, baseload power generation

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

Global nuclear energy demand and the associated nuclear power plant build-out is projected to increase significantly in the years ahead, which will require new uranium supply to meet this increasing demand. According to the International Atomic Energy Agency ("IAEA") global electricity demand is forecast to grow approximately 50% over the next two decades.

Both the IAEA and World Nuclear Association ("WNA") state that there are 447 nuclear power reactors in operation supplying 31 countries around the world, with 55 under construction, another 111 planned and 330 proposed. Of the reactors currently under construction, 13 are expected to be delivered this year and another 13 in 2020. Reactor builds are at a 25-year high despite uranium prices being near a 10-year low as more than twice as many reactors are under construction now than before the Fukushima event in 2011. Many analysts continue to forecast a long-term global uranium demand/supply imbalance, which suggests the potential for materially higher uranium prices. The following is a list of selected countries with nuclear reactors that are either under construction, planned or proposed:

<b>Country</b>	<b>Under construction</b>	<b>Planned</b>	<b>Proposed</b>	<b>Total</b>
China	12	43	170	225
India	7	14	28	49
Russia	6	24	22	52
USA	4	3	18	25
Canada	-	-	2	2
Japan	2	1	8	11
Saudi-Arabia	-	-	16	16
South Korea	4	-	2	6
UAE	4	-	-	4
Ukraine	-	2	2	4
Others	16	24	62	102
<b>Total</b>	<b>55</b>	<b>111</b>	<b>330</b>	<b>496</b>

Source: World Nuclear Association (World Nuclear Reactors & Uranium Requirements - [www.world-nuclear.org](http://www.world-nuclear.org) - Updated August 2019)

# Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



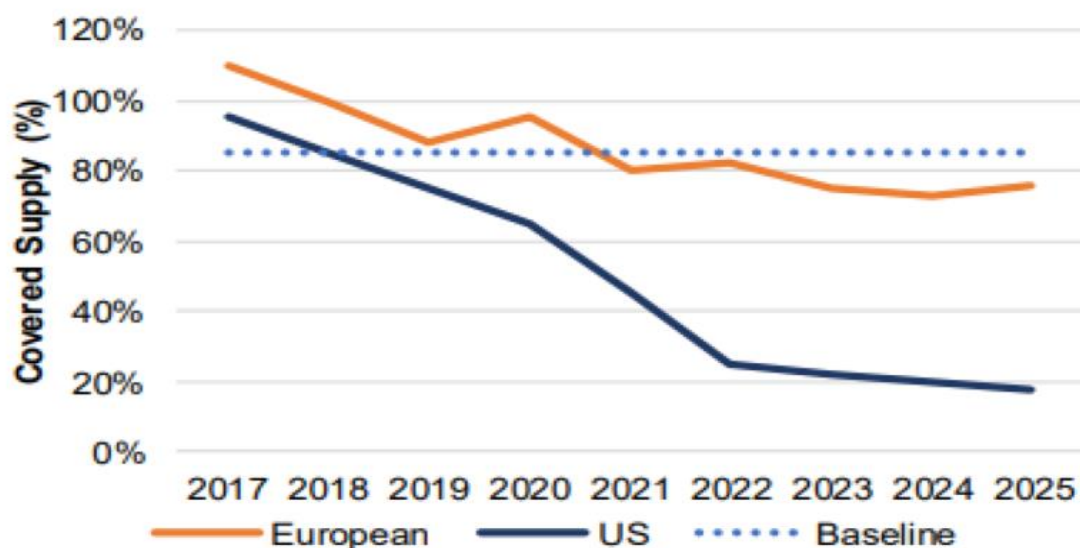
## Uranium outlook (continued)

- *Uranium demand/supply fundamentals*

A global uranium demand/supply imbalance has existed for many years, primarily due to the way utilities procure supply as well as the drag the Fukushima event has had on the industry that significantly curbed existing demand and forecasted demand growth. Primary uranium supply from uranium producers (mining) has consistently failed to keep pace with demand. This shortfall has been filled from secondary supply, which includes the sale of government stockpiles, fuel reprocessing and the highly enriched uranium ("HEU") agreement (which ended late 2013). Inventory stockpiles have and continue to be drawn down, while industry experts note that some of this listed inventory is of poor quality because it has already gone through the enrichment process.

According to the UxC, mine production peaked in 2016 at 162mm lbs. It fell to 154mm lbs in 2017 and in 2018 production was projected at 135mm lbs. Meanwhile, 2018 reactor demand was 192mm lbs, which generates a gap or shortfall of roughly 50mm to 60mm lbs in 2018. This supply demand imbalance can be perceived as positive development for the long-term outlook for uranium prices. In addition, roughly 85% of the current producers are uneconomic at today's uranium prices. The UxC suggests that uranium producers need roughly US\$45 to \$50 per lb uranium to meet their cost of capital. While other industry analysts, including RBC Capital (Canada), Raymond James Canada, and Resource Capital Research (Australia), suggest that a healthy, sustainable global uranium mining sector, requires a uranium price of US\$70-\$80/lb to stimulate new exploration and mine development worldwide.

An additional under-reported issue related to uranium demand, is the disruption of the traditional utility buying cycle. Most uranium is bought and sold via long-term contracts (historically five to ten years in duration) and typically, utilities ensure their fuel requirements are covered between three and five years out. Since the Fukushima event, most utilities have been allowing their contracts with suppliers to get closer to expiry and are relying on their stockpiles or are buying on the secondary market. Since uranium prices are at historically low levels, several producers are hesitant to sign long term contracts with utilities that are seeking to renew since they cannot meet their cost of capital at these depressed, unsustainable prices. The result is that the amount of uranium fuel required over the next five years that is currently uncovered by long term contracts is rapidly increasing. Many experts in the industry expect that this will inevitably force utilities into the market, leading to strong upward pressure on uranium spot prices which in turn will increase the longer-term contract price.



(Source: EIA, Euratom - Future contract coverage rates)

## Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



### Uranium outlook (continued)

- *Uranium demand/supply fundamentals (continued)*

Additionally, 2018 also witnessed two major positive demand developments with Cameco having to buy significant pounds in the spot market, while several financial players entered the market to buy uranium for speculative purposes. The most significant being the London listed Yellow Cake PLC, which has an agreement to purchase 25% of Kazatomprom's uranium production.

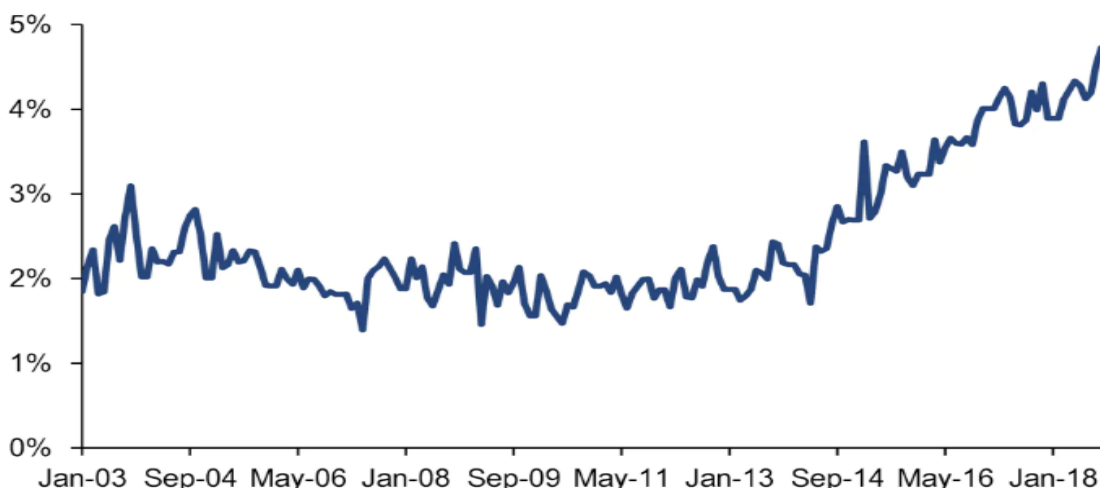
- *China – driver of demand*

China has the most aggressive growth plans for nuclear. With only 4% of power generation currently met by nuclear power and a target of 20% non-fossil fuel generation by 2030, there is a significant reactor build required of approximately 500% current capacity. According to research by the Chinese Ministry of Education and Tianjin University, China, within the latest 2018 Optimal Power Paper, nuclear energy is now the lowest cost source of electricity generation in China. Consequently, there are currently 12 nuclear power plants under construction in China, all scheduled for completion between 2019 and 2021, in addition to the 46 in operation.

China's current domestic uranium production accounts for less than 25% of their annual requirements resulting in increased imports and stockpiling. In 2010, Cameco 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 that China is moving to further secure its long-term uranium supply.

China's commitment to combatting air pollution is evident with nuclear energy benefitting as a zero-emissions power generation source. As the below chart depicts, at its lowest point nuclear represented 2% share of Chinese power generation, however that figure has been rising and in the last few months in 2018 it spiked to 5%. This production is coming at the expense of carbon emitting coal fired generation.

Figure 1. Share of nuclear power in China's electricity generation mix



(Source: Citi Research - China's power generation)



---

## Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)

---



### Uranium outlook (continued)

- *Japanese nuclear reactor fleet and uranium stockpiles*

Following the Fukushima event in March 2011, Japan shut down all its nuclear reactors, pending new safety regulations, legislation and inspections. A new nuclear regulator was established, and after considerable delay, Japan's nuclear operators were given permission to apply to restart their reactors. This has arguably been the biggest drag on prices and the sentiment in the uranium market. Market participants, specifically producers and issuers, have been adversely affected from this uncertainty as well as the delay in getting reactors restarted.

However, this is beginning to improve. Of an estimated 37 operable reactors, Japan is currently operating a total of 9 reactors, of which 5 were restarted in 2018 and 6 more have received initial approval from Japan's Nuclear Regulation Authority. This is in addition to the 2 reactors under construction and 9 new reactors being planned or proposed. This is a positive development to the psyche of the market and the long-term outlook for nuclear power.

While the first wave of reactor restarts in Japan is not expected to immediately increase uranium demand as they would likely drawdown existing inventory, it should increase 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, utilities procuring supply contracts and ultimately the price of uranium.

- *Supply deficits*

As a direct result of low uranium prices, Cameco, the second largest producer of uranium behind Kazatomprom, announced in April 2016 that it was suspending production at its Rabbit Lake uranium mine in Saskatchewan and placing the facility into "care and maintenance". It is estimated by Cantor Fitzgerald that this removed 3% of the uranium available to the spot market, and together with the Kazatomprom reduction, shows a strong trend that producers are acting to limit production worldwide. In November 2017, Cameco announced the temporary closure of the McArthur River mine and Key Lake processing facility. The McArthur River mine is the largest uranium mine in the world and its closure removed an estimated 7% of primary production for 2018. Currently, Cameco is still refusing to enter into long-term sales agreements with utilities. Considering that most uranium is sold via long-term contracts, this latest behaviour by a leading uranium producer will place further upward pressure on uranium pricing.

In July 2018, Cameco announced it would permanently layoff approximately 700 employees and shut down production at their McArthur River and Key Lake mine sites indefinitely following a weak uranium market. This material announcement from an industry leader has likely aided in the 40% increase in uranium spot prices in 2018. It appears market participants are bullish on this announcement as the uranium sector continues to work through both supply and inventory excesses while extending future production out until the spot price become economic.

These supply disruptions from the two largest producers follow 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).

More recently in May 2019, Orano Canada confirmed the closure of its Cominak mine in Niger and cited "very low price conditions" as the reason.

## Fission Uranium Corp.

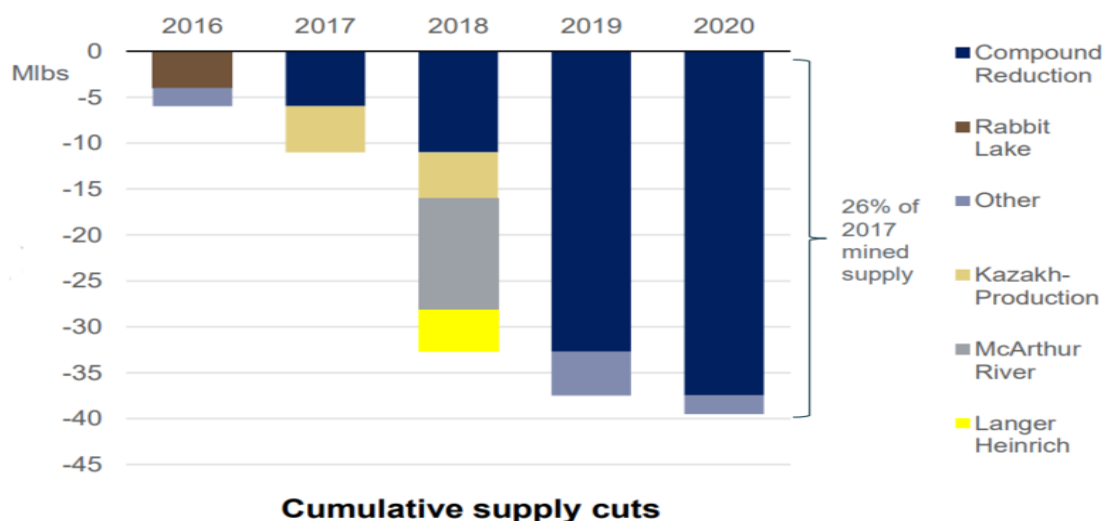
Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



### Uranium outlook (continued)

- *Supply deficits (continued)*

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 many projects stalled or abandoned, analysts believe that a growing supply/demand imbalance may be difficult to deal with once secondary supplies can no longer meet rising demand which started to happen in 2018. This increases the attractiveness of assets that have the potential to be taken into production in stable political jurisdictions and at a lower operating cost. Such projects have similar characteristics to Fission Uranium's Triple R deposit: high-grade, shallow, in basement rock and in a stable jurisdiction.



(Source: Paladin Energy - Uranium supply cuts)

- *Supply disruption concerns*

Recent political tensions between Russia and Western powers have resulted in new U.S. sanctions against Russia. In turn, Russian lawmakers have proposed measures that will halt enriched uranium exports to the U.S. — a move other countries could follow — which analysts believe could reset the supply and demand picture. Russia is a major source of secondary supply. It controls 50 per cent of the uranium enrichment capacity, and, through its relationship with Kazakhstan and Uzbekistan (both former Soviet republics), and its domestic production, Russia has influence over half of the world's uranium supply.

- *United States of America*

In July 2018, the U.S. Government announced a probe into whether U.S. uranium imports are a threat to national security. The U.S. Government is also threatening to issue tariffs on U.S. uranium imports, similar to what they have already done in other industries such as steel. U.S. nuclear power generators urged the federal government against acting in a dispute against imported uranium, arguing tariffs or quotas would increase costs for the struggling industry and possibly cause some reactors to shut. The U.S. Department of Commerce subsequently launched a "Section 232" investigation into uranium imports following complaints by two U.S. uranium mining companies, Ur-Energy Inc and Energy Fuels Inc, that subsidized foreign competitors have caused them to cut capacity and lay off workers.

# Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



## Uranium outlook (continued)

- *United States of America (continued)*

On July 12, 2019 US President Trump announced that he did not concur with the Secretary of Commerce findings that uranium imports threaten to impair the national security of the United States as defined under Section 232 of the Act. Although he did agree that the Secretary's findings raise significant concerns regarding the impact of uranium imports on the national security with respect to domestic mining. Thus, the President is establishing a Nuclear Fuel Working Group to examine the current state of domestic nuclear fuel production to reinvigorate the entire nuclear fuel supply chain. The Nuclear Fuel Working Group has 90 days from July 12<sup>th</sup> to submit their recommendations.

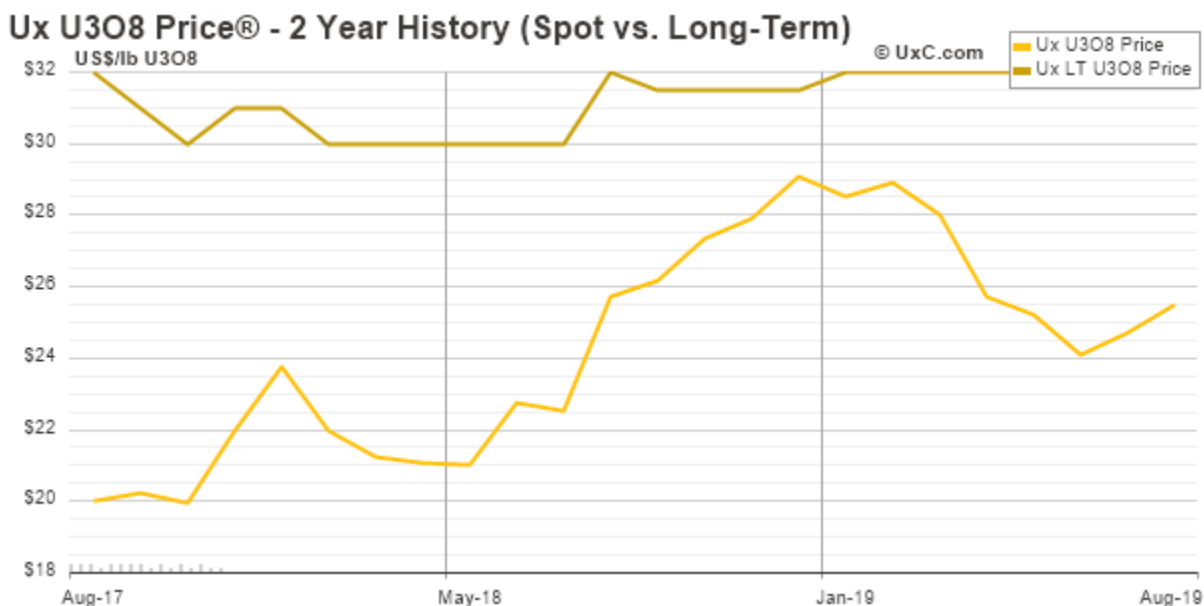
The U.S. Government has been trying to find a way to prevent additional coal and nuclear plants from shutting down, which the administration sees as vital for national energy security, as they struggle to compete with cheaper alternatives like natural gas and renewable generation.

Currently in the U.S., there are 97 operating reactors and, it is important to note, nuclear reactors supply about 20 percent of U.S. base load electricity, according to the Nuclear Energy Institute. The Department of Energy is also pushing for a change in Federal Energy Regulatory Commission rules to properly compensate nuclear power for its reliability and resilience, thereby protecting the stability of the U.S. grid. Uranium is also used in the U.S. nuclear arsenal and powers the Navy's nuclear aircraft carriers and submarines. The nuclear industry said a diverse uranium supply is essential to keep that power flowing.

- *Summary*

After a prolonged bear market, 2018 witnessed the spot price increase roughly 40%. Nuclear reactor builds are at an all time high and the demand forecast is robust. Inventories (secondary supply) continues to be drawn down at a time when major players are cutting primary production. All this amongst a backdrop of geopolitical tensions including possible government intervention. The backdrop is bullish for the uranium sector, for those situated in safe mining jurisdictions that host high grade, shallow uranium deposits.

- *Uranium market*



Source: Ux Consulting Company LLC, [www.uxc.com](http://www.uxc.com): August 2019

## Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



### Selected annual information

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

Certain comparative figures have been reclassified to conform with the current year presentation.

	Year Ended December 31 2018	Year Ended December 31 2017	Six Months Ended <sup>(1)</sup> December 31 2016
	\$	\$	\$
Net loss and comprehensive loss	(5,187,490)	(7,035,963)	(3,115,997)
Total assets	328,531,626	332,948,344	337,710,559
Current liabilities	1,094,156	487,327	475,311
Non-current liabilities	291,247	762,109	1,966,119
Shareholders' equity	327,146,223	331,698,908	335,269,129
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)

<sup>(1)</sup> The Company changed its fiscal year end from June 30 to December 31 and so the transitional fiscal year ended December 31, 2016 was for a six month period.

### Summary of quarterly results

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

Three months ended	June 30 2019	March 31 2019	December 31 2018	September 30 2018
	\$	\$	\$	\$
Exploration and evaluation assets	314,551,875	312,292,070	305,379,601	303,168,036
Working capital	9,061,315	12,355,714	20,748,907	23,345,865
Net loss and comprehensive loss	(1,204,957)	(1,449,750)	(853,951)	(944,698)
Net loss per share basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)
Three months ended	June 30 2018	March 31 2018	December 31 2017	September 30 2017
	\$	\$	\$	\$
Exploration and evaluation assets	299,084,138	296,186,789	289,441,867	287,825,525
Working capital	28,739,990	32,718,431	40,717,792	43,138,833
Net loss and comprehensive loss	(2,231,207)	(1,157,634)	(1,198,092)	(1,343,148)
Net loss per share basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)

---

## **Fission Uranium Corp.**

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)

---



### **Results of operations**

The expenses incurred by the Company are typical of 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 June 30, 2019 and June 30, 2018*

The Company had a net loss and comprehensive loss of \$1,204,957 (\$0.00 basic and diluted loss per share) compared to a net loss and comprehensive loss of \$2,231,207 (\$0.01 basic and diluted loss per share). The change in net loss is primarily attributable to the following factors:

- Business development, public relations and communications, and trade shows and conferences costs decreased to a total of \$392,499 from \$504,169 due to an overall decrease in the Company's marketing and promotional activities during the period.
- Share-based compensation decreased to \$2,598 from \$124,235 due to the diminishing impact of stock options as they vest.
- Investment write-down in Fission 3.0 decreased to \$Nil from \$1,164,525 due to changes in the quoted market price of the underlying common shares of Fission 3.0 in the prior period.

#### *Comparison of the six months ended June 30, 2019 and June 30, 2018*

The Company had a net loss and comprehensive loss of \$2,654,707 ((\$0.01) basic and diluted loss per share) compared to a net loss and comprehensive loss of \$3,388,841 ((\$0.01) basic and diluted loss per share). The change in net loss is primarily attributable to the following factors:

- Business development, public relations and communications, and trade shows and conferences costs increased to a total of \$660,694 from \$993,997 due to an overall increase in the Company's marketing and promotional activities during the period.
- Share-based compensation decreased to \$13,372 from \$289,934 due to the diminishing impact of stock options granted in prior periods as they vest.
- Investment write-down in Fission 3.0 decreased to \$Nil from \$1,164,525 due to changes in the quoted market price of the underlying common shares of Fission 3.0 in the prior period.
- Loss on short-term investments increased to \$300,198 from \$Nil due to fair value changes in the Fission 3.0 warrants held by the Company during the period.

### **Liquidity and capital resources**

Fission Uranium is an exploration and evaluation stage 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 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 or debt. 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 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.

## Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



### *Changes in working capital for the six months ended June 30, 2019*

At June 30, 2019, the Company had a working capital balance of \$9,061,315 as compared to \$20,748,907 at December 31, 2018. The decrease in working capital is primarily due to PLS program expenditures in addition to regular administrative expenses.

### *Cash flow for the three months ended June 30, 2019*

Cash and cash equivalents for the three months ended June 30, 2019 decreased by \$1,479,829 as a result of:

- Cash inflows related to short term investment redemptions of \$5,000,000;
- Cash outflows related to exploration and evaluation asset additions of \$5,126,305;
- Cash outflows related to property and equipment additions of \$2,855;
- Cash outflows from lease obligation payments of \$21,869; and
- Cash outflows from operating activities of \$1,328,800.

### *Cash flow for the six months ended June 30, 2019*

Cash and cash equivalents for the six months ended June 30, 2019 decreased by \$2,430,837 as a result of:

- Cash inflows related to short term investment redemptions of \$10,000,000;
- Cash outflows related to exploration and evaluation asset additions of \$9,880,606;
- Cash outflows related to property and equipment additions of \$5,187;
- Cash outflows from lease obligation payments of \$46,413 and
- Cash outflows from operating activities of \$2,498,631.

## **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.

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>2019</b>	<b>June 30 2018</b>	<b>2019</b>	<b>June 30 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Compensation Costs</i>				
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	<b>525,250</b>	534,910	<b>1,049,903</b>	1,047,319
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	-	84,253	<b>4,339</b>	201,507
	<b>525,250</b>	619,163	<b>1,054,242</b>	1,248,826

## Fission Uranium Corp.

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)



	Three months ended		Six months ended	
	June 30		June 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Exploration and administrative services billed to Fission 3.0 Corp. a company over which Fission Uranium has significant influence	<b>125,738</b>	28,003	<b>283,094</b>	64,732

The Company has a Directors Remuneration Plan (the "DRP Plan") whereby a portion of director fees can be paid through the issuance of common shares ("Director Remuneration Shares") in lieu of the payment of cash or other means of remuneration. Included in compensation costs is the value of shares issued under the DRP Plan. During the six month period ended June 30, 2019, the Company issued 251,728 shares with a total value of \$120,000 under the DRP Plan (June 30, 2018 - 172,669 shares valued at \$127,500).

Included in accounts payable at June 30, 2019 is \$19,962 (December 31, 2018 - \$25,145) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at June 30, 2019 is \$60,907 (December 31, 2018 - \$87,770) for exploration and administrative services and expense recoveries due from Fission 3.0.

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 the "PLS property" section of this MD&A.

On September 28, 2018, the Company purchased additional units of Fission 3.0 for a total cost of \$400,000. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.15 per warrant until September 28, 2021.

The Company determined that the fair value of the Fission 3.0 warrants acquired was \$317,724, which is based on the Black-Scholes option pricing model. Since the fair value of this financial instrument exceeded the transaction price of the unit offering, and the fair value is not based solely on observable inputs, this amount has been recognized as a deferred gain which will be recognized over the three year life of the warrants. The fair value of the warrants will be determined at each reporting date, and gains or losses on the fair value changes will be recognized in the statements of loss and comprehensive loss each period.

For the six month period ended June 30, 2019 the Company recognized \$52,954 (June 30, 2018 - \$nil) of the deferred gain on the Fission 3.0 warrants. The Company determined that the fair value of the warrants at June 30, 2019 was \$147,832 (December 31, 2018 - \$500,984) and therefore recognized an unrealized loss of \$353,152 (June 30, 2018 - \$nil) based on the fair value change. The net loss of \$300,198 (June 30, 2018 - \$nil) was recorded within other items in the statements of loss and comprehensive loss.

These transactions were in the normal course of operations.

### Outstanding share data

As at August 12, 2019, the Company has 486,266,370 common shares issued and outstanding, and 25,490,000 incentive stock options outstanding with exercise prices ranging from \$0.85 to \$1.00 per share.

---

## **Fission Uranium Corp.**

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)

---



### **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 December 31, 2018.

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.

There have not been any significant changes in the Company's internal control over financial reporting during the six month period ended June 30, 2019 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 December 31, 2018.

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 through profit or loss ("FVTPL").

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, guaranteed investment certificates ("GICs") within short-term investments and amounts receivable at amortized cost for subsequent measurement purposes. The Company has classified the Fission 3.0 warrants within short-term investments at FVTPL for subsequent measurement purposes.

### **Financial liabilities**

Financial liabilities include accounts payable and accrued liabilities and are initially recorded at fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

### **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.



---

## **Fission Uranium Corp.**

Management's Discussion and Analysis  
For the six month period ended June 30, 2019  
(Expressed in Canadian dollars, unless otherwise noted)

---



### *Investments in associates*

The application of the Company's accounting policy for investments in associates requires judgement to determine whether any objective evidence of impairment exists at each reporting date giving consideration to factors such as: significant financial difficulty of the associate, or a significant or prolonged decline in the fair value of the investment below its carrying value.

### *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.

### **Significant accounting policies**

The accounting policies applied in preparation of the June 30, 2019 unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2018, except as noted below.

### **New standards, amendments and interpretations**

#### *IFRS 16 – Leases*

The Company adopted IFRS 16 – Leases effective January 1, 2019. In accordance with the transition provisions in IFRS 16 – Leases, the new rules have been adopted using the modified retrospective approach whereby the cumulative effect of initially applying the new standard is recognized on January 1, 2019. Comparatives for the 2018 reporting period have not been restated.

On the adoption of IFRS 16 - Leases, the Company recognized lease obligations in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 - Leases. These obligations were measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as of January 1, 2019.

Effective January 1, 2019, the Company adopted IFRS 16 – Leases which resulted in the initial recognition of right-of-use assets and lease obligations of \$331,360.

### **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 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

---

## **Fission Uranium Corp.**

Management's Discussion and Analysis

For the six month period ended June 30, 2019

(Expressed in Canadian dollars, unless otherwise noted)

---



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 R1515W, R840W and R1620E zones 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; 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".

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.