



**Management's Discussion & Analysis**

**Fission 3.0 Corp.**

**For the Six Month Period Ended  
December 31, 2018**

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### **Introduction**

The following Management's Discussion and Analysis ("MD&A"), prepared as of February 26, 2019, should be read in conjunction with the unaudited condensed consolidated interim financial statements and accompanying notes of Fission 3.0 Corp. (the "Company" or "Fission 3.0") for the six month period ended December 31, 2018. The reader should also refer to the audited consolidated financial statements for the year ended June 30, 2018 as well as the MD&A for that year.

The Company's condensed consolidated interim financial statements 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.

Additional information related to the Company 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.fission3corp.com](http://www.fission3corp.com), or by requesting further information from the Company's head office located at 700 – 1620 Dickson Ave., Kelowna, BC, 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 "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., COO of Fission 3.0. 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**

The Company was incorporated on September 23, 2013 under the laws of the Canada Business Corporations Act in connection with a court approved plan of arrangement to reorganize Fission Uranium Corp. ("Fission Uranium") which was completed on December 6, 2013 (the "Fission Uranium Arrangement").

The Company is a junior resource issuer engaged in the acquisition, exploration, and development of uranium resource properties in Alberta, Saskatchewan's Athabasca Basin, as well as Peru. The Company's primary objective is to locate, evaluate and acquire properties with the potential to host high grade uranium. The preference is to evaluate early stage properties with the potential to host high grade uranium at shallow depths and to finance their exploration and potential development by way of equity financing, joint ventures, option agreements or other means. Therefore, the Company engages in early stage land acquisitions and is a "Project Generator".

The Company has approximately 212,591 ha of exploration properties with uranium potential in Saskatchewan and Alberta in Canada, and in Peru.

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### **Description of business (continued)**

The Company's award-winning management and technical team have a track record of acquiring highly prospective uranium properties, and successfully exploring and developing them for potential sale. By embracing the Project Generator model, the Company, through property option and joint venture agreements and technical expertise as operator, has the ability to attract financial partners.

Fission 3.0's common shares are listed on the TSX Venture Exchange under the symbol "FUU" and the Frankfurt Stock Exchange under the symbol "2F3".

### **Corporate goals**

The Company's goals are to discover an economic uranium deposit through exploration and to develop it. In addition, the Company will use its award-winning technical team to continually identify, evaluate and stake mineral claims in the Athabasca Basin that are prospective for high-grade uranium for exploration at a later stage. The Company's properties are located primarily in and around Saskatchewan's Athabasca Basin, home of the richest uranium deposits in the world.

The Company's intent is to utilize specialized exploration surveys and interpretations that led to the successful discovery of Fission Uranium's shallow, high-grade uranium discovery at Patterson Lake South ("PLS") to advance its properties. These include its innovative approach to radon surveys, underwater spectrometer analysis and radiometric airborne survey; the same technology used to identify the high-grade boulder field at PLS.

Management continues to believe that long-term world-wide uranium demand and the corresponding nuclear power plant build-out will require new uranium supply to meet this expected new demand. As such, management is highly optimistic about the long-term prospects for the uranium market and the Company remains committed to advancing its exploration plans in the Athabasca Basin to emulate the success of its predecessor companies, Fission Uranium and Fission Energy Corp. In addition, the Company will continue to examine joint venture, property acquisition, and other strategic corporate opportunities to enhance shareholder value.

### **Summary of significant accomplishments for the three month period ended December 31, 2018 and subsequent:**

#### *Private Placements*

In October 2018, the Company completed the second tranche of a non-brokered private placement. The Company issued 16,300,000 units at a price of \$0.10 per unit and 1,850,000 flow-through common shares at a price of \$0.10 for gross proceeds of \$1,815,000. Combined with the first tranche completed on September 28, 2018, the Company raised \$8 million to support additional drilling and exploration on its most promising properties. Sprott Capital Partners and Sprott Global Resource Investments Ltd received finders' fees on these tranches.

In December 2018, the Company completed another non-brokered private placement. The Company issued 6,364,550 flow-through common shares at a price of \$0.22 per share and 500,000 units at a price of \$0.20 per unit for gross proceeds of \$1,500,201.

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### *Winter Drill Program*

Concurrent with completion of these private placements, the Company announced its Athabasca Basin winter exploration drilling program which included plans to drill approximately 4,400 meters in 19 holes on 4 of its high-priority projects, prospective for hosting shallow, high-grade mineralization. The projects are located in 3 major regional districts of the Athabasca Basin: the emerging PLS area uranium camp in the southwest, the historic Key Lake area mining camp in the southeast and also the north eastern area of the Athabasca Basin.

Highlights include:

- Multi-project winter drill program will focus on four key projects in the Athabasca Basin: Wales Lake, Patterson Lake North ("PLN"), Key Lake and Cree Bay.
- Successful surveys and ground-prospecting from past programs have generated high-priority targets on each project.
- Within the Athabasca Basin region, the company's properties are all located in areas that are prospective for near-surface uranium mineralization.
- Program commenced in December 2018 at Wales Lake in the PLS Area – a district proven to host major, high-grade uranium deposits.
- Winter drilling will include:
  - *Wales Lake – 2 holes in 500m*
  - *PLN – 6 holes in 1,850m*
  - *Key Lake Area – 9 holes in 1,300m*
  - *Cree Bay – 2 holes in 750m*

### *PLN Winter Drill Program*

In February 2019, the Company announced the completion of the winter drill program at its PLN project. A total of 2,051m were drilled in six completed holes and two holes that were abandoned due to poor ground conditions. Drilling focused on the north-south trending A1 basement hosted electromagnetic "EM" conductor, where previous drilling in 2014, including hole PLN14-019 (6.0m @ 0.012% U<sub>3</sub>O<sub>8</sub>), indicated the conductive corridor to be prospective for mineralization. All six holes encountered strong hydrothermal alteration over variable widths and a number of narrow radiometric anomalies, including a downhole radiometric peak of 1,382cps (PLN19-026), often a key signature of mineralized systems. The A1 conductive corridor remains prospective to the south and PLN hosts multiple drill targets that remain untested on the property and will be the subject of future exploration.

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### Exploration properties

A list of the Company's uranium exploration properties, their current project status and their carrying value as at December 31, 2018 is shown below:

Property	Location	Ownership	Claims	Hectares	Stage	Carrying value (\$CDN)
<i>PLS Area</i>						
Clearwater West	Athabasca Basin Region, SK	100%	3	11,786	3	89,585
Patterson Lake North	Athabasca Basin Region, SK	90% <sup>(1)</sup>	10	27,408	3	4,733,615
Patterson Lake Northeast	Athabasca Basin Region, SK	100%	27	9,129	1	21,210
Wales Lake	Athabasca Basin Region, SK	100%	31	40,986	3	821,329
<i>Total: PLS Area</i>			71	89,309		5,665,739
<i>Key Lake Area</i>						
Ford Lake	Athabasca Basin Region, SK	100%	15	4,456	1	8,833
Gryphon West	Athabasca Basin Region, SK	100%	10	280	1	5,843
Hobo Lake	Athabasca Basin Region, SK	100%	15	11,867	3	153,805
Karpinka Lake	Athabasca Basin Region, SK	100%	27	7,510	3	162,875
Morin Lake	Athabasca Basin Region, SK	100%	3	377	1	2,141
<i>Total: Key Lake Area</i>			70	24,490		333,497
<i>Beaverlodge/Uranium City Area</i>						
Beaver River	Athabasca Basin Region, SK	100%	19	13,946	2	60,738
Hearty Bay	Athabasca Basin Region, SK	100%	3	6,881	1	17,358
Midas	Athabasca Basin Region, SK	100%	19	12,136	2	330,556
<i>Total: Beaverlodge/Uranium City Area</i>			41	32,963		408,652
<i>Other Saskatchewan Properties</i>						
Close Lake	Athabasca Basin Region, SK	100%	4	374	1	2,865
Cree Bay	Athabasca Basin Region, SK	100%	16	14,080	3	193,754
Montgomery Lake	Athabasca Basin Region, SK	100%	1	691	1	2,872
Murphy Lake	Athabasca Basin Region, SK	100%	8	609	1	10,718
Perron Lake	Athabasca Basin Region, SK	100%	1	145	2	-
<i>Total: Other Saskatchewan Properties</i>			30	15,899		210,209
<i>Alberta Area</i>						
North Shore	Athabasca Basin, AB	100%	16	44,830	3	232,037
<i>Peru</i>						
Macusani	Peru, South America	100%	9	5,100	3	2,867,894
<b>Totals</b>			<b>237</b>	<b>212,591</b>		<b>9,718,028</b>

#### Notes:

(1) Property option agreement with Azincourt.

#### Exploration Stage:

1. Prospecting
2. Geophysical Exploration, Sampling, Line Cutting, IP Surveys
3. Drilling

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### **Exploration properties (continued)**

Within the Athabasca Basin Region, the Company's properties are all located in areas that are prospective for near surface uranium mineralization in both basement and unconformity hosted models. The emphasis for land selection has been on identifying shallow hosted mineralization potential in conjunction with underlying structural and alteration features associated with appropriate lithologic units, with a focus on being near historic mining districts (such as Beaverlodge / Uranium City in north-western Athabasca Basin region and Key Lake area in the eastern Athabasca Basin region) or emerging major mining districts (such as the south-western Athabasca Basin region). As such, property locations tend to be proximal to the Athabasca Basin margins. Three geographic areas represent a key focus area and these include:

1. PLS Area: Includes 89,309 ha in 4 properties;
2. Key Lake Area: Includes 24,490 ha in 5 properties; and
3. Beaverlodge/Uranium City Area: Includes 32,963 ha in 3 properties.

There are 5 other highly prospective properties within the Athabasca Basin Region in Saskatchewan and 1 in Alberta which fall outside these 3 geographical areas, all situated in geologically attractive settings that indicate the potential to host uranium mineralization.

#### *PLS Area, Canada*

The PLS area has been the focus of 2 of the most significant recently discovered deposits in the Athabasca Basin; Fission Uranium's Triple R and NexGen Energy's Arrow deposits and the area is considered an important major emerging uranium mining district of the Athabasca Basin. The PLS Area portfolio consists of 89,309 ha in 4 properties, of which, the PLN property is considered the most advanced. PLN is located immediately to the north of Fission Uranium's PLS project, host of the Triple R deposit.

#### *Clearwater West Property*

The Clearwater West property "CWW" consists of 3 contiguous claims covering 11,786 ha. The uranium mineralization model that is envisioned on the CWW property is analogous to the structurally controlled Athabasca Basin unconformity deposits, which are generally associated with hydrothermally altered, structurally controlled metasedimentary lithology which appear as magnetic lows on geophysical surveys.

A brief summary of exploration activity on the CWW Property is as follows:

Between 2013 to 2015 various airborne and ground geophysics programs were conducted to investigate and evaluate the subsurface properties as assist in assessment of exploration potential, with the goal to identify drill targets. In 2013, a high-resolution magnetic and radiometric airborne survey was completed over the entire property. In 2014, an airborne VTEM magnetic and electromagnetic ("EM") geophysical survey was conducted over the property which identified several EM conductors on the east side of the property that may represent on-strike continuation of the EM conductors seen on the PLS property immediately to the north. In 2015, a DC resistivity and EM ground geophysical survey was conducted to prioritize drill locations over 8 separate EM conductors.

In 2015, a 3 hole, 534m drill program was completed. Drilling intersected wide intervals of hydrothermal alteration and structural features and locally narrow anomalous radioactivity, with a peak of 2,333 cps over 0.1m (measure from a down-hole gamma probe).

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### **Exploration properties (continued)**

#### *PLS Area, Canada (continued)*

##### *Patterson Lake North Property*

The PLN property consists of 10 claims covering 27,408 ha and is located immediately adjacent and to the north of Fission Uranium's PLS high grade Triple R uranium deposit.

A brief summary of exploration activity on the PLN property is as follows:

Prior to the winter 2019 season, the last drilling done on the property was in 2014. In 2014 a total of 10 holes were completed in 4,118m of drilling. The most significant result was returned from drill hole PLN14-019 which tested the A1 electromagnetic conductor and encountered anomalous radioactivity which was confirmed with geochemical analysis and assayed 0.047% U<sub>3</sub>O<sub>8</sub> over 0.5m. These results raised the potential of the A1 conductor to host high-grade uranium mineralization.

In February 2019, the Company completed a winter drill program. A total of 2,051m were drilled in six completed holes and two holes that were abandoned due to poor ground conditions. Drilling focused on the north-south trending A1 basement hosted electromagnetic "EM" conductor, where previous drilling in 2014, including hole PLN14-019 (6.0m @ 0.012% U<sub>3</sub>O<sub>8</sub>), indicated the conductive corridor to be prospective for mineralization. All six holes encountered strong hydrothermal alteration over variable widths and a number of narrow radiometric anomalies, including a downhole radiometric peak of 1,382cps (PLN19-026), often a key signature of mineralized systems. The A1 conductive corridor remains prospective to the south and PLN hosts multiple drill targets that remain untested on the property and will be the subject of future exploration.

##### *Patterson Lake Northeast Property*

The Patterson Lake Northeast Property ("PLNE") comprises 27 mineral claims with an area of 9,129 ha.

The Patterson Lake Northeast Property is situated within a shallow basin environment, neighboured to the west and south by the Patterson Lake North property, and 14km to the north of Fission Uranium's Triple R uranium deposit.

A 2013 VTEM MAX survey, carried out by the Company over the north portion of the Patterson Lake North Property, revealed a strong 'late time' EM conductor with significant offsets indicating cross structure. This sinuous feature, known as the 'N' conductor, is believed to extend onto the Patterson Lake Northeast Property in two locations. Ground follow up geophysical surveys of this feature indicated a wide complex conductor system, which may consist of individual conductors that are not yet uniquely resolved.

##### *Wales Lake Property*

The Wales Lake Property comprises 31 claims in 3 main geographic blocks totaling 40,986 ha. Located outside the margin of the southwest Athabasca Basin, Wales Lake east (Block C) is situated approximately 25km southwest of Fission Uranium's flagship Triple R uranium deposit, and occupies the same stratigraphic position within the Clearwater Domain. Wales Lake west (Block A & Block B) is located approximately 25km west of the Triple R deposit. The Wales Lake project represents relatively shallow depth target areas outside of the margin of the Athabasca Basin.

During summer 2017, the Company contracted Geotech Ltd. to use their helicopter-borne VTEM system to survey a total of 1,546 line-km at 200m line spacing over the Wales Lake claims within Blocks A & C.

A ground geophysical small moving loop electromagnetic survey was carried out by Discovery Geophysics Inc. from Nov 11 to Dec 5, 2018 within the Block C area. Nine grid lines were surveyed for a total of 21.5 km. Survey lines were targeted on prospective anomalies interpreted from the 2017 airborne VTEM survey.

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### **Exploration properties (continued)**

#### *PLS Area, Canada (continued)*

##### *Wales Lake Property (continued)*

As a result of analysis of the airborne VTEM survey and the ground moving loop EM survey, a 5,547 ha claim was staked in December 2018 to capture prospective ground on the southwest corner of Block C.

Follow-up drilling within Block C from Dec 6 to Dec 16, 2018 targeted anomalies interpreted from the ground electromagnetic survey. Two drill holes were completed for a total of 586 metres. Gneissic lithologies with intervals of moderate to strong hematite and chlorite alteration were intersected. A 0.5m interval of anomalous radioactivity associated with a pegmatite vein was encountered in hole WL18-002.

#### *Key Lake Area, Canada*

The Key Lake area is an important historic mining district. The Key Lake operations are owned by Cameco Corp. (83%) and Orano Canada Inc. (17%) and hosted the former Key Lake mine, which produced 208 million pounds of uranium between 1975 to 1997 and is home to one of the largest uranium mills in the world. The Key Lake mill processed ore from the McArthur River uranium deposit, until Cameco announced in 2018 that McArthur River mining would be suspended indefinitely due to low uranium prices. The area is considered highly prospective to discover significant new uranium occurrences. The Company's Key Lake Area Property portfolio consists of the Ford Lake, Gryphon West, Hobo Lake, Karpinka Lake and Morin Lake properties and totals 24,490 ha in 5 separate, non-contiguous properties. Locally the Key Lake area lies within the Key Lake Shear Zone ("KLSZ"), which is characterized as a broad northeast-southwest trending primarily metasedimentary corridor, and is expressed as a magnetic low in geophysical surveys. Within the KLSZ corridor numerous basement EM conductors are present.

Such EM conductors in metasedimentary corridors represent the classic setting for structurally controlled Athabasca-style high-grade uranium deposits. The Company believes its Key Lake area properties have the potential to host near surface high-grade uranium mineralization similar to the nearby historic Key Lake deposits. All of the properties have had significant historic exploration which has identified various features of interest including geophysical and geochemical anomalies, thus upgrading the merits overall.

A 9-hole, 1,300m drill program began on Feb 15, 2019. The program will test the +50km conductive trend, hosted within the KLSZ on the Karpinka Lake and Hobo Lake projects.

Based on the Company's lack of planned expenditure on certain claims, the Company identified an impairment indicator for the Key Lake Property. The Company determined that the fair value of the claims in which there is no planned expenditure is \$nil, and as a result, recorded an impairment of exploration costs in the amount of \$1,420 during the six month period ended December 31, 2018 (June 30, 2018 - \$151,330).

##### *Ford Lake Property*

The Ford Lake Property comprises 15 mineral claims with an area of 4,456 ha.

This Property is situated in the favourable east Athabasca Basin area, with the Key Lake uranium orebodies located 16km to the southeast.

Within 2km of the Property lies the Shift Lake Uranium Zone. This zone was discovered by several drill-holes that included a best intersection of 1.09% U<sub>3</sub>O<sub>8</sub> over a thickness of 2 metres. The uranium mineralization was found in the clay alteration zone of the basement complex near the unconformity and in association with graphite and or sulphides and arsenides within the metasediments below the clay alteration zone.

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### **Exploration properties (continued)**

#### *Key Lake Area, Canada (continued)*

##### *Gryphon West Property*

The Gryphon West Property comprises 10 mineral claims with an area of 280 ha.

The Property is underlain by rocks of the Wollaston-Mudjatik geologic transition zone in the eastern Athabasca Basin area.

The Property is located 1.1km west of the Gryphon Uranium Deposit, and 4.3km west of the Phoenix Uranium Deposit. For the Phoenix and Gryphon deposits, owned by Denison Mines Corp., total indicated mineral resources are estimated at 166,400 tonnes at an average grade of 19.13% U<sub>3</sub>O<sub>8</sub> containing 70.2 million pounds of U<sub>3</sub>O<sub>8</sub>. Total inferred mineral resources are estimated at 842,600 tonnes at an average grade of 2.37% U<sub>3</sub>O<sub>8</sub> containing 44.1 million pounds of U<sub>3</sub>O<sub>8</sub> (Mineral Resource Estimate September 25, 2015 – Preliminary Economic Assessment for the Wheeler River Uranium Project – Ken Reipas for SRK Consulting).

##### *Hobo Lake Property*

The Hobo Lake Property comprises 15 mineral claims with an area of 11,867 ha. Located approximately 80km south of the margin of the southeast Athabasca Basin, and 40km south of Karpinka Lake, Hobo Lake is the southern-most property of the Key Lake area and is likewise situated along the Wollaston-Mudjatik Transition Zone ("WMTZ"), host to the most important major deposits of the eastern Athabasca Basin. The Key Lake road, provincial highway 914, runs alongside the east boundary of the property and continues to the Key Lake uranium mill. The Key Lake Shear Zone hosts several uranium occurrences proximal to the Hobo Lake property.

Previous exploration included a VTEM airborne survey over the property, to map out magnetic and conductive features to help with assisting drill hole targeting.

##### *Karpinka Lake Property*

The Karpinka Lake Property comprises 27 mineral claims with an area of 7,510 ha. Located approximately 40km to the south of the margin of the southeast Athabasca Basin, Karpinka Lake is the northern-most property of the Key Lake area and is situated within the WMTZ. Important uranium deposits such as the McArthur River Uranium Mine, the Cigar Lake Uranium Mine, and the past-producing Key Lake Uranium Mine all lie within the Key Lake Shear zone of the WMTZ.

Previous exploration included a historic VTEM survey conducted in 2005 by Forum Uranium and a more recent VTEM survey in 2017 to complement and expand upon the 2005 survey.

##### *Morin Lake Property*

The Morin Lake Property comprises 3 mineral claims with an area of 377 ha.

This Property is situated in the favourable east Athabasca Basin area, with the Key Lake uranium orebodies located 19km to the southeast.

The Shift Lake Uranium Zone lies 9km to the northeast. Historic drilling included a best intersection of 1.09% U<sub>3</sub>O<sub>8</sub> over a thickness of 2 metres. The uranium mineralization was found in the clay alteration zone of the basement complex near the unconformity and in association with graphite and or sulphides and arsenides within the metasediments below the clay alteration zone.

The southeast portion of this property straddles a known airborne EM conductor. A change in the strike direction of the conductor beneath the property indicates possible cross structure.

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### **Exploration properties (continued)**

#### *Beaverlodge/Uranium City Area, Canada*

The Beaverlodge/Uranium City region is a major historic uranium mining district and home to the first uranium mining operations in Saskatchewan. Prior to the discovery of high-grade uranium mineralization in the Athabasca Basin with the Key Lake and Rabbit Lake discoveries, the Beaverlodge area was the most important uranium mining district in Saskatchewan. Throughout the 1950's and 1960's, 52 mines, including 12 open-pit mines were operated.

The Beaverlodge/Uranium City Area portfolio consists of 32,963 ha in 3 properties. The Company had 41 claims on 3 properties as at December 31, 2018.

The most recent developments on the Beaverlodge/Uranium City area's property portfolio are as follows:

#### *Beaver River Property*

The Beaver River Property consists of 19 claims totaling 13,946 ha located on the north central edge of the Athabasca Basin in Saskatchewan, approximately 44km east of Uranium City, Saskatchewan.

The property includes numerous confirmed EM basement conductors and several uranium showings providing surface outcrop sample assays of up to 3.66% U<sub>3</sub>O<sub>8</sub>.

During September 2013, a 5,288 line-km high resolution airborne magnetic and radiometric survey at 50m line spacing over the entire property was completed.

In May 2016, the Company completed an 880 line-km airborne VTEM survey at 200m line spacing over the eastern portion of the property, over an area with several identified historic in-situ uranium anomalies.

The VTEM survey was instrumental in defining conductive packages over the entire project area. In excess of 258km of conductors were defined by the VTEM survey. The interpreted results indicate complex conductor swarms which will require ground follow-up to establish drill targets. There are numerous areas of enhanced conductivity, as well as many areas of trend widening evidenced by increase in parallel multiple conductors and many offsets and termination points indicative of cross structure.

#### *Hearty Bay Property*

The Hearty Bay Property comprises 3 mineral claims with an area of 6,881 ha.

This Property is located on the north edge of the Athabasca Basin, 20km west of the Fond-du-Lac uranium deposit and 60km east of the Beaver Lodge uranium district.

The Property surrounds the historic Isle Brochet radioactive sandstone boulder trains, 1 kilometre long dispersal trains trending along the main ice direction and containing up to 3% uranium. Approximately 600 metres to the northeast several more radioactive boulders of both sandstone and basement origin were discovered. Historic drilling proximal to these boulders did not intersect any significant radioactivity, the source remains undetermined.

Strong airborne EM conductors within the property were identified by historic surveys up-ice of the radioactive boulder trains.

#### *Midas Property*

The Midas property consists of 19 mineral claims totaling 12,136 ha located near the north-west edge of the Athabasca Basin, Saskatchewan. Fission 3.0 holds a 100% interest in the property which was acquired by staking in August 2014.

In September 2013, a 517 line-km high resolution airborne magnetic and radiometric survey at 50m line spacing over the entire property was completed.

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### **Exploration properties (continued)**

#### Beaverlodge/Uranium City Area, Canada (continued)

##### *Midas Property (continued)*

Geological prospecting was carried out in September 2017 to evaluate historic uranium occurrences and radiometric anomalies from the 2013 airborne survey. A field crew of four collected 103 rock samples from favourable geologic settings. Geochemical assays ranged from below detection limit up to 95,000 ppm (U partial). Thirty-one samples yielded anomalous results >500 ppm U, with values ranging from 0.06% to 11.9% U<sub>3</sub>O<sub>8</sub>. The highest assay results were obtained from samples around and within the St. Michael mine area, where high-grade boulders returned assays up to 11.9% U<sub>3</sub>O<sub>8</sub>.

A modified induced polarization-resistivity ground geophysical survey was performed by Patterson Geophysics Inc. during September 2017. The survey was intended to delineate basement resistivity zones in areas of intense conductivity bright spots. A very highly conductive subsurface layer was encountered but a modified survey configuration allowed for successful imaging of the basement. Data processing and interpretation is in progress. A short test of a horizontal loop (slingram type) electromagnetic survey confirmed that it was not the appropriate survey method.

#### Other Saskatchewan Properties, Canada

The Company holds 30 claims totaling 15,899 ha in 5 other Saskatchewan properties located around and within the Athabasca Basin area. All properties are prospective for shallow targets in basement and/or unconformity hosted settings.

Based on the Company's lack of planned expenditure on certain claims, the Company identified an impairment indicator for the Other Saskatchewan Properties. The Company determined that the fair value of the claims in which there is no planned expenditure is \$nil, and as a result, recorded an impairment of exploration costs in the amount of \$43 during the six month period ended December 31, 2018 (June 30, 2018 – \$5,298).

The most recent developments on the Company's Other Saskatchewan Properties are as follows:

##### *Close Lake Property*

The Close Lake property consists of 4 claims totaling 374 ha located 13km to the northeast of the McArthur River Uranium Mine, along the same favourable trend of Wollaston Domain rocks.

Closer to the property, the Paul Bay Ore Shoot lies 2.5km to the southeast. This is a tongue-shaped lens of mineralization with a pitchblende-uraninite core surrounded by a sulphide-arsenide zone. Historic drilling returned a best intersection over 3.5m of 22.3% U<sub>3</sub>O<sub>8</sub> within a wider 8.0m interval of 9.38% U<sub>3</sub>O<sub>8</sub>. An ore calculation by PNC Exploration estimated 212,924 tonnes at an average grade of 2.99% uranium (PNC Canada, 1992). The Ken Pen Ore Zones were later discovered 250m to the north of Paul Bay, where drilling returned a best intersection of 4.4% U<sub>3</sub>O<sub>8</sub> over 9m within basement Wollaston Group rocks.

Within 2.5km to the northeast of the property is the C-1 East Conductor Showing, where drilling on a conductor that trends towards the Close Lake property encountered vein type pitchblende averaging 2.3% uranium over a 22m thick sequence of Wollaston Group basal conglomerates overlying clay altered pelites starting at 497m depth. Copper & zinc values reached 6,400 ppm and 1,100 ppm respectively. A deeper wide graphitic lithology ran up to 4% uranium over 0.5m, along with 2.9% copper and 4,100 ppb gold.

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### **Exploration properties (continued)**

#### *Other Saskatchewan Properties, Canada (continued)*

##### *Cree Bay Property*

The Cree Bay property consists of 16 claims totaling 14,080 ha located on the inside edge of the northern Athabasca Basin. The town of Stony Rapids is 20km to the north and the historic Nisto uranium mine is 13km to the northeast.

In August 2015, a 4,214 line-km high resolution airborne magnetic and radiometric survey at 50m line spacing over the property was completed. A compilation of radiometric anomalies and a magnetic interpretation report has been completed.

A DC Resistivity Induced Polarization ground geophysical survey conducted in September 2017 covered 24.0km on two separate grids, centered on sections of strong conductivity interpreted from a historic airborne Geotem electromagnetic survey. Basement conductive features and some sandstone resistivity low (alteration) features were detected. Some difficulties were encountered with surveying on Black Lake. The survey confirmed anomalous conditions that are indicative of alteration halos in the lower sandstone.

##### *Montgomery Lake Property*

The Montgomery Lake Property comprises 1 mineral claim with an area of 691 ha.

This Property was acquired to cover an airborne magnetic anomaly, evident from a recent government sponsored survey, that is characteristic of a kimberlitic magnetic signature.

Several other nearby claims were competitively staked by CanAlaska Uranium Ltd. to cover similar magnetic anomalies.

##### *Murphy Lake Property*

The Murphy Lake Property comprises 8 mineral claims with an area of 609 ha.

This Property is located in the eastern Athabasca Basin, on the west edge of the favourable Wollaston-Mudjatik lithologic trend.

The Property covers a curvilinear EM conductor that is a splay to the east off of a regional conductive trend that is host to the La Rocque Uranium Zone, 4.5km to the west, where intersections along a 400m drill defined strike length have returned up to 18.6% uranium over 2.7m, along with high values of associated base metals and gold.

Historic drilling by Areva along the conductor within the Property intersected a graphitic and sulphide rich basement conductive unit, with assays up to 199 ppm uranium at 350m depth, just above the unconformity.

##### *Perron Lake Property*

The Perron Lake property consists of 1 claim totaling 145 ha located 20km north of the Athabasca Basin. The town of Stony Rapids is located 40km to the southeast.

In August 2015, a 9,182 line-km high resolution airborne magnetic and radiometric survey at 50m line spacing was completed. The airborne survey revealed a number of subtle radiometric anomalies.

In September 2015, a 4-person geology crew conducted a 15-day ground prospecting program designed to follow up on radiometric anomalies identified from the high resolution airborne magnetic and radiometric survey. The prospecting did not discover any radiometric sources that would indicate economic uranium mineralization within the property area. However, geological traverses revealed lithologies of interest to uranium mineralization as well as base and precious metal possibilities.

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### Exploration properties (continued)

#### Alberta Area, Canada

##### *North Shore Property, Canada*

The North Shore property consists of 16 metallic and industrial minerals agreements totaling 44,830 ha situated along the northwest margin of the Athabasca Basin. During the period, the Company has allowed 2 claims to lapse.

In August 2013, a 12,257 line-km high resolution airborne magnetic and radiometric survey at 50m line spacing over the property was completed, revealing two significant and strongly radioactive uranium source anomalous regions.

A September 2013 prospecting program followed up on information gleaned from the airborne radiometric survey. Highlights were the discovery of previously unknown areas of Athabasca sandstone outcrop, and many locations where the Athabasca Basin margin has been faulted and hydrothermally active.

Based on the Company's lack of planned expenditure on certain claims, the Company identified an impairment indicator for the North Shore Property. The Company determined that the fair value of the claims in which there is no planned expenditure is \$nil, and as a result, recorded an impairment of exploration costs in the amount of \$37,978 during the six month period ended December 31, 2018.

#### Macusani Property, Peru

The Peruvian property portfolio consists of 9 mineral concessions totaling 5,100 ha located within southeastern Peru.

On August 16, 2018 the Company announced that it had entered into a binding letter of intent with Rhyolite Lithium Corp. ("Rhyolite") pursuant to which Rhyolite can earn up to an 80% interest in the Company's mining concessions located in Peru (the "Peruvian Assets") by spending approximately \$22 million over a five-year period (the "Earn-In").

As a part of the consideration for the Earn-In, the Company received \$100,000 cash upon signing the LOI, of which, \$75,000 is a refundable deposit.

Subject to the settlement of definitive documentation in respect of the Earn-In, Rhyolite will grant the Company 19.9% of its issued and outstanding shares and be required to spend a minimum of \$5.5 million over the next two years to earn a 50% interest in the Peruvian Assets. Rhyolite will also have the option to spend a further \$16.5 million over the following three years to earn an additional 30% interest in the Peruvian Assets.

In June 2016, the Company initiated a 16 hole 1,370m summer exploration drill program on the property. On June 15, 2016 after announcing the results from the first 6 holes, the Company temporarily stopped drilling while it waited for renewal of its drill operating permit. Drilling resumed in mid-August 2016 and on October 17, 2016 another 7 successful drill holes were announced. In all, 9 holes tested the Llama North prospect and 7 holes tested the Llama South prospect.

Mineralization at Macusani is defined where assay results are >75ppm U<sub>3</sub>O<sub>8</sub> over widths of at least 0.5m (core width, not necessarily true width). At Llama North, 6 of the 9 holes intersected variably mineralized intervals and at Llama South, all 7 holes intersected variably mineralized intervals.

The Llama North and Llama South prospects were identified during surface mapping and prospecting, where numerous anomalous uranium outcrops have assayed >2% U<sub>3</sub>O<sub>8</sub> including a maximum of 24.48% U<sub>3</sub>O<sub>8</sub>. The prospects are part of an anomalous mineralized 8km NE oriented corridor that includes two shallow, resource-defined and heap leachable uranium deposits on Plateau Uranium's property. Both deposits are also host to substantial lithium mineralization. Based on encouraging surface mapping and assay results, and in the context of the mineralized trend hosting significant identified resources on Plateau Uranium's properties, a drill program was initiated.

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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 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 454 Nuclear Power Reactors in operation supplying 31 countries around the world, with 57 under construction, another 132 planned and 365 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	13	43	170	226
India	7	14	28	49
Russia	6	25	22	53
USA	2	14	28	44
Canada	-	-	2	2
Japan	4	1	8	13
Saudi-Arabia	-	-	16	16
South Korea	5	-	-	5
UAE	4	-	10	14
Ukraine	-	2	11	13
Others	16	33	70	119
<b>Total</b>	<b>57</b>	<b>132</b>	<b>365</b>	<b>554</b>

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

- *Uranium demand/supply fundamentals*

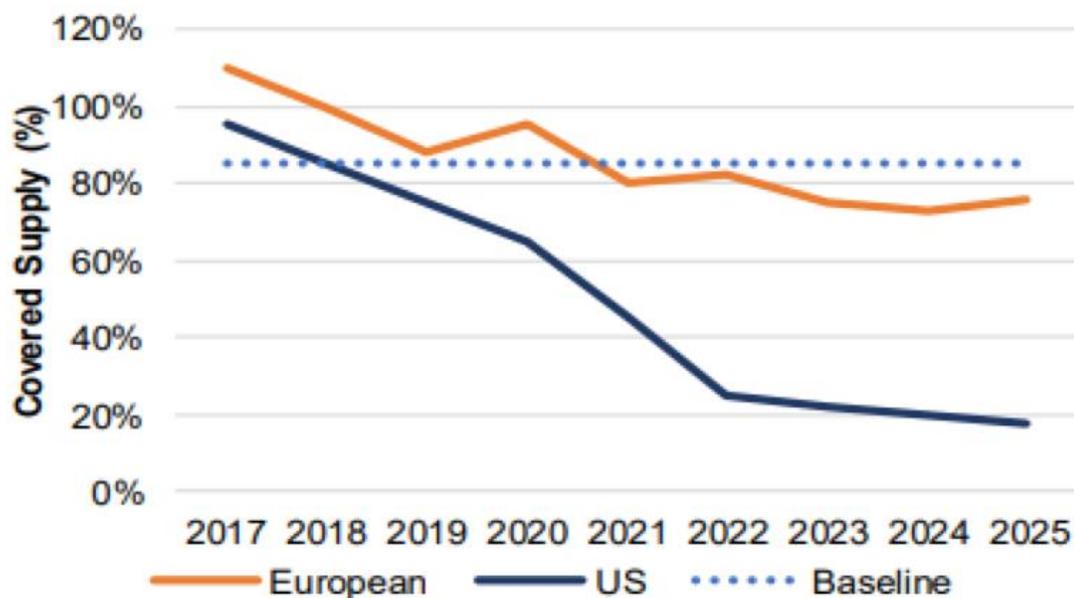
A global uranium demand/supply imbalance has existed for many years, primarily due to the way utilities procure supply as well as the drag the Fukushima event has had on the industry that significantly curbed existing demand and forecasted demand growth. Primary uranium supply from uranium producers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

**Uranium outlook (continued)**

- *Uranium demand/supply fundamentals (continued)*

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

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



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

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

**Uranium outlook (continued)**

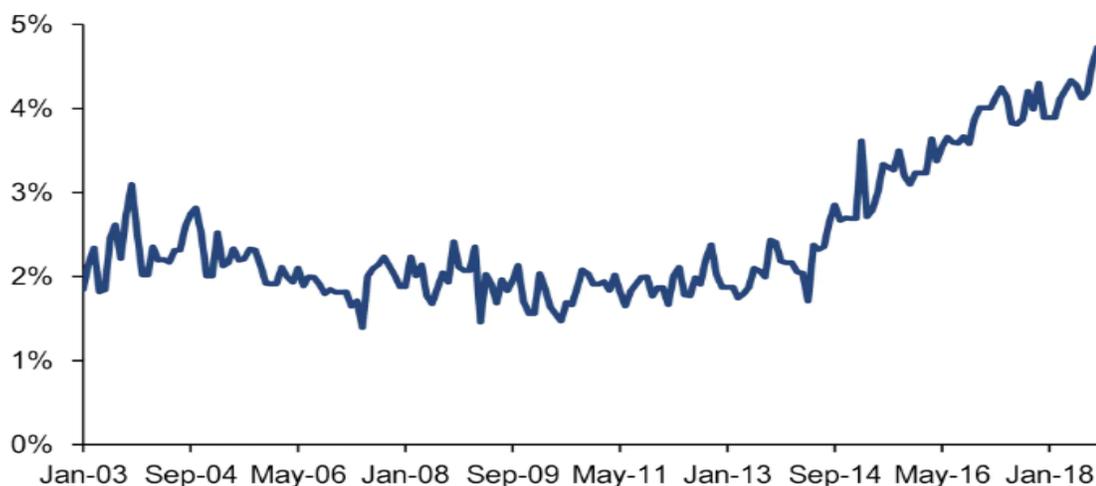
- *China – driver of demand*

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. Subsequently, there are currently 13 nuclear power plants under construction in China, all scheduled for completion between 2019 and 2021.

China's current domestic uranium production accounts for less than 25% of their annual requirements resulting in increased imports and stockpiling. In 2010, Cameco signed the first of two long-term contracts with Chinese owned utilities for the delivery of uranium. Additional long-term demand is anticipated from other Asian countries, most notably India and South Korea as they expand their planned nuclear build-out. In 2015, Cameco signed its first contract with India to supply 7.1 million lbs of uranium concentrate through to 2020. CGN Mining's offtake agreement with Fission Uranium is also highly significant as it highlights that China is moving to further secure its long-term uranium supply.

China's commitment to combatting air pollution is evident with nuclear energy benefitting as a zero-emissions power generation source. As the below chart depicts, 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)

- *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.

**Uranium outlook (continued)**

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

A total of 9 reactors have restarted and 26 reactors in total have applied for restart while 2 reactors are under construction and 9 new reactors are being planned or proposed. This is a positive development to the psyche of the market and the long-term outlook for nuclear power. The Japanese Government has confirmed their energy plan in July of 2018 with a commitment to generate 20% - 22% nuclear power by 2030, which would equate to approximately 30 reactors (*source: WNA, July 2018*).

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

- *Supply deficits*

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

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

These supply disruptions from the two largest producers follow a period in which several new projects have been categorized as uneconomic. Worldwide projects cancelled or deferred since 2012 include: Yeelirrie and Kintyre in Australia (Cameco), Trekkopje in Namibia (AREVA), Imouraren in Niger (AREVA) and the Olympic Dam expansion in Australia (BHP).

Increasing the pressure on medium to long term supply is the lengthy period (approximately ten years on average) required to take a uranium project from discovery to production. With many projects stalled or abandoned, analysts believe that a growing supply/demand imbalance may be difficult to deal with once secondary supplies can no longer meet rising demand which started to happen in 2018. This increases the attractiveness of assets that have the potential to be taken into production in stable political jurisdictions and at a lower operating cost. Such projects have similar characteristics to Fission Uranium's Triple R deposit: high-grade, shallow, in basement rock and in a stable jurisdiction.

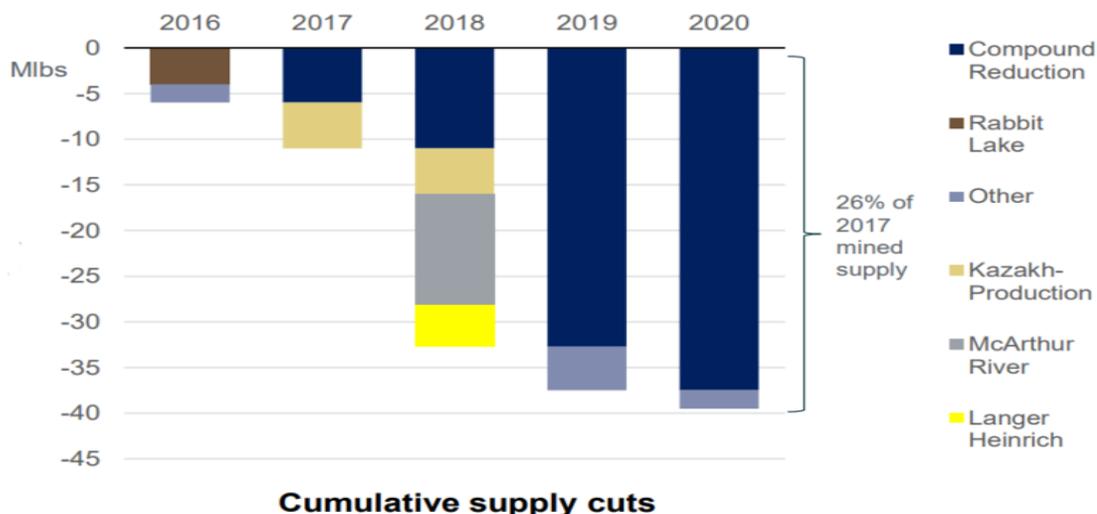
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### Uranium outlook (continued)

- *Supply deficits (continued)*



(Source: Paladin Energy - Uranium supply cuts)

- *Supply disruption concerns*

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

- *United States of America*

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

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 98 operating reactors and, it is important to note, that 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.

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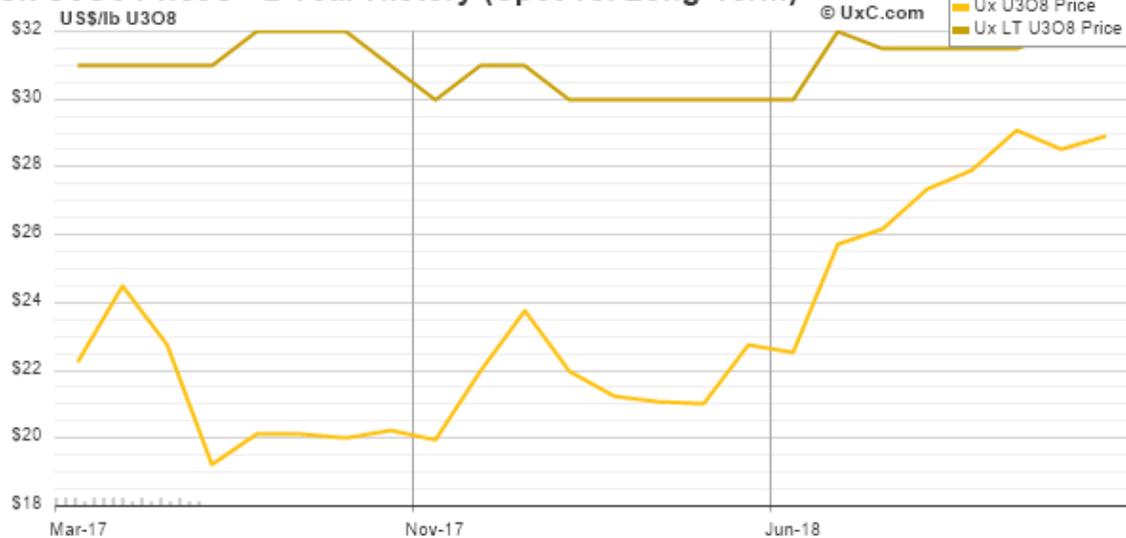
## Uranium outlook (continued)

- *Summary*

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

- *Uranium market*

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



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

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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.

	June 30 2018	June 30 2017	June 30 2016
	\$	\$	\$
Net loss	(1,183,841)	(2,089,830)	(1,117,339)
Total assets	9,165,981	10,363,321	10,431,380
Current liabilities	329,823	51,718	55,762
Deferred income tax liability	-	308,880	1,066,189
Shareholders' equity	8,836,158	10,002,723	9,309,429
Basic and diluted loss per common share	(0.02)	(0.04)	(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*.

Quarter ended	December 31 2018	September 30 2018	June 30 2018	March 31 2018
	\$	\$	\$	\$
Exploration and evaluation assets	9,718,028	8,871,862	8,855,394	8,838,662
Working capital (deficiency)	6,707,817	5,242,585	(40,029)	702,633
Net loss	(875,335)	(381,168)	(613,805)	(187,590)
Net loss per share basic and diluted	(0.01)	(0.00)	(0.02)	(0.00)
Quarter ended	December 31 2017	September 30 2017	June 30 2017	March 31 2017
	\$	\$	\$	\$
Exploration and evaluation assets	8,678,317	8,399,800	7,740,779	7,689,894
Working capital	1,038,285	1,539,848	2,540,275	2,042,964
Net loss	(195,015)	(187,431)	(348,351)	(164,218)
Net loss per share basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

### Results of operations

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

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## **Fission 3.0 Corp.**

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

#### *Comparison of the three months ended December 31, 2018 and December 31, 2017*

The Company had a net loss of \$875,335 ((\$0.01) per basic and diluted share) compared to a net loss of \$195,015 (\$0.00 per basic and diluted share). The change in net loss is primarily attributable to the following factors:

- Professional fees increased to \$116,043 from \$57,885 due to tax and legal advice regarding the Rhyolite Lithium Corp. letter of intent and property option agreement.
- Share-based compensation increased to \$447,489 from \$nil due to the fair value of granted stock options recognized during the period.
- Public relations and communications costs increased to \$104,606 from \$43,452 due to an overall increase in the Company's marketing and promotional activities during the period.
- Consulting and directors fees and wages and benefits increased to \$206,768 from \$130,835 due to bonuses paid and compensation adjustments resulting from a realignment of staff duties.

#### *Comparison of the six months ended December 31, 2018 and December 31, 2017*

The Company had a net loss of \$1,256,503 ((\$0.01) per basic and diluted share) compared to a net loss of \$382,446 ((\$0.01) per basic and diluted share). The change in net loss is primarily attributable to the following factors:

- Professional fees increased to \$218,142 from \$98,908 due to tax and legal advice regarding the Rhyolite Lithium Corp. letter of intent and property option agreement.
- Share-based compensation increased to \$513,230 from \$nil due to the fair value of granted stock options recognized during the period.
- Public relations and communications costs increased to \$141,190 from \$70,582 due to an overall increase in the Company's marketing and promotional activities during the period.
- Consulting and directors fees and wages and benefits increased to \$324,804 from \$253,469 due to bonuses paid and compensation adjustments resulting from a realignment of staff duties.

### **Liquidity and capital resources**

Fission 3.0 is an exploration and evaluation company and has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets, including the acquisition costs, is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

On an ongoing basis, the Company monitors and adjusts, when required, exploration programs as well as ongoing general and administrative costs to ensure that adequate levels of working capital are maintained. The Company has no exploration and evaluation asset agreements that require it to meet certain expenditures. The Company is currently working towards a joint venture agreement with Azincourt, in which Azincourt will maintain its 10% interest and fund future exploration programs in accordance with its interest.

#### *Financings and private placements*

- September 28, 2018

The Company completed the first tranche of a non-brokered private placement of 9,800,000 flow-through common shares at a price of \$0.10 per share and 52,050,000 units at a price of \$0.10 per unit for gross proceeds of \$6,185,000. Each unit consists of one common share and one common share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.15 per warrant until three years from the date of issuance. The Company incurred share issuance costs of \$514,615 in connection with this placement.

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### **Liquidity and capital resources (continued)**

#### *Financings and private placements (continued)*

- October 12, 2018

The fair value of the warrants was determined using the Black-Scholes pricing model using the following assumptions: a volatility of 109.08%; risk-free interest rate of 2.20%; expected life of 1.5 years; and a dividend rate of 0%.

The Company completed the final tranche of a non-brokered private placement of 1,850,000 flow-through common shares at a price of \$0.10 per share and 16,300,000 units at a price of \$0.10 per unit for gross proceeds of \$1,815,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.15 per warrant until three years from the date of issuance. The Company incurred share issuance costs of \$167,641 in connection with this placement.

The fair value of the warrants was determined using the Black-Scholes pricing model using the following assumptions: a volatility of 109.76; risk-free interest rate of 2.26%; expected life of 1.5 years; and a dividend rate of 0%.

- December 20, 2018

The Company completed a non-brokered private placement of 6,364,550 flow-through common shares at a price of \$0.22 per share and 500,000 units at a price of \$0.20 per unit for gross proceeds of \$1,500,201. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.25 per warrant until three years from the date of issuance. The Company incurred share issuance costs of \$143,987 and issued 445,518 finders warrants with a fair value of \$33,635 in connection with this placement.

At the time of this placement, a flow-through share premium liability of \$381,873 was recognized and was reported as a reduction to share capital. The flow-through share premium liability will be taken into other income when the renunciation documents are filed.

Each finder's warrant is exercisable into one common share at a price of \$0.22 per warrant until three years from the date of issuance. The fair value of the finders' warrants, which was included in other capital reserves, and share unit warrants was determined using the Black-Scholes pricing model using the following assumptions: a volatility of 120.46%; risk free interest rate of 1.90%; expected life of 1.5 years; and a dividend rate of 0%.

All share purchase warrants issued in the above private placements contain the following acceleration clause: If, commencing four months and one day after the date of issuance, the volume weighted average trading price of the Company's shares on the TSX Venture Exchange is higher than \$0.30 for 20 consecutive trading days then, on the 20th consecutive trading day of any such period (the "Acceleration Trigger Date"), the expiry date of the Warrants may be accelerated by the Company in its absolute discretion to the 30<sup>th</sup> calendar day after the Acceleration Trigger Date by the issuance of a news release announcing such acceleration within three trading days of the Acceleration Trigger Date.

#### *Changes in working capital for the six month period ended December 31, 2018:*

On December 31, 2018, the Company had working capital of \$6,707,817 compared to negative working capital of \$40,029 at June 30, 2018. The increase in working capital was primarily a result of:

- Net proceeds from the issuance of common share units and flow-through common shares related to the non-brokered private placements.

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### Liquidity and capital resources (continued)

*Cash flow for the three month period ended December 31, 2018:*

Cash and cash equivalents for the three month period ended December 31, 2018 increased by \$1,679,953 primarily as a result of:

- Proceeds, net of share issuance costs, related to the non-brokered private placements of \$3,108,655;
- Cash outflows related to exploration and evaluation asset additions of \$485,273; and
- Cash outflows from operating activities of \$942,751.

*Cash flow for the six month period ended December 31, 2018:*

Cash and cash equivalents for the six month period ended December 31, 2018 increased by \$7,227,840 primarily as a result of:

- Proceeds, net of share issuance costs, related to the non-brokered private placements of \$8,707,140;
- Cash outflows related to exploration and evaluation asset additions of \$605,679 partially offset by a deposit received on the Macusani LOI in the amount of \$100,000; and
- Cash outflows from operating activities of \$971,781.

### Related party transactions

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

	Three months ended December 31		Six months ended December 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Compensation costs</i>				
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	<b>186,223</b>	118,769	<b>299,321</b>	232,000
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	<b>218,292</b>	-	<b>260,436</b>	-
	<b>404,515</b>	118,769	<b>559,757</b>	232,000
Exploration and evaluation expenditures (capitalized) and administrative services paid or accrued to Fission Uranium, a company which has significant influence over Fission 3.0	<b>96,603</b>	51,360	<b>127,783</b>	115,981
<b>Total</b>	<b>501,118</b>	170,129	<b>687,540</b>	347,981

Included in accounts payable at December 31, 2018 is \$7,192 (June 30, 2018 - \$2,538) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

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**Fission 3.0 Corp.**

Management's Discussion and Analysis  
For the Six Month Period Ended December 31, 2018  
(Expressed in Canadian dollars, unless otherwise noted)

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**Related party transactions (continued)**

Included in accounts payable at December 31, 2018 is \$87,770 (June 30, 2018 - \$43,988) for exploration and evaluation expenditures and administrative services due to Fission Uranium.

During the three month period ended September 30, 2018, the Company received proceeds from promissory notes in the amount of \$150,000 from officers of the Company. These promissory notes were repaid to the officers in full (plus interest of \$1,162) during the same period.

These transactions were in the normal course of operations.

**Outstanding share data**

As at February 26, 2019, the Company has 141,853,371 common shares issued and outstanding, 10,686,667 incentive stock options outstanding with an exercise prices ranging from \$0.12 to \$0.19 per share, and 74,843,198 warrants outstanding with exercise prices ranging from \$0.15 to \$0.40 per share.

**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 and amounts receivable at amortized cost for subsequent measurement purposes. All short-term investments are measured at fair value through profit or loss.

**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 consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Exploration and evaluation assets*

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

Determination of whether any impairment indicators exist at each reporting date giving consideration to factors such as budgeted expenditures on each of the properties, 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.

**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 June 30, 2018.

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

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

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

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. The Company believes that the expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this MD&A should not be unduly relied upon.

This information speaks only as of the date of this MD&A. In particular, this MD&A may contain forward-looking information pertaining to the following: the likelihood of completing and benefits to be derived from corporate transactions; 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; the ability for the Company to identify suitable joint venture partners; exploration, development and expansion plans and objectives; 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.

### **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.