

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

### 1.1 Overview

This Management Discussion and Analysis (“MD&A”) of Graivs Energy Corp. ( the “Company”) has been prepared by management as of December 31, 2010. 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. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the 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 Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

### 1.2 Over-all Performance

The Company was originally listed as a “capital pool company” or “CPC” on the TSX Venturr Exchange (“TSXV”). It completed its initial public offering (the “IPO”) on March 12, 2008. The Company’s Shares were listed for trading on the TSXV on March 13, 2008. On November 18, 2008 the Company entered into a letter of intent with Pacific Rim Marble Ltd. (“Pacific Rim”), of Vancouver, British Columbia, to acquire a 100% right, title and interest in and to three limestone mineral tenures located in British Columbia. The acquisition was intended to be the Company’s Qualifying Transaction under the TSXV’s policies. The acquisition with Pacific Rim was subsequently terminated on April 7, 2009 at the request of the Company.

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

On May 25, 2009, trading in the shares of the Company was halted pending dissemination of its news release announcing the Company's intended acquisition of Gravis (the "Acquisition"). Subsequently the Company applied to list on the CNSX and to delist from trading on the TSXV. On March 9, 2010

the Company's shares were delisted from the TSXV. On March 31, 2010, and prior to the commencement of trading on the CNSX, the Company completed the Acquisition, changed its name to "Gravis Energy Corp.", and completed the Private Placement referred to below.

As a condition to the closing of the Acquisition, the Company completed a non-brokered private placement for net proceeds of \$379,000, which closed on March 31, 2010 (the "Private Placement"). These funds were raised by the Company issuing 3,790,000 units at a price of \$0.10 per unit (the "PP Units"), each PP Unit consisting of one common share ("PP Share") and one share purchase warrant ("PP Warrant") entitling the holder to purchase one additional common share of the Company at a price of \$0.15 until March 31, 2012. The PP Shares, and any shares which may be issued on exercise of the PP Warrants, are subject to a hold period until August 1, 2010.

Gravis has a 10% interest in KEPCO Consortium which includes Korea Hydro & Nuclear Power Co.Ltd., Korea Nuclear Fuel Co. Ltd., Hanwha Corporation and Korea Electric Power Corporation, which consortium has the exclusive right to earn up to a 50% interest in the Waterbury Lake Property (the "Property") located in the Province of Saskatchewan from Fission Energy Ltd. (TSXV: FIS) ("Fission").

As a result of closing the Acquisition, the Company is engaged, through its subsidiary Gravis, in the business of exploring for, with the ultimate goal of developing and producing uranium oxide from the Property. In addition, the Company may explore and develop such other properties and interests as may be subsequently acquired by the Company.

On June 15th, 2010, KEPCO Consortium signed an MOU outlining the mutually agreed terms for continuing the Partnership with Fission Energy Corp. The Partnership is to be formed with Fission and the KEPCO Consortium each holding a 50% interest in the Waterbury Lake Project. The Work Plan and Budget shall cover a term of three years and incur expenditures of C\$10 million per year for a total of C\$30 million. The issuer has been holding 10% interest in KEPCO Consortium since 2008.

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

### 1.3 Selected Quarterly Information

The Company was incorporated on August 24, 2007 and this is the third quarter of financial reporting for 2011 fiscal year.

### 1.4 Results of Operations

For the nine months ended December, 2010, the Company reported net loss of \$226,257 comprising of general and administrative expenses of \$45,625 (\$60,582 for the nine months ended December 2009), the cost for qualifying transaction of \$101,050 and the legal fee of \$70,431.

Also, the Company spent \$406,071 as investment in KWULP as per the earn-in agreement between Fission Energy Corp. and KWULP. (See Note 6 in the Financial Statements)

### 1.5 Summary of Quarterly Results

Summary of recent quarterly results

Quarter Ended	Revenue	Profit(Loss)	Earnings(Loss) per share
December 31, 2010	\$	\$(166,784)	\$ 0.01
September 30, 2010	\$	\$(41,747)	\$ 0.01
June 30, 2010 (*)	\$	\$(117,726)	\$ 0.01
March 31, 2010	\$	\$(9,559)	\$ 0.01
December 31, 2009		(5,209)	0.00
September 30, 2009		(49,850)	0.02
June 30, 2009		(3,699)	0.01

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

\*Due to the acquisition on May 7th, 2010, the comparison between recent three quarters and the prior quarters might not be relevant to understand the Company's performance.

### **1.6/1.7 Liquidity and Capital Resources**

The Company reported working capital of \$ 215,750 at December 31, 2010 (March 31, 2010: \$-221,636). As at December 31, 2010, the Company had net cash on hand of \$396,770 (March 31, 2010: \$52). Current assets excluding cash at December 31, 2010, consisted of Receivables of \$2,400 and Prepaid expense of \$2,500.(March 31: 2009: \$0)

Current liabilities as at December 31, 2010 consist of accounts payable of \$87,366 and Loan from shareholders of \$99,675 (March 31, 2010: \$325,835) which have been incurred in meeting regulatory requirements and pursuing the reverse takeover and listing on CNSX(see 1.10).

In the event the Company's capital proves to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

During the nine months ended December 2010, the company received total payment of \$405,000 from two different private placements. The shares had not been issued as at December 31, 2011. The Company issued total 6,450,000 of shares in January 2011. The details will be also disclosed in the Company's annual audited financial statements and MD&A as of March 2011.

### **1.8 Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

### **1.9 Transactions with Related Parties**

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

During the third quarter ended December 31, 2010 the Company accrued \$8,040 of consulting fee to shareholders of the Company. Also the Company recorded legal expense and travel expense paid by one of the shareholders of \$40,066.

These 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.

### 1.10 Acquisition and Listing

The Company has completed the Acquisition of Gravis. The Company entered into a Share Exchange Agreement dated May 29, 2009 with Gravis and all of the shareholders of Gravis to acquire all of the issued and outstanding shares of Gravis. Pursuant to the terms of the Share Exchange Agreement, the Company issued an aggregate 10,404,025 common shares at the deemed price of \$0.10 per Share. In addition, the Company settled debts of Gravis in the amount of \$210,000 by issuing to the debt holders a total of 2,100,000 common shares. Certain of the Payment Shares and Debt Shares are subject to escrow restrictions. A finder's fee of 1,000,000 common shares, at a deemed price of \$0.10 per share, was paid by the Company in connection with the Acquisition.

On May 29, 2009 the Company entered into an agreement, see below, which, if completed, would result in the Company delisting from the Exchange and no longer being classified as a CPC and becoming listed on the CNSX. On May 29, 2009 the Company entered into an agreement with Gravis Capital Corporation ("Gravis Capital") to acquire 100% of the issued and outstanding shares of Gravis Capital. Under the terms of the agreement, the Company will issue 10,404,025 shares (one share of the Company's common stock for every one share of Gravis Capital common stock) to acquire 100% of Gravis Capital. In addition the Company will issue 2,100,000 of its common shares in settlement of \$210,000 of Gravis Capital debt and pay a finder fee through the issuance of an additional 1,000,000 common shares.

Completion of the Acquisition was subject to the following conditions precedent:

- the completion of due diligence, to the satisfaction of the Company with respect to Gravis (completed),
- the completion of due diligence, to the satisfaction of Gravis with respect to the Company (completed);
- the execution and delivery of formal transaction documentation acceptable to the Company and Gravis (completed);
- the Company raising, prior to the closing of the Acquisition, a minimum of \$200,000; (completed);

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

- the tendering of resignations of two of the Company's current directors and the appointment of Gravis' replacement representatives to the Company's Board of Directors (completed).

The Company has not completed any significant disposition during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under Part 8 of OSC Rule 41-501 if this Listing Statement were a prospectus.

### 1.11 Critical Accounting Estimates

None.

### 1.12 Accounting Policies

#### Financial Instruments

Financial assets are classified as either held for trading, held to maturity, loans and receivables or available for sale and financial liabilities as either held for trading or as other financial liabilities. Upon initial recognition, ordinarily all financial instruments are recognized at fair value. Subsequently, financial assets classified as held to maturity and as loans and receivables, and other financial liabilities, are accounted for at amortized cost. Financial assets and financial liabilities classified as held for trading are accounted for at fair value with unrealized holding gains and losses included in net income each period. Available for sale financial assets are also accounted for at fair value, however unrealized holding gains and losses on these instruments are included in the statement of loss and deficit as other comprehensive income and on the balance sheet as a separate component of shareholders' equity titled accumulated other comprehensive income.

The carrying amounts of cash and cash equivalents, deposits and accounts payable and accrued liabilities approximate fair value because of the short-term maturity of these items.

#### Earnings Per Share

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

Earnings per share is calculated using the weighted average number of common shares issued and outstanding during the period.

### **Income Taxes**

Income taxes are recorded using the asset and liability method under which future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using the substantively enacted income tax rates expected to apply when the asset is realized or the liability settled. To the extent that the Company does not consider it more likely than not that a future income tax asset will be recovered, it provides a valuation allowance against the excess.

### **International Financial Reporting Standards (“IFRS”)**

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The Company is currently assessing the future impact of these amendments on its financial statements and has not yet determined the timing and method of its adoption.

The Company’s conversion plan to transition from Canadian GAAP to IFRS consists of three phases in conjunction with the Company’s auditors:

- Phase 1 (Scoping and diagnostic) – A preliminary diagnostic review which included the determination, at a high level, of the financial reporting differences and options under IFRS and the key areas that may be impacted was completed in 2009.
- Phase 2 (Impact analysis, quantification and evaluation) – In this phase, the Company will perform a detailed assessment and technical analysis of each area identified from Phase 1 that will result in the conclusion of IFRS transitional adjustments, decisions on accounting policy choices and the drafting of accounting policies. The Company has started this second phase with completion expected in the third quarter of 2010.

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

- Phase 3 (Implementation phase) – This phase includes the collection of financial information necessary to compile IFRS compliant financial statements and the preparation of the opening balance sheet as at January 1, 2010 and will be carried out in the second half of 2010. Based on the review in Phase 1 and the work to date under Phase 2, a number of key accounting areas were identified where IFRS differs from current GAAP, which are expected to have an impact on the Company's financial statements. These key areas are explained below. It would appear that IFRS will require more extensive disclosure and analysis of balances and transaction in the notes to the financial statements. The Company's review has not identified significant impact on its accounting processes, financial reporting systems and controls.

### **IFRS 1, First-time Adoption of IFRS**

IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective applications of IFRS. The purpose of the options is to provide relief to companies and simplify the conversion process by not requiring them to recreate information that may not exist or may not have been collected at the inception of the transaction. We have analyzed the various exemptions available and are working towards implementing those most appropriate in our circumstances.

The Company is currently discussing detailed changes with its auditors for the conversion into IFSR for the annual financial statement as of March 31, 2011 which will be filed at the end of July 2011.

### **1.13 Financial Instruments and Other Instruments**

The carrying amounts of cash, receivable and accounts payable approximate fair value because of the short-term maturity of these items.



# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

### 1.14 Other Requirements

#### Summary of Outstanding Share Data as at December 31, 2010:

<u>Authorized:</u>	<u>Unlimited number of common shares without par value.</u>
Issued and outstanding:	21,292,025 (7,250,000 subject to escrow)
Stock options:	1,750,000
Warrants:	3,990,000

#### Disclosure Controls and Procedures:

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2010 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer, have concluded that, as of December 31, 2010, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Company's Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have also concluded that there has been no change in the Company's internal control over financial reporting during the nine month period ended December 31, 2010 that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

# GRAVIS ENERGY CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended December 31, 2010

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

On behalf of the Board of Directors,

*"Norman MacKinnon"*

Norman MacKinnon

Chief Financial Officer and Director

April 19th, 2011