



Fission
URANIUM CORP.

Management's Discussion & Analysis

Fission Uranium Corp.

**For the Year Ended
December 31, 2019**

Fission Uranium Corp.

Management's Discussion and Analysis
For the year ended December 31, 2019
(Expressed in Canadian dollars, unless otherwise noted)



Introduction

The following Management's Discussion and Analysis ("MD&A"), prepared as of March 30, 2020, should be read in conjunction with the audited financial statements and accompanying notes of Fission Uranium Corp. (the "Company" or "Fission Uranium") for the year ended December 31, 2019, and the year ended December 31, 2018.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") as at December 31, 2019.

Additional information related to the Company, including the most recent Annual Information Form ("AIF"), is available for viewing on SEDAR at www.sedar.com. Further information including news releases and property maps are available on the Company's website at 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, 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.

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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 year ended December 31, 2019 and subsequent

In September 2019, the Company announced the results of a prefeasibility study for an underground-only mining scenario at PLS, conducted by Roscoe Postle Associates Inc. ("RPA"), and entitled "Pre-Feasibility Study on the Patterson Lake South Property Using Underground Mining Methods" (the "U/G PFS"). The U/G PFS follows the results of an earlier PFS report outlining a hybrid mine approach using both open pit and underground techniques (the "Hybrid PFS" – SEDAR filed in May 2019). The U/G PFS highlights a substantial reduction in CAPEX and time requirements for construction of the Triple R mine due to simplified water control measures for underground mining. With the U/G PFS, access to the deposit is envisaged via a decline from land. The revised mining method eliminates the need for a system of dykes and slurry walls, dewatering and overburden removal and results in a reduction of 90% of total mine-related earth movement from the Hybrid PFS to the U/G PFS. The reduced earth movement results in reduced surface piles and overall minimized surface footprint. With a projected OPEX of just US\$7.18/lb, an IRR of 34% (pre-tax) / 25% (after-tax) and an NPV at 8% of \$1.33B (pre-tax) / \$0.7B (after-tax), the U/G PFS outlines the potential for highly economic production at PLS.

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While the U/G PFS only considers Indicated Resources from the R780E and R00E zones, the mine plan has been deliberately designed to easily accommodate additional material from the R1515W, R845W and R1620E zones based on potential future conversion of Inferred Resources to Indicated Resources. The majority of mineralization at these three, on-strike, high-grade zones is currently defined as Inferred Mineral Resource classification and thus not considered for inclusion in the U/G PFS mine plan. As proven by the Company's drilling at the Triple R deposit's R00E and R780E zones, Fission has an excellent track record of converting Inferred-category resources to Indicated-category. As a result, there is a clear path for growing the deposit, potentially leading to an increased resource as well as a longer mine life.

PLS U/G Prefeasibility Study highlights:

Reduced Capital Costs, Low Operating Costs, and Robust Economics

- Substantially reduced earthworks as a result of eliminating the dyke, slurry wall, dewatering, and overburden removal that was envisaged in the Hybrid PFS
- Construction timeline reduction of 1 year from 4 years (Hybrid PFS) to 3 years (U/G PFS)
- 21% reduction in capital costs from \$1.50B (Hybrid PFS) to \$1.18B (U/G PFS)
- Seven-year production life
- Average unit operating costs of US\$7.18/lb U₃O₈
- Economics:
 - o IRR of 34% (pre-tax) / 25% (after-tax)
 - o NPV of \$1.33B (pre-tax) / \$0.7B (after-tax) at 8% discount rate
 - o Payback in 2.2 years (pre-tax) / 2.5 years (after-tax)

Demonstrated Scope for Substantial Growth

- Additional Zones: The PFS mine plan has been designed specifically to accommodate all five currently defined mineral zones based on potential future conversion of Inferred Resources to Indicated Resources. These include the three high-grade, on strike zones - R1515W, R845W and R1620E – that are not yet part of Mineral Reserves.
- Zone Expansion: The R780E 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 Mineral Resource in the R00E and R780E zones.

Reduced Environmental Impact

- The U/G PFS mine plan completely eliminates the need for a ring dyke, slurry wall, dewatering, and overburden removal that was included in the Hybrid PFS.
- Recovery of reserves near the overburden and bedrock contact (the crown pillar) will utilize artificial ground freezing technology drilled remotely from shore, which eliminates any disturbances into Patterson Lake. Artificial ground freezing has been used extensively at uranium deposits in the Athabasca Basin.
- Other than a freshwater intake pump, and treated effluent discharge point, all other infrastructure related to mining at PLS is set back a minimum of 100 m from the shoreline of Patterson Lake.
- The revised mining method results in a reduction of approximately 90% of total mine-related earth movement from the Hybrid PFS to the U/G PFS (51.2Mt in the Hybrid PFS compared to 5.4 Mt in the U/G PFS), and a 58% reduction to the total disturbed area.

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Near-term Plans

With the completion of the prefeasibility studies in 2019, the next major step for the PLS project is to undertake a feasibility study. The Company will have to decide between choosing either the underground only option or the hybrid open-pit and underground development option for the feasibility study and also choose an engineering group to lead and conduct the feasibility study.

The Company will continue to ramp up its efforts to update and familiarize local stakeholders in the area about the status of the project, and possible future plans.

The Company will continue with its plans to complete its baseline environmental study, and to ready the project for eventual environmental impact assessment.

PLS property

Details of the Company's PLS project as of December 31, 2019 are shown below:

Property	Location	Ownership	Claims	Hectares	Stage	Carrying value
Patterson Lake South	Athabasca Basin, SK	100%	17	31,039	PFS	\$ 316,812,426

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_3O_8 production and will have an option to purchase up to an additional 15% U_3O_8 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.

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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 442 nuclear power reactors in operation supplying 31 countries around the world, with 54 under construction, another 109 planned and 330 proposed. 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:

Country	Under construction	Planned	Proposed	Total
China	12	42	170	224
India	7	14	28	49
Russia	4	24	22	50
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	17	23	62	102
Total	54	109	330	493

Source: World Nuclear Association (World Nuclear Reactors & Uranium Requirements - www.world-nuclear.org - Updated February 2020)

- *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). Since 2018, the secondary supply market has experienced a fivefold move in conversion prices and a 40% increase in separative work unit ("SWU") prices. In the previous bull cycle, U₃O₈ prices led and SWU and conversion prices followed. In the current uranium market, U₃O₈ prices have remained rangebound despite the robust moves in the secondary market. 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.

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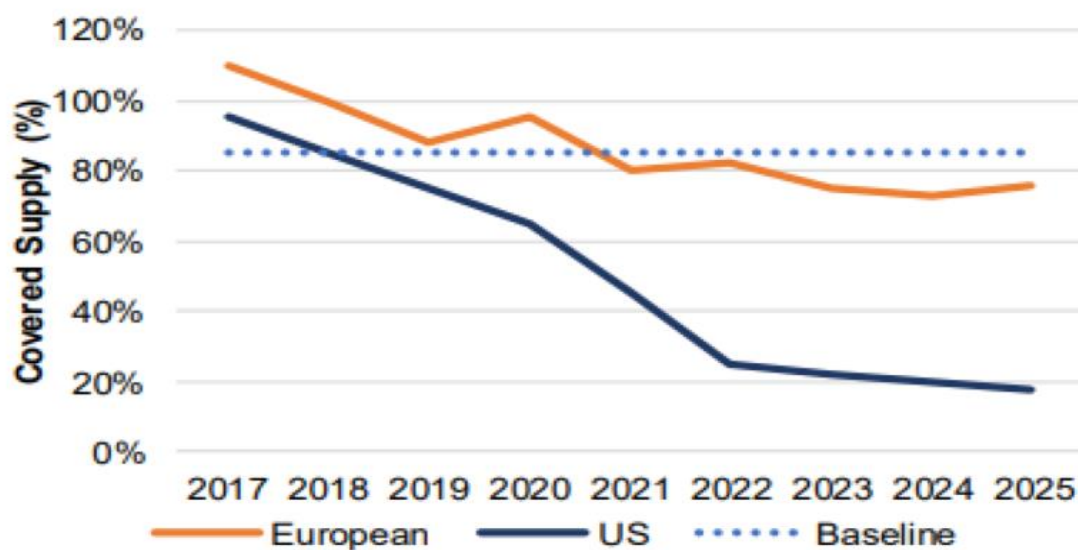
Uranium outlook (continued)

- *Uranium demand/supply fundamentals (continued)*

Consensus view is that inventories are still too high for a uranium price recovery. However, when analyzing data from 2006 to 2019, the U.S. commercial average uranium supply stock was 2.57 years. Today, U.S. inventories are below 2.5 years. Meanwhile, U.S. utilities during the same time period average 2.1 years of uranium stock while today they are below two years.

According to the UxC, mine production peaked in 2016 at 162mm lbs. It fell to 154mm lbs in 2017 and in 2018 production was 137mm lbs. Meanwhile, 2019 reactor demand was 192mm lbs, which generated a gap or shortfall of roughly 55mm to 60mm lbs in 2019. 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. A significant issue in the uranium market is that state-owned entities supply over half of the market, further exacerbating pressure on commercial producers. 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. It is worth noting that when new reactors are connecting to the electricity grid, they require frontloading of as much as three times annual uranium stock. This is bullish for the demand picture. 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)

Uranium outlook (continued)

- *Uranium demand/supply fundamentals (continued)*

Additionally, 2019 witnessed a major positive demand development with Cameco having to buy significant pounds in the spot market. Cameco gave guidance that they will be active in the spot market targeting the purchase of 21-23mm lbs of U_3O_8 to fulfill their contractual term obligations.

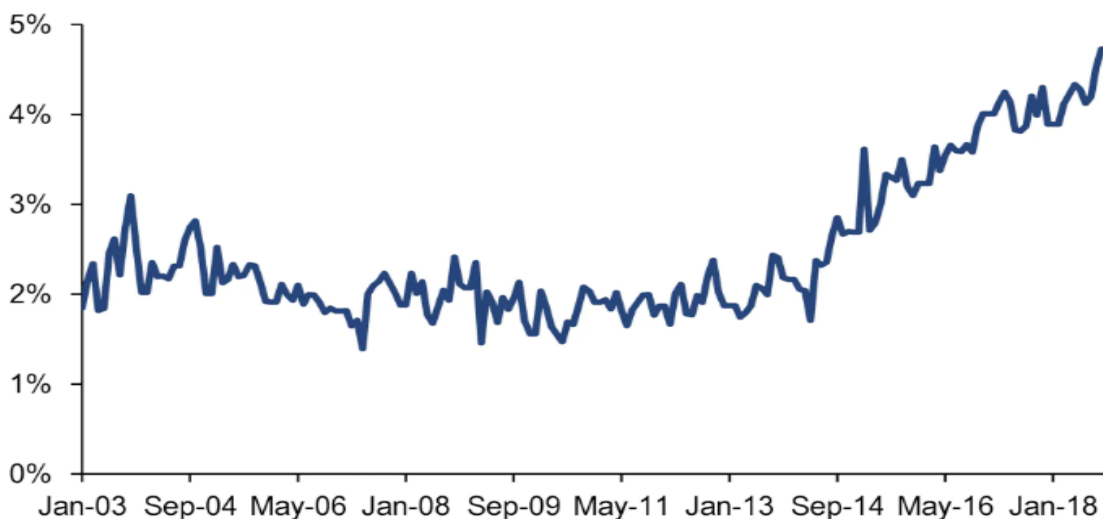
- *China – driver of demand*

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 47 in operation.

China's current domestic uranium production accounts for less than 25% of their annual requirements resulting in increased imports and stockpiling as they do not sell their domestic supply to the market, rather consume it for their reactors. 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 chain.

China's commitment to combatting air pollution is evident with nuclear energy benefitting as a zero carbon 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)

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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. 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.

To provide context, Japanese nuclear power generation in 2010 represented 25% of the country's total grid. By 2016 that number was reduced to 2% due to Fukushima. However, plans are to increase nuclear back to 20-22% by 2030.

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 most likely 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 largest commercial producer 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 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 likely aided in the subsequent increase in uranium spot prices during the latter half of 2018. Although spot prices declined in 2019, 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.

In addition to Cameco's production curtailments, Kazatomprom has also cut their production guidance. 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).

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.

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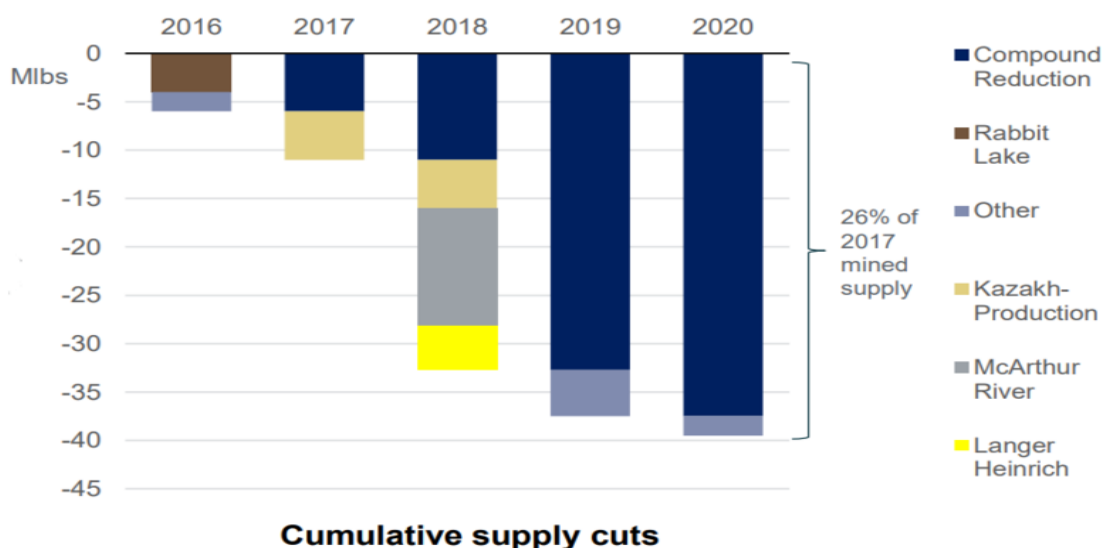
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Uranium outlook (continued)

- Supply deficits (continued)

Increasing the pressure on medium to long term supply is the lengthy period (approximately ten years on average) and capital costs required to take a uranium project from discovery to production. At the October 2019 NEI Conference, a prominent uranium hedge fund illustrated that the total capital costs of nine greenfield projects will require \$4.6 billion dollars of capital to build their respected mines. 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.

Most recently, conflict between the United States and Iran has resulted in accusations of Iran breaking the 2015 agreement that limited its nuclear program, taking the first step toward re-imposing United Nations sanctions. The European countries started the clock on what is anticipated to be 60 days of negotiations with Iran about coming back into full compliance with the nuclear deal. Under the agreement, if they cannot resolve their dispute, that could revive United Nations sanctions on Iran that had been suspended under the deal, including an arms embargo.

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Uranium outlook (continued)

- *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.

In July 2019, U.S. 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 established a Nuclear Fuel Working Group (NFWG) to examine the current state of domestic nuclear fuel production to reinvigorate the entire nuclear fuel supply chain in July 2019. The Nuclear Fuel Working Group had 90 days to submit their recommendations however, on October 11th, 2019, the U.S. President delayed the report a further 30 days. It is important to note that there is no statutory deadline for the Working Group unlike the Section 232 petition, suggesting that further delays are possible. At the time of print, the NFWG had not made any public announcements of their plans to support their domestic uranium sector.

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 96 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*

Although the spot price declined in 2019 from 2018 and remain uneconomic for almost all commercial producers, nuclear reactor builds are at an all time high and the demand forecast is robust. Inventories continue to be drawn down, while conversion and SWU prices have increased, 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.

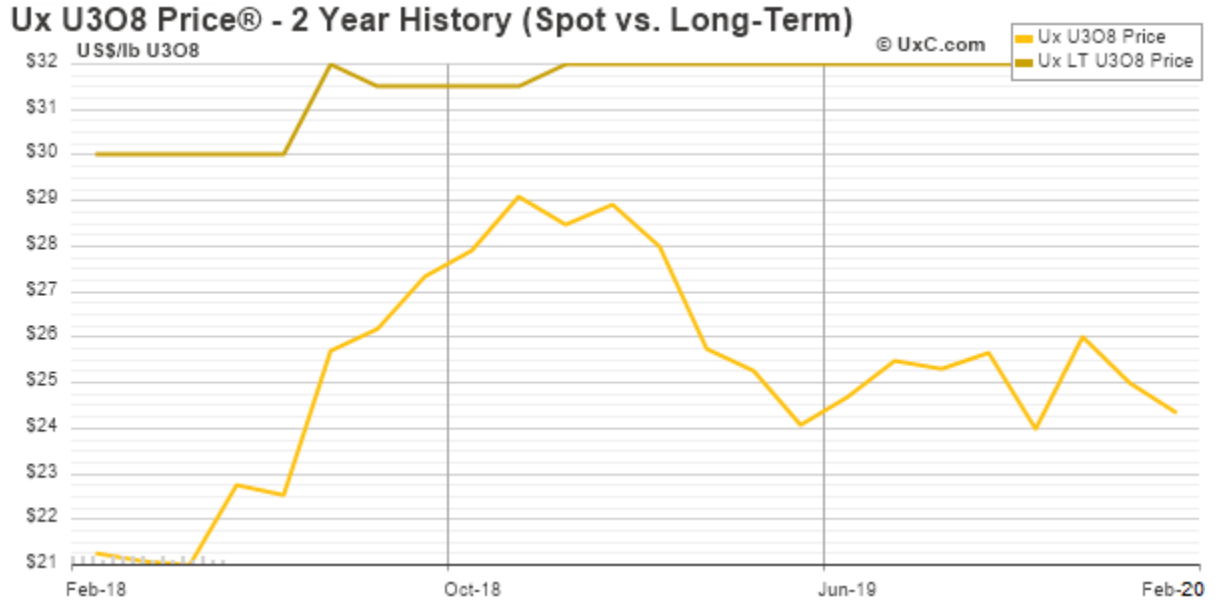
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Uranium outlook (continued)

- Uranium market



Source: Ux Consulting Company LLC, www.uxc.com: February 2020

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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.

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

	Year Ended December 31 2019	Year Ended December 31 2018	Year Ended December 31 2017
	\$	\$	\$
Net loss and comprehensive loss	(5,399,758)	(5,187,490)	(7,035,963)
Total assets	322,724,264	328,531,626	332,948,344
Current liabilities	420,336	1,094,156	487,327
Non-current liabilities	322,463	291,247	762,109
Shareholders' equity	321,981,465	327,146,223	331,698,908
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)

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	December 31 2019	September 30 2019	June 30 2019	March 31 2019
	\$	\$	\$	\$
Exploration and evaluation assets	316,812,426	315,921,679	314,551,875	312,292,070
Working capital	4,583,481	6,410,167	9,061,315	12,355,714
Net loss and comprehensive loss	(1,062,784)	(1,682,267)	(1,204,957)	(1,449,750)
Net loss per share basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)
Three months ended	December 31 2018	September 30 2018	June 30 2018	March 31 2018
	\$	\$	\$	\$
Exploration and evaluation assets	305,379,601	303,168,036	299,084,138	296,186,789
Working capital	20,748,907	23,345,865	28,739,990	32,718,431
Net loss and comprehensive loss	(853,951)	(944,698)	(2,231,207)	(1,157,634)
Net loss per share basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)

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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 December 31, 2019 and December 31, 2018

The Company had a net loss and comprehensive loss of \$1,062,784 (\$0.00 basic and diluted loss per share) compared to a net loss and comprehensive loss of \$853,951 (\$0.00 basic and diluted loss per share). The change in net loss is primarily attributable to the following factors:

- Gain on short-term investments decreased to \$19,637 from \$209,737 due to fair value changes in the Fission 3.0 warrants held by the Company during the period.

Comparison of the years ended December 31, 2019 and December 31, 2018

The Company had a net loss and comprehensive loss of \$5,399,758 (\$0.01 basic and diluted loss per share) compared to a net loss and comprehensive loss of \$5,187,490 (\$0.01 basic and diluted loss per share). The change in net loss is primarily attributable to the following factors:

- Share-based compensation decreased to \$17,223 from \$297,263 due to the vesting of stock options granted during the prior year, and there were no additional options granted in the year ended December 31, 2019.
- Interest and miscellaneous income decreased to \$277,424 from \$613,831 in correlation with the decrease in cash and cash equivalents during the year.
- Investment in Fission 3.0 write-down decreased to \$363,857 from \$1,164,525 due to changes in the quoted market price of the underlying common shares of Fission 3.0.
- Loss on short-term investments increased to \$372,312 from a gain of \$209,737 due to fair value changes in the Fission 3.0 warrants held by the Company during the year.
- Deferred income tax recoveries recognized decreased to \$Nil from \$762,109 in the prior year.

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.

Changes in working capital for the year ended December 31, 2019

At December 31, 2019, the Company had a working capital balance of \$4,583,481 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.

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Liquidity and capital resources (continued)

Cash flow for the three months ended December 31, 2019

Cash and cash equivalents for the three months ended December 31, 2019 decreased by \$2,022,466 as a result of:

- Cash outflows related to exploration and evaluation asset additions of \$1,047,456;
- Cash outflows from lease obligation payments of \$24,396; and
- Cash outflows from operating activities of \$950,614.

Cash flow for the year ended December 31, 2019

Cash and cash equivalents for the year ended December 31, 2019 decreased by \$6,157,695 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 \$12,113,649;
- Cash outflows related to property and equipment additions of \$12,420;
- Cash outflows from lease obligation payments of \$94,846; and
- Cash outflows from operating activities of \$3,936,780.

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.

	Year ended December 31 2019	Year ended December 31 2018
	\$	\$
<i>Compensation Costs</i>		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	2,072,845	2,096,240
Share-based compensation pursuant to the vesting schedule of option granted to key management personnel	4,339	194,259
	2,077,184	2,290,499
	December 31 2019	December 31 2018
	\$	\$
Exploration and administrative services billed to Fission 3.0 Corp., a company over which Fission Uranium has significant influence	599,796	192,516

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 year ended December 31, 2019, the Company issued 605,448 shares with a total value of \$216,000 under the DRP Plan (December 31, 2018 – 363,604 shares valued at \$244,375).

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**Related party transactions (continued)**

Included in accounts payable at December 31, 2019 is \$19,250 (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 December 31, 2019 is \$50,522 (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 year ended December 31, 2019 the Company recognized \$105,908 (December 31, 2018 - \$26,477) of the deferred gain on the Fission 3.0 warrants. The Company determined that the fair value of the warrants at December 31, 2019 was \$22,764 (December 31, 2018 - \$500,984) and therefore recognized an unrealized loss of \$478,220 (December 31, 2018 - \$183,260 gain) based on the fair value change. The net loss of \$372,312 (December 31, 2018 - \$209,237 gain) 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 March 30, 2020, the Company has 486,620,090 common shares issued and outstanding, and 18,765,000 incentive stock options outstanding with an exercise price of \$0.85 per share.

Internal controls over financial reporting

The Company's management is responsible for designing and maintaining an adequate system of internal controls over financial reporting as required under National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*. Management designed the internal control system based on the Internal Control - Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). From this framework, an evaluation of the internal control system was completed, and management concluded that as at December 31, 2019 a material weakness existed in the internal control over financial reporting as the Company did not maintain internal control over financial reporting that were operating effectively specifically to review and analyze certain public relations and administrative expense transactions of the Company. However, no adjustments were made to the annual financial statements as a result of this material weakness. In response to the material weakness in internal controls, the Board of Directors and management are currently taking steps to review, implement and document policies and procedures and internal controls for the purpose of strengthening the internal control system so that it operates effectively in the future. 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 year ended December 31, 2019 that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

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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 due to the material weakness in internal control over financial reporting, described above, the disclosure controls and procedures were not effective as at December 31, 2019.

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.

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.

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Significant accounting policies

A summary of the Company's significant accounting policies is included in Note 2 of the audited financial statements for the year ended December 31, 2019.

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.

This 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 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".

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

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

Cautionary notice to US investors regarding mineral resource estimates

Disclosure of mineral resource estimates and mineral classification terms herein are made in accordance with the Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. NI 43-101 is a rule established by the Canadian Securities Administrators ("CSA") that sets the standards for all public disclosure by issuers regarding scientific information and technical data concerning mineral projects. These standards differ significantly from the mineral reserve disclosure rules of the Securities and Exchange Commission ("SEC"). As a result, the Company's mineral resource estimate is not comparable to similar resource information that would be generally disclosed by US based companies under the rules of the SEC. The terms mineral resource, measured mineral resources, indicated mineral resources and inferred mineral resources, are reporting classification standards in Canada. Furthermore, inferred mineral resources have a greater amount of uncertainty as to whether they can be mined economically, legally, or whether they exist at all.

In accordance with Canadian rules, inferred mineral resource estimates cannot form the basis of pre-feasibility or feasibility studies. There are no guarantees and it cannot be assumed that any classification of mineral resources: measured, indicated, inferred, in whole, or in part, will ever be upgraded to a higher classification. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

Risks and uncertainties

The Company is subject to a number of risks and uncertainties, including: uncertainties related to the impact of the COVID-19 pandemic on capital markets and supply chains; 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.