



**Fission**  
URANIUM CORP.

**Management's Discussion & Analysis**

**Fission Uranium Corp.**

**For the Nine Month Period Ended  
September 30, 2017**

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# Fission Uranium Corp.

Management's Discussion and Analysis  
For the nine month period ended September 30, 2017  
(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 14, 2017, 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 nine month period ended September 30, 2017. The reader should also refer to the audited financial statements and MD&A for the six month transitional fiscal year ended December 31, 2016.

The Company's condensed interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), 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 Company has changed 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 was effective December 31, 2016, resulting in a transitional fiscal period of the six month period then ended.

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 deposit that is part of a 3.18km 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. In 2016, nuclear reactor builds had the largest annual increase in 25 years and the amount of uranium required by utilities, currently uncovered by contracts, is increasing 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, and exploring for additional high-grade deposits on the property.

Continued exploration and development success over the past four 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:

- Continuing to develop the Triple R deposit towards the pre-feasibility stage;
- Following up on high-priority regional exploration targets with the goal of making new uranium discoveries;
- Expanding the footprint of mineralized zones outside of the Triple R deposit and potentially adding those zones to an updated mineral resource estimate for the Triple R deposit; and
- 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.

### **Summary of significant exploration and development accomplishments for the three months ended September 30, 2017 and subsequent**

The Company completed its summer 2017 drill program. Key results included:

- The recently discovered high-grade R1515W zone located a further 510m to the west of the R840W zone, now has a defined strike length of 71m, an across-strike lateral width of up to 64m (line 1545W), and a vertical extension up to 176m. Mineralization is open.
- The nature of mineralization of the R1515W zone, including multiple stacked lenses and wide lateral widths, shows encouraging similarities to the R780E - the primary zone of the Triple R deposit. Multiple stacked lenses are important because they have the potential to add size to a resource quickly in a lateral direction.
- The PLS mineralized trend is now 3.18km.

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### Summer 2017 drill program

The Company completed its summer 2017 drill program with a focus on two core goals: growing the newly discovered high-grade R1515W zone and accelerating progress towards the pre-feasibility stage. The approved budget for the summer 2017 drill program was \$6.59 million.

#### Zones with potential for additional resources

##### R1515W

The recently discovered high-grade and land-based R1515W zone, the westernmost zone of the PLS mineralized trend, was tested by 7 holes focused on expanding the strike length and width of the zone.

Anomalous mineralization was encountered in 6 of 7 drill holes, including the widest composite mineralization encountered in a single hole (PLS17-564) outside of the R780E zone, in multiple stacked lenses. Mineralization in multiple stacked lenses is a feature similar to the R780E zone, the largest and most significant high-grade zone of the Triple R deposit. In addition, mineralization has been traced over a strike length of 92m, a lateral across-strike width of approximately 63m (line 1515W) and a vertical extent of up to 176m (line 1545W). Key mineralized intervals and assays included:

- Hole PLS17-566 (line 1545W) returned 25.0m @ 0.93% U<sub>3</sub>O<sub>8</sub> (between 128.0m to 153.0m) including 8.0m @ 2.38% U<sub>3</sub>O<sub>8</sub> (between 140.5m to 148.5m) and 35.0m @ 1.80% U<sub>3</sub>O<sub>8</sub> (between 214.5m to 249.5m) including 4.5m @ 5.27% U<sub>3</sub>O<sub>8</sub> (between 219.5m to 224.0m) and 3.5m @ 3.64% U<sub>3</sub>O<sub>8</sub> (from 240.5m to 244.0m).
- Hole PLS17-564 (line 1545W) returned 60.0m @ 0.40% U<sub>3</sub>O<sub>8</sub> (between 101.0m to 161.0m) and 14.5m @ 3.39% U<sub>3</sub>O<sub>8</sub> (between 163.5m to 178.0m) including 7.0m @ 6.90% U<sub>3</sub>O<sub>8</sub> (between 170.5m to 177.5m) and 10.5m @ 4.35% U<sub>3</sub>O<sub>8</sub> (between 199.0m to 209.5m) including 7.0m @ 6.36% U<sub>3</sub>O<sub>8</sub> (between 202.0m to 209.0m).
- Hole PLS17-562 (line 1545W) returned 27.5m @ 0.60% U<sub>3</sub>O<sub>8</sub> (between 104.0m to 131.5m) including 9.0m @ 1.29% U<sub>3</sub>O<sub>8</sub> (between 113.0m to 122.0m) and 14.5m @ 1.73% U<sub>3</sub>O<sub>8</sub> (between 208.5m to 223.0m) including 1.5m @ 5.56% U<sub>3</sub>O<sub>8</sub> (between 217.5m to 219.0m).

#### Pre-feasibility work

In working towards the pre-feasibility study stage, the Company worked with its engineering and project development consultants in the following areas:

##### Metallurgical study

- The next phase of a metallurgical study will focus on proving the performance and efficiency of the processing steps post-leach.
- The R780E zone was targeted by 3 drill holes totaling 811m to obtain sample material sufficient for a detailed metallurgical study.

##### Geotechnical rock drilling

- The proposed pit wall from the PEA was tested by 3 drill holes totaling 614m to obtain rock quality parameters and pertinent structures.

##### Hydrogeology

- Two weeks of field work was conducted for data collection and analysis of hydrogeology holes drilled in 2016. The work involved well development, slug testing and water quality sampling.

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### PLS property

Details of the Company's PLS project as of September 30, 2017 are shown below:

Property	Location	Ownership	Claims	Hectares	Stage	Carrying value
Patterson Lake South	Athabasca Basin, SK	100%	17	31,039	Drilling	\$287,825,525

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 approximately 3.18km of east-west strike length in five separated mineralized "zones". From west to east, these zones are: R1515W, R840W, R00E, R780E and R1620E. Thus far only the R00E and R780E zones have been included in the Triple R deposit resource estimate, whereas the R840W and R1620E zones and the recent addition of the R1515W zone, fall outside of the current resource estimate window.

The discovery hole of what is now referred to as the Triple R uranium 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 consists of 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 combined strike length validated by a resource estimate of approximately 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 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 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 west along strike of the Triple R deposit, now 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 recent discovery of high-grade mineralization further to the west on line 1515W (R1515W zone), located 495m to the west along strike of the R840W zone, has significantly upgraded the prospectivity for further growth to the west along the Patterson Lake Corridor. The recently discovered high-grade mineralization in the R1620E zone, located 210m 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.

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

Below are 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 and dated September 14, 2015. Additional report details can be found under the heading "PLS NI 43-101 technical report & resource estimate" on page 6.

- 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 U<sub>3</sub>O<sub>8</sub> in the form 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:CDN\$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 resource estimate does not presently include the R840W, R1620E or the recently discovered R1515W zone. Although not included in the PEA resource estimate or production schedule, definition drilling continues to expand the known mineralization of the R840W, R1620E and R1515W zones.

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.

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

Below are 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 3.18km 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>; and
- 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.

#### 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<sub>3</sub>O<sub>8</sub> and outside the design at an underground cut-off grade of 0.25% U<sub>3</sub>O<sub>8</sub> based on a long-term price of US\$65 per lb U<sub>3</sub>O<sub>8</sub> 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 David A. 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.



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### 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, which will require new uranium supply to meet this increasing demand. According to the World Nuclear Association, electricity demand is estimated to rise 150% by 2035.

- *Increased long-term demand for uranium*

Currently there are 447 operable reactors worldwide, 56 new reactors under construction, a further 160 planned or ordered, and an additional 351 proposed for construction by 2030. Reactor builds are at a 25 year high, with more than twice as many reactors under construction now than before the Fukushima incident. 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 the potential for significantly higher uranium prices.

In January 2016, the uranium spot price began to decrease to its 11 year low of US\$17.80/lb on November 30, 2016. This figure is substantially lower than the OPEX for many uranium mines. The price decrease is attributed to two main factors: excess inventories and slower-than-expected restarts of Japan's reactor fleet. As a result of this, producers have begun to curtail their operations, with leading uranium producer, Cameco Corp. ("Cameco"), shutting down its Rabbit Lake operation (which includes the second largest uranium milling facility in the western world) in April 2016, and announcing temporary production halts at its McArthur River and Cigar Lake mines during the summer months in 2017. In November 2017, Cameco then announced the temporary closure (estimated duration of ten months) of the McArthur River mine and Key Lake processing facility. Even more telling is that Kazatomprom, which runs all uranium mines in Kazakhstan and is responsible for 40% of world-wide production, has announced a 10% reduction in production in 2017. As primary supply is taken offline, and with reprocessing (a form of secondary supply) having declined since 2014 (Uranium Participation Corp., August 19, 2015), analysts expect the eventual upturn, leading to significantly higher uranium prices over the long-term, to be more aggressive.

Increased long-term demand is expected particularly from developing countries, which are driving the reactor construction boom. Foremost amongst these are China, India, and Russia. There are currently 20 nuclear power plants under construction in China, all scheduled for completion between 2018 and 2021. These 20 nuclear power plants comprise 36% of all reactors under construction worldwide. 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 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.



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### Uranium outlook (continued)

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

The following is a list of selected countries with nuclear reactors that are either under construction, planned or proposed as of September 1, 2017:

<b>Country</b>	<b>Under construction</b>	<b>Planned</b>	<b>Proposed</b>	<b>Total</b>
China	20	40	143	203
India	6	19	46	71
Russia	7	26	22	55
USA	2	14	21	37
Canada	-	2	-	2
France	1	-	-	1
Japan	2	9	3	14
Saudi-Arabia	-	-	16	16
South Korea	3	2	6	11
UAE	4	-	10	14
Ukraine	-	2	11	13
Others	11	46	73	130
<b>Total</b>	<b>56</b>	<b>160</b>	<b>351</b>	<b>567</b>

Source: World Nuclear Association (World Nuclear Power Reactors & Uranium Requirements - [www.world-nuclear.org](http://www.world-nuclear.org) - Updated September 1, 2017)

- *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).

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 the general expectation that nuclear energy utilities (the primary users of uranium) will seek their supply from more geopolitically 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 and responsible for approximately 16%.

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### Uranium outlook (continued)

- *Uranium demand/supply (continued)*

On January 10, 2017 Kazatomprom, the Kazakhstan state-owned uranium mining company, which owns, solely or by joint venture, every mine in Kazakhstan, announced plans to reduce production by 10% in 2017. This equates to about 5.2 million lbs U<sub>3</sub>O<sub>8</sub>, which is approximately 3% of global mine supply. Industry analysts have concluded that this action will not only tighten the market but will also set a floor below which Kazatomprom will not allow prices to fall. Considering that Kazakhstan production is largely sold on a spot-related basis, this is a very positive event for the uranium sector.

An additional under-reported issue related to uranium demand, is the disruption of the utility buying cycle. The majority of uranium is bought and sold via long-term contracts and typically, utilities ensure their fuel requirements are covered between three and five years out. Since the Fukushima incident, most utilities have been allowing their contracts with suppliers to get closer to expiry and are relying on their stockpiles. Now with uranium prices at historically low levels, a number of producers are hesitant to sign long term contracts with utilities that are seeking to renew. 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 prices.

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 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 (estimated duration of ten months) 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 will remove an estimated 7% of primary production for 2018. At this time, Cameco is still refusing to enter into long-term sales agreements with utilities. Considering that most uranium is sold via long-term contacts, this latest behaviour by a leading uranium producer will place further upwards pressure on uranium pricing.

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).

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## Uranium outlook (continued)

- *Primary supply issues (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. 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. Such projects have similar characteristics to Fission Uranium's Triple R deposit: high-grade, shallow, in basement rock and in a stable jurisdiction.

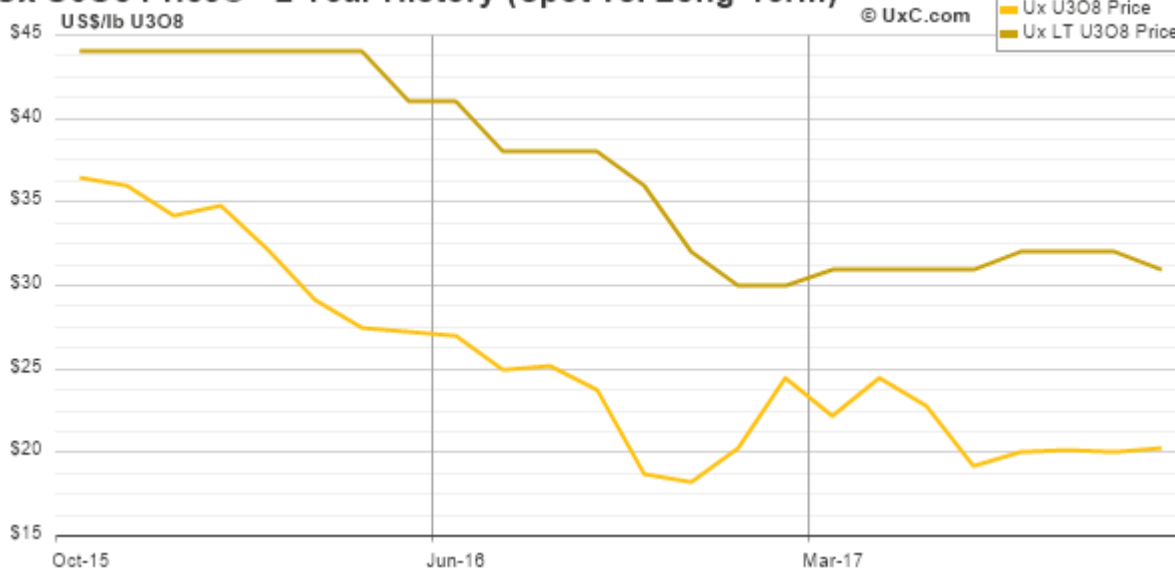
- *Japanese nuclear reactor fleet and uranium stockpiles*

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 established and, after 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 5 of 25 reactors that are in various stages of the application process have now been restarted.

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 price.

- *Uranium market*

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



Source: Ux Consulting Company LLC, [www.uxc.com](http://www.uxc.com): October 2017

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### 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.

	Six Months Ended <sup>(1)</sup> December 31 2016	Year Ended June 30 2016	Year Ended June 30 2015
	\$	\$	\$
Net loss and comprehensive loss	(3,115,997)	(10,338,002)	(9,874,580)
Total assets	337,710,559	341,001,877	272,093,019
Current liabilities	475,311	975,550	6,313,569
Non-current liabilities	1,966,119	2,709,102	914,834
Shareholders' equity	335,269,129	337,317,225	264,864,616
Basic and diluted loss per common share	(0.01)	(0.02)	(0.03)

<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	September 30 2017	June 30 2017	March 31 2017	December 31 2016
	\$	\$	\$	\$
Exploration and evaluation assets	287,825,525	283,993,868	281,368,963	274,028,654
Working capital	43,138,833	37,997,432	41,948,279	50,086,924
Net loss and comprehensive loss	(1,343,148)	(1,453,511)	(3,041,212)	(1,559,401)
Net loss per share basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)
Three months ended	September 30 2016	June 30 2016	March 31 2016	December 31 2015
	\$	\$	\$	\$
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 loss and comprehensive loss	(1,556,596)	(1,733,180)	(2,876,540)	(2,914,566)
Net loss per share basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)

<sup>(1)</sup> The working capital at December 31, 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.

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### 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 September 30, 2017 and September 30, 2016*

- The Company had a net loss and comprehensive loss of \$1,343,148 ((\$0.00) basic and diluted loss per share) compared to a net loss and comprehensive loss of \$1,556,596 ((\$0.00) basic and diluted loss per share).
- Business development, public relations and communications, and trade shows and conferences costs decreased to a total of \$550,695 from \$601,462. The decrease was due to an overall reduction in the Company's travel expenses, marketing and promotional activities during the period.
- Share-based compensation decreased to \$358,032 from \$449,342 due to the diminishing impact of stock options granted in prior periods as they vest. The decrease was offset by increased share-based compensation expense pursuant to the vesting schedule of 9,940,000 stock options granted on January 16, 2017 to employees, directors and consultants.

#### *Comparison of the nine months ended September 30, 2017 and September 30, 2016*

- The Company had a net loss and comprehensive loss of \$5,837,871 ((\$0.01) basic and diluted loss per share) compared to a net loss and comprehensive loss of \$6,166,316 ((\$0.01) basic and diluted loss per share).
- Business development, public relations and communications, and trade shows and conferences costs decreased to a total of \$1,501,161 from \$1,824,511. The decrease was due to an overall reduction in the Company's travel expenses, marketing and promotional activities during the period. The total reduction would have been greater, however due to the change in the Company's fiscal year-end, the annual general meeting was held in June as compared to in December of the prior year. In addition, during the prior period the Company made additional efforts related to the completion of CGN Mining's strategic investment in the Company.
- Share-based compensation decreased to \$2,093,300 from \$2,505,963 due to the diminishing impact of stock options granted in prior periods as they vest. The decrease was offset by increased share-based compensation expense pursuant to the vesting schedule of 9,940,000 stock options granted on January 16, 2017 to employees, directors and consultants.
- In the nine months ended September 30, 2016, the Company recognized a flow-through premium recovery of \$4,402,200. The Company has not completed any subsequent flow-through financing.
- The Company recorded a write-down of \$903,624 on its investment in Fission 3.0 Corp. ("Fission 3.0"). As at March 31, 2017 the prolonged decline in the fair value of the investment in Fission 3.0 was considered to be objective evidence of impairment under *IAS 28, Investments in Associates and Joint Ventures*. Accordingly, the carrying value of the investment was written down by \$903,624 to its fair value based on the quoted market price of Fission 3.0's common shares. Despite the reduction in share price of Fission 3.0 since the original investment was made, the Company's management continues to believe that this investment remains a positive, strategic long-term investment.

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### **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 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 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.

#### *Financings 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 nine months ended September 30, 2017*

- At September 30, 2017, the Company had a positive working capital balance of \$43,138,833 as compared to \$50,086,924 at December 31, 2016. The decrease in working capital is primarily due to PLS program expenditures in addition to regular administrative expenditures and the purchase of Fission 3.0 units.

#### *Cash flow for the three months ended September 30, 2017:*

Cash and cash equivalents for the three months ended September 30, 2017 decreased by \$5,011,687 primarily as a result of:

- Cash outflows related to exploration and evaluation asset additions of \$3,632,764; and
- Cash outflows from operating activities of \$1,342,361.

#### *Cash flow for the nine months ended September 30, 2017*

Cash and cash equivalents for the nine months ended September 30, 2017 decreased by \$17,067,819 primarily as a result of:

- Cash outflows related to exploration and evaluation asset additions of \$13,122,058.
- Cash outflows from operating activities of \$3,700,360; and
- The purchase of 5,170,410 units of Fission 3.0 for \$361,929.

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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		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
<i>Compensation Costs</i>				
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	<b>533,894</b>	684,440	<b>1,600,384</b>	1,870,265
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	<b>237,984</b>	341,150	<b>1,477,155</b>	1,885,693
	<b>771,878</b>	1,025,590	<b>3,077,539</b>	3,755,958
	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Exploration and administrative services billed to Fission 3.0 Corp. a company over which Fission Uranium has significant influence	<b>69,723</b>	44,030	<b>146,791</b>	140,839

Included in accounts payable at September 30, 2017 is \$6,724 (December 31, 2016 - \$13,448) 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, 2017 is \$43,278 (December 31, 2016 - \$2,499) 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 "Liquidity and capital resources – Financings and private placements" and "PLS property" sections of this MD&A.

On April 21, 2017, the Company purchased 5,170,410 units of Fission 3.0 at a price of \$0.07 per unit for a total cost of \$361,929 to maintain its 12.36% interest in Fission 3.0. Each unit consisted of one common share and one-half of one share purchase warrant exercisable for an additional common share until April 21, 2019 at \$0.10 per warrant.

These transactions were in the normal course of operations.

### Outstanding share data

As at November 14, 2017, the Company has 485,263,630 common shares issued and outstanding, 46,755,000 incentive stock options outstanding with exercise prices ranging from \$0.2505 to \$1.65 per share.



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### **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, 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.

There have not been any significant changes in the Company's internal control over financial reporting during the nine month period ended September 30, 2017 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, 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**

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.

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### **Key estimates and judgments (continued)**

#### *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.

#### *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.

### **Significant accounting policies**

The accounting policies applied in preparation of the September 30, 2017 unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the six month transitional fiscal year ended December 31, 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, 2018.

#### 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".

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

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 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.

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**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.