



MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE MONTHS ENDED NOVEMBER 30, 2016

The Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the Atom Energy Inc. (the "Company") financial statements. The information provided herein should be read in conjunction with the Company's unaudited financial statements and notes for the three months ended November 30. All amounts are stated in Canadian dollars unless otherwise indicated. The effective date of this report is January 30, 2017.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See the "Forward-Looking Statements" section of the report.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management on a quarterly basis to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review Company statutory filings on www.sedar.com.

DESCRIPTION OF BUSINESS AND OVERVIEW

Atom Energy Inc. is a Canadian-based exploration company exploring for uranium in the Athabasca Basin region of northeast Saskatchewan. The Company's common shares trade on the NEX board of the TSX Venture Exchange with the symbol 'AGY.H'.

On September 21, 2016 the Company consolidated its share capital on the basis of one post-consolidation common share for each seven and one half pre-consolidation common shares. All references to the number of common shares and per share amounts have been retroactively restated to give effect to the consolidation.

The Company's near- and long-term exploration plans remain suspended due to lack of funding as challenges in the capital markets for junior exploration companies continue. Low pricing for uranium on the global market has also created an environment of uncertainty within the sector as to the viability of economic development of uranium exploration projects. The Company has reduced its exploration commitments and overall liabilities by terminating its non-core property agreements to preserve cash and reduce expenses. No recent work has been conducted on the Company's exploration projects, as all exploration work has been suspended until adequate funding has been sourced.

While the Company has to date been able to maintain some of its exploration properties in good standing, it has not had the ability to advance exploration in the past three years. The continuation of the global economic downturn for junior resource exploration companies and overall market volatility, combined with the Company's cumulative operating losses and its significant working capital deficiency casts significant doubt upon the Company's ability to continue as a going concern.

Exploration and Development Projects

The Company's exploration projects have been reduced in scope and size in the past two years – it now maintains ownership of one uranium exploration project on the eastern margin of the Athabasca Basin region of northeast Saskatchewan, Canada covering an aggregate 4,082 hectares. There are several producing or formerly producing uranium mines and numerous significant uranium structures in the area.

Project Summary

A summary of the Company's projects is found below. Additional information and more detail regarding the Company's previous exploration efforts can be found in various news releases on www.sedar.com.

McCarthy Lake Project

The 4,082-hectare McCarthy Lake Project lies northeast of the McArthur River Mine and southeast of the Cigar Lake Mine on the eastern edge of the Athabasca Basin in northern Saskatchewan. Previous exploration work at McCarthy Lake includes the 2010 airborne Z-TEM survey, which was conducted over the entire extent of the Project area. The Company owns 100% of the McCarthy Lake Project. At fiscal year-end 2015, it was determined that the McCarthy Lake property was

impaired; as a result, the book value of \$1,296,276 attributed to the Project was written-off. The Company is actively seeking joint venture partners to assist in developing the McCarthy Lake Project.

Keefe Lake Project

Since 2011, the Company has expended a total of \$3,984,138 in exploration over the Keefe Lake project area, on a host of geophysical datasets and on two drill programs: Phase 1 in fall 2011 and Phase 2 in winter 2012. Based on its 3D modeling of the Project based on the acquired data, in 2013 the Company prepared a 30-hole Phase 3 diamond drilling program at Keefe Lake, however it was not commenced due to lack of follow-on exploration funding.

During the year ended August 31, 2015, several option agreements on properties comprising the Keefe Lake Project were terminated to reduce the Company's exploration commitments and cash payments on exercise. As a result, \$888,307 and \$4,937,544 in exploration and evaluation expenditures associated to the Keefe Lake Project were written off as the Company determined the Project was impaired due to inactivity, lack of exploration capital, and a shortened time frame in which to exercise the remaining property purchase option.

On October 19, 2015, in order to reduce its exploration commitments and preserve cash, the Company terminated its 2011 Keefe Lake Property Option Agreement in exchange for a NSR royalty of 1% on the Keefe Lake claims and the return of the 2.5% NSR on its McCarthy Lake claims, plus an option to earn a reduced working interest in the Keefe Lake property by way of a new Keefe Lake Earn-in Agreement. Subject to the Earn-In Agreement, in addition to the 1% NSR, the Company can earn a 22.5% working interest in the Keefe Lake claims by expending \$292,500 in exploration in a joint operation on the property and making a cash payment of \$337,500 to the vendor by July 16, 2016.

On July 15, 2016, the vendor of the Keefe Lake properties granted the Company an extension in order for the Company to meet the commitments under the Keefe Lake Earn-In Agreement. On August 26, 2016, as the Company was unable to secure the requisite financing to exercise the option to purchase the Keefe Lake interest, the Keefe Lake Earn-in Agreement expired. The Company no longer has any interest in the Keefe Lake claims.

SUMMARY OF QUARTERLY RESULTS

Selected financial indicators for the past eight quarterly periods are shown below (expressed in Canadian dollars):

	Three Months Ended November 30, 2016	Three Months Ended August 31, 2016	Three Months Ended May 31, 2016	Three Months Ended February 29, 2016
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Interest income	-	-	-	-
Net loss	(18,339)	(24,923)	(32,239)	(43,290)
Loss per share – basic and diluted	(0.02)	(0.03)	(0.03)	(0.05)
Total assets	6,611	23,012	2,431	4,944
Working capital (deficit)	(649,257)	(630,917)	(605,995)	(573,755)

	Three Months Ended November 30, 2015	Three Months Ended August 31, 2015	Three Months Ended May 31, 2015	Three Months Ended February 28, 2015
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Interest income	-	-	-	-
Net income (loss)	(35,784)	(6,612,552)	(136,123)	(47,924)
Loss per share – basic and diluted	(0.04)	(7.23)	(0.15)	(0.05)
Total assets	2,341	2,898	6,536,330	6,535,545
Working capital	(530,465)	(494,681)	(412,559)	(276,436)

Loss for the quarterly periods is relatively consistent but spiked significantly for the three months ended August 31, 2015 as the Company wrote-off several of its exploration and evaluation assets during this period.

Other fluctuations occur in the Company's expenditures reflecting the variations in the timing of exploration activities and general operations, and the ability of the Company to raise capital for its projects, including share-based payments during certain quarters. See also the Results of Operations section below for additional information.

RESULTS OF OPERATIONS

Overall, the Company recorded a loss of \$18,339 (\$0.02 per common share) for the three months ended November 30, 2016 as compared to a loss of \$35,784 (\$0.04 per common share) for the three months ended November 30, 2015.

Operating Expenses:

Operating expenses were \$23,814 for the three months ended November 30, 2016 as compared to \$35,784 for the three months ended November 30, 2015 reflecting the Company's efforts to reduce expenses. The decrease in operating expenses as compared to the prior year consisted primarily of: consulting fees and management fees decreasing to \$7,500 (2015: \$12,000); office and miscellaneous costs decreased to \$nil (2015: \$7,045); rent decreased to \$4,500 (2015: \$9,000); professional fees decreased to \$2,764 (2015: \$5,033); and regulatory and filing fees increased to \$8,991 (2015: \$1,743), all mostly due to less corporate activity than in the prior year. In the three months ended November 30, 2016, the Company settled debt with two creditors which resulted in a gain of \$5,475 (2015: \$nil).

EXPLORATION & EVALUATION ASSETS

The Company has suspended its exploration and development plans due to the lack of funding as the challenges in the capital markets for junior exploration companies continues. In 2014, the Company began terminating or cancelling property option agreements in an effort to reduce its commitments for exploration expenditures.

The continued low pricing for uranium on the global market has created an environment of uncertainty within the uranium sector as to the viability of economic development of any new uranium projects.

Currently the Company maintains ownership or has under option variable interests in one uranium exploration project on the eastern margin of the Athabasca Basin region of northeast Saskatchewan, Canada covering an aggregate 4,082 hectares. Exploration and evaluation costs have been written off to \$nil. Summaries of the project can be found above in *Description of Business and Overview / Exploration and Development Projects / Project Summary*.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2016, the Company had a cash and cash equivalents balance of \$6,611 (August 31, 2016: \$23,012) to settle current liabilities of \$655,868 (August 31, 2016: \$653,929). The Company expects to fund its liabilities and its exploration and operational activities through cash on hand and through the issuance of capital stock over the remainder of the fiscal year.

Net cash used in operating activities for the three months ended November 30, 2016 was (\$17,366) (2015: \$20). The cash used consisted primarily of general and administrative expenses, net of non-cash expenditures and a net change in non-cash working capital, detailed in the statement of cash flows.

During the three months ended November 30, 2016 and 2015, cash used in investing activities was \$nil.

During the three months ended November 30, 2016 cash from financing activities totalled \$nil (2015: \$nil).

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which by their nature are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves.

Additionally, there are numerous geological, economic, environmental and regulatory factor and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties. To the

extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income, which in turn depends on the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

FUTURE ACCOUNTING POLICY CHANGES

A number of new standards, amendments to standards and interpretations are not yet effective as of the date of this report, and were not applied in preparing the financial statements. None of these are expected to have a material effect on the financial statements of the Company for the year ended August 31, 2016. Refer to Note 3 of the financial statements for further detail of the new standards, interpretations, and amendments issued by the International Accounting Standards Board.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with key management personnel, being those persons determined as having authority and responsibility for planning, directing and controlling the activities of the Company. Key management includes the Company's board of directors and executive officers.

	Three months ended	
	November 30, 2016	November 30, 2015
Fees paid or accrued to the CEO	\$ -	\$ -
Fees paid or accrued to a company controlled by the CFO	-	12,000
Fees paid to a company controlled by the former CEO	-	-
	\$ -	\$ 12,000

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at November 30, 2016, \$80,387 (August 31, 2016: \$119,813, November 30, 2015: \$84,207) is due to the CFO or to a company controlled by the CFO of the Company, which is unsecured, has no stated terms of repayment and is non-interest bearing. \$5,000 (2015: Nil) is due to the CEO pursuant to a loan provided to the Company (see Financial Statements Note 6), which is unsecured, has no stated terms of repayment and bears simple interest at 1.5% per month.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

As at November 30, 2016, the carrying values of cash and equivalents, receivables and accounts payable and accrued liabilities, approximate their fair values due to their short terms to maturity.

Financial Risks

The Company has exposure to credit, liquidity and market risks from its use of financial instruments, as follows:

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of accounts at a reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances of up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. The Company limits its exposure to credit loss for cash by placing its cash with a high quality financial institution. At November 30, 2016, August 31, 2016, and November 30, 2015, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

At November 30, 2016, the Company had a cash balance of \$3,915 (August 31, 2016: \$21,281, November 30, 2015: \$246) to settle the notes payable, accounts payable and accrued liabilities of \$655,868 (August 31, 2016: \$653,930, November 30, 2015: \$532,806).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. The continued downturn in the capital markets has created a current lack of access to exploration funding for most junior explorers. The Company has instituted a fiscal restraint program in an effort to reduce all of its expenses, including exploration costs and general and administrative expenditures, while waiting for the current markets to improve.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. At November 30, 2016, August 31, 2016, and November 30, 2015, the Company had \$nil in investment-grade short-term deposit certificates.

b) Foreign currency risk

Foreign currency risk is the risk that variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operating and financial results. The Company does not have any balances or transactions denominated in a foreign currency.

c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

SHARE CAPITAL

Common Shares

As at November 30, 2016 there were 913,727 issued and fully paid common shares outstanding. As of the date of this report, there are 2,093,357 common shares outstanding.

Stock options

As at November 30, 2016 and the date of this report, there were nil stock options outstanding and exercisable.

Warrants

As at November 30, 2016 and the date of this report, there were nil share purchase warrants outstanding.

PROPOSED TRANSACTIONS

The Company is continuously evaluating new opportunities, and while various negotiations may be ongoing at any given time, these may or may not be successful. The Company considers opportunities where exceptional value to the

shareholders is evident. Should the Company be successful in advancing a property to National Instrument 43-101 resource stage, the project would likely have a significant impact on its operating requirements.

OFF-BALANCE SHEET ARRANGEMENTS

As at November 30, 2016, the Company does not have any off-balance sheet arrangements.

SUBSEQUENT EVENTS

On December 2, 2016 the Company announced that it is proposing a non-brokered private placement for gross proceeds of \$82,500 through the issuance of 500,000 common shares at a price of 16.5 cents per share and that it had entered into agreements with certain of its creditors pursuant to which it has agreed to settle debt in an aggregate amount of approximately \$112,139 in exchange for the issuance of an aggregate of approximately 679,630 common shares. The debt settlement was based on a deemed price of 16.5 cents per share.

On January 6, 2017 the Company completed the debt settlement announced on December 2, 2016 and issued 679,630 shares at a deemed price of 16.5 cents per share settling outstanding debts of \$112,139. All securities issued pursuant to the shares-for-debt settlement are subject to a four-month-plus-one-day hold period expiring on May 7, 2017, in accordance with the policies of the TSX-V and applicable securities laws.

On January 17, 2017 the Company closed the non-brokered private placement of shares as announced on December 2, 2016 for gross proceeds of \$82,500. The closing consisted of 500,000 shares at a price of 16.5 cents per share. No finders' fees were paid in relation to this private placement. All securities issued under the private placement are subject to a statutory hold period ending on May 18, 2017, in accordance with applicable Canadian securities laws. The proceeds of the private placement will be used for general working capital.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties considered by management to be the most important in the context of the Company's business are not limited to but include risks associated with our dependence on our exploration projects in Canada such as: geological exploration and development; changes in law; continued negative operating cash flow and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability, uncertainty related to the resolution of legal disputes and lawsuits; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in commodity price; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion

of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

OTHER INFORMATION

Additional information relating to the Company can be found on the Company's website at www.atomenergyinc.com or on SEDAR at www.sedar.com.