

**TRACTION URANIUM CORP.**  
**(Formerly Traction Exploration Inc.)**

**Management's Discussion and Analysis**  
**For the Three Months Ended December 31, 2021**

**Prepared as of February 28, 2022**

## ***Management's Discussion and Analysis***

### **For the Three Months Ended December 31, 2021 Prepared as of February 28, 2022**

The following management's discussion and analysis ("MD&A") has been prepared by management. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements for the year ended September 30, 2021 and the unaudited condensed interim financial statements for the three months ended December 31, 2021 of Traction Uranium Corp. (formerly Traction Exploration Inc) ("Traction" or the "Company") and notes thereto. The information provided herein supplements but does not form part of the financial statements. This discussion covers the three months ended December 31, 2021 and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars.

Additional information on the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company's audited financial statements for the year ended September 30, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The condensed interim financial statements for the three months ended December 31, 2021 were prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting using accounting policies consistent with IFRS.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A is intended to help the reader understand Traction, its operations, financial performance, current and future business environment and opportunities and risks facing the Company. Certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 1 of this MD&A.

### **Description of Business and Overview**

Traction Uranium Corp was incorporated under the *BC Business Corporations Act* as "Traction Exploration Inc." on July 20, 2020. On November 4, 2021, the Company changed its name to "Traction Uranium Corp." to highlight the Company's intention to focus on uranium exploration and the acquisition. The principal business of the Company is the acquisition, exploration and evaluation of resource properties.

The Company has not commenced commercial operations. At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete its development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

### **General Development of the Business**

On March 19, 2021 Mohan Vulimiri resigned as a Director of the Company and Afzaal Pirzada was appointed as a Director of the Company.

On April 9, 2021, the Company filed its preliminary prospectus with the Canadian Securities Exchange (“CSE”). On August 10, 2021, the Company filed its amended and restated prospectus with the CSE.

On August 12, 2021, the Company received conditional approval from the CSE for the listing of its common shares on the CSE. On August 17, 2021, the Company obtained a receipt for its final long form prospectus (the “Prospectus”) from the British Columbia Securities Commission, Alberta Securities Commission, Manitoba Securities Commission and Ontario Securities Commission. The Prospectus qualified the distribution of 5,710,000 common shares and 5,710,000 common share purchase warrants of the Company.

On September 1, 2021, the Company’s common shares began trading on the CSE under the symbol “TRAC” and the Company’s special warrants were converted into 5,710,000 common shares and 5,710,000 common share purchase warrants.

On November 4, 2021 David Bowen resigned as a Director of the Company and Blair Way was appointed as a Director of the Company.

On November 4, 2021, the Company changed its name to “Traction Uranium Corp.” The name change highlights the Company’s intention to focus on uranium exploration and the acquisition of such projects over the coming months.

On December 29, 2021, the Company issued \$6,046,952 common shares to Fission 3.0 Corp at \$0.91 per share as part of the Hearty Bay and Lazy Edwards option agreement.

On January 28, 2022, the Company enter into an agreement with Financial Star News Inc. (“Financial Star”) pursuant to which Financial Star will provide the Company with certain marketing services in consideration for an aggregate payment of USD\$500,000 by the Company.

On January 28, 2022, the Company entered into an agreement with MIC Market Information & Content Publishing GmbH (“MIC”) pursuant to which MIC will provide the Company with certain marketing services in consideration for an aggregate payment of €300,000 by the Company.

On February 28, 2022, the Company entered into an agreement with TD Media LLC pursuant to which TD Media LLC will provide the Company with certain marketing services in consideration for an aggregate payment of USD\$200,000 by the Company.

At the time this MD&A was prepared the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company’s business and financing opportunities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of this MD&A, there may be further significantly adverse impacts on the Company’s financial position and results of operations for future periods if the pandemic is not successfully contained or the effects of which are not mitigated.

The Company’s need to raise sufficient working capital to maintain operations and the uncertainty surrounding COVID-19, casts significant doubt on the Company’s ability to continue as a going concern.

## Mineral Properties

### *Whitewater Property, British Columbia, Canada*

In August 2020, the Company entered into an option agreement with Afzaal Ahmed Pirzad (a related party) to acquire 100% interest in the Whitewater Property, located in British Columbia, by paying consideration of \$80,000 in cash and agreeing to incur at least \$515,000 in expenditures on the Whitewater Property. This consideration will be paid as follows:

Within three months of the agreement, the Company must incur expenditures of \$75,000 (met);

- On or before the first anniversary of the date upon which the Company's shares are listed for trading on any stock exchange in Canada (the "Listing Date"), the Company must incur additional expenditures of \$110,000 (met);
- On or before the second anniversary of the Listing Date, the Company will pay \$30,000 in cash and incur additional expenditures of \$130,000; and
- On or before the third anniversary of the Listing Date, the Company will pay \$50,000 in cash and incur additional expenditures of \$200,000.

During the three-month period ended for December 31, 2021, the Company has incurred \$Nil (2020 - \$83,363) of expenditures on the property. For the year ended September 30, 2021, the Company has incurred \$195,875 (2020 - \$Nil) of expenditures on the property.

### *Hearty Bay Property, Saskatchewan, Canada*

The Company entered into an arm's-length letter of intent dated October 30, 2021 with Fission 3.0 Corp. ("Fission") whereby the Company will be granted the right to earn and acquire up to a 70% interest in the Hearty Bay property in Saskatchewan.

The Company will earn an initial 50% interest in the Hearty Bay property by paying consideration as follows:

- Within seven days of the effective date, the Company will pay \$100,000 in cash (paid);
- Seven days after the effective date, the Company will pay \$200,000 in cash (paid);
- On or before the first anniversary of the effective date, the Company will pay \$100,000 in cash;
- On or before the eighteen-months after the effective date, the Company will pay \$100,000 in cash; and
- On or before the second anniversary of the effective date, the Company will pay \$150,000 in cash.

The Company must also incur exploration expenditures on the Hearty Bay property as follows:

- On or before the first anniversary of the effective date, the Company must incur expenditures of \$1,000,000; and
- On or before the second anniversary of the effective date, the Company must incur additional expenditures of \$2,000,000.

The Company will also issue to Fission a number of common shares equal to 7.5% of the total issued and outstanding common shares of the Company on or before the date that is ten days after the Company has completed gross equity financing of \$2,000,000 (issued).

During the three-month period ended December 31, 2021, the Company issued 3,023,476 common shares to Fission 3.0 Corp. at \$0.91 per share as part of the Hearty Bay option agreement.

The Company will earn an additional 20% interest in the Hearty Bay property by paying consideration as follows:

- On or before the 30-months after the effective date, the Company will pay \$150,000 in cash; and
- On or before the third anniversary of the effective date, the Company will pay \$200,000 in cash.

The Company must also incur exploration expenditures on the Hearty Bay property as follows:

- On or before the third anniversary of the effective date, the Company must incur expenditures of \$3,000,000.

#### *Lazy Edwards Property, Saskatchewan, Canada*

The Company entered into an arm's-length letter of intent dated October 30, 2021 with Fission whereby the Company will be granted the right to earn and acquire up to a 70% interest in the Lazy Edwards property in Saskatchewan.

The Company will earn an initial 50% interest in the Lazy Edwards property by paying consideration as follows:

- Within seven days of the effective date, the Company will pay \$100,000 in cash (paid);
- Seven days after the effective date, the Company will pay \$200,000 in cash (paid);
- On or before the first anniversary of the effective date, the Company will pay \$100,000 in cash;
- On or before the eighteen-months after the effective date, the Company will pay \$100,000 in cash; and
- On or before the second anniversary of the effective date, the Company will pay \$150,000 in cash.

The Company must also incur exploration expenditures on the Lazy Edwards property as follows:

- On or before the first anniversary of the effective date, the Company must incur expenditures of \$1,500,000; and
- On or before the second anniversary of the effective date, the Company must incur additional expenditures of \$3,000,000.

The Company will also issue to Fission a number of common shares equal to 7.5% of the total issued and outstanding common shares of the Company on or before the date that is ten days after the Company has completed gross equity financing of \$2,000,000 (issued).

During the three-month period ended December 31, 2021, the Company issued 3,023,476 common shares to Fission 3.0 Corp. at \$0.91 per share as part of the Lazy Edwards option agreement.

The Company will earn an additional 20% interest in the Lazy Edwards property by paying consideration as follows:

- On or before the 30-months after the effective date, the Company will pay \$150,000 in cash; and
- On or before the third anniversary of the effective date, the Company will pay \$200,000 in cash.

The Company must also incur exploration expenditures on the Lazy Edwards property as follows:

On or before the third anniversary of the effective date, the Company must incur expenditures of \$4,500,000.

## QUALIFIED PERSONS

Mr. Afzaal Pirzada, P.Geo, is the Qualified Person for the Company.

## Trends

There are significant uncertainties regarding the prices of precious and base metals and the availability of equity financing for the purposes of mineral exploration and development. For instance, the prices of gold, silver and other minerals have fluctuated widely in recent years and wide fluctuations may continue. Management is not aware of any trends, commitments, events or uncertainties that could reasonably be expected to have a material adverse effect on the Company's business, financial condition or results of operations.

## Financial Results of Operations

### Quarterly Financial Results

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:

	Quarter Ended December 31, 2021	Quarter Ended September 30, 2021	Quarter Ended June 30, 2021	Quarter Ended March 31, 2021	Quarter Ended December 31, 2020	Period from incorporation on July 20, 2020 to September 30, 2020
Cash	\$7,748,900	\$677,874	\$375,043	\$439,877	\$270,978	\$201,306
Total assets	\$13,868,237	\$683,097	\$436,127	\$468,463	\$278,833	\$241,958
Shares outstanding	46,723,973	22,033,000	16,300,000	16,300,000	16,300,000	12,300,000
Net loss	\$458,227	\$159,400	\$35,001	\$17,980	\$142,070	\$9,140
Loss per common share (basic and diluted)	\$(0.02)	\$(0.02)	\$0.00	\$0.00	\$0.01	\$0.00

The increase in cash for the quarter ended December 31, 2021 was a result of completing a non-brokered private placement financing raising aggregate gross proceeds of \$348,836 by the issuance of 1,291,986 common shares at \$0.27 per share and raising aggregate gross proceeds \$7,794,575 by the issuance of 5,602,000 flow-through shares at \$0.50 per share and 11,349,035 common shares at \$0.44 per share. The net loss for the quarter ended December 31, 2021 was mainly a result of consulting fees of \$159,860 related to advisory services related to capital markets, investor relations costs of \$50,500 in relation to website development and corporate marketing; transfer agent and filing fees of \$51,139 and legal fees of \$25,195 for time spent on general corporate matters; accounting and audit fees of \$13,322 and management fees of \$19,500 accrued for senior management for time spent on the activities of the Company during the period.

The increase in cash for the quarter ended September 30, 2021 was a result of completing the second tranche of a non-brokered private placement financing raising aggregate gross proceeds of \$355,000 by the issuance of 3,550,000 special warrants at \$0.10 per special warrant. The net loss for the quarter ended September 30, 2021 was mainly a result of exploration and evaluation costs of \$112,512 related to the Whitewater Property and of transfer agent and filing fees of \$15,216 as a result of filing the preliminary prospectus; legal fees of \$17,115 for time spent on general corporate matters; accounting and audit fees of \$4,050 and management fees of \$8,500 accrued for senior management for time spent on the activities of the Company during the period.

The decrease in cash for the quarter ended June 30, 2021 was a result of filing the preliminary prospectus with the CSE. The net loss for the quarter ended June 30, 2021 was mainly a result of transfer agent and filing fees of \$19,098 as a result of filing the preliminary prospectus; legal fees of \$10,099 for time spent on

general corporate matters; accounting and audit fees of \$2,580 related to the financial review of the period ended March 31, 2021 and management fees of \$3,000 accrued for senior management for time spent on the activities of the Company during the period.

The increase in cash for the quarter ended March 31, 2021 was a result of completing non-brokered private placement financings raising aggregate gross proceeds of \$216,000 by the issuance of 2,160,000 special warrants at \$0.10 per special warrant. The net loss for the quarter ended March 31, 2021 was mainly a result of accounting and audit fees of \$6,500 related to the financial audit of the four-month period ended January 31, 2021; legal fees of \$6,651 and management fees of \$3,000 accrued for senior management for time spent on the activities of the Company during the period.

The increase in cash for the quarter ended December 31, 2020 was a result of completing non-brokered private placement financings raising aggregate gross proceeds of \$200,000 by the issuance of 4,000,000 units at \$0.05 per unit. The net loss for the quarter ended December 31, 2020 was mainly a result of exploration and evaluation costs of \$83,363 related to the Whitewater Property and consulting fees of \$43,792 related to the advisory services related to the creation and facilitation of a private company for a public listing; accounting and audit fees of \$6,000 related to the financial audit of the 72-day period ended September 30, 2020; legal fees of \$5,833 and management fees of \$3,000 accrued for senior management for time spent on the activities of the Company during the period.

The increase in cash for the 72-day period ended September 30, 2020 was a result of completing non-brokered private placement financings raising aggregate gross proceeds of \$11,500 by the issuance of 2,300,000 common shares at \$0.005 per share in connection with the founders and incorporation of the Company and raising aggregate gross proceeds \$200,000 by the issuance of 3,500,000 flow-through shares and 6,500,000 common shares at \$0.02 per share. The net loss for the 72-day period ended September 30, 2020 was mainly a result of legal fees of \$6,946 related to the incorporation of the Company and consulting fees of \$2,000 accrued for senior management for time spent on the activities of the Company during the period.

## **Results of Operations**

### **Three months ended December 31, 2021 and 2020**

The Company incurred a net loss of \$458,227 for the three months ended December 31, 2021 compared to a net of loss of \$142,070 for the comparable period in 2020. The loss in 2021 can be attributed mainly to accounting and audit fees, consulting and investor relations expenses, legal fees, management fees, rent, and transfer agent and filing fees.

For the three months ended December 31, 2021, the Company incurred accounting and audit fees of \$13,322 (2020 - \$6,000). Costs incurred in 2021 were for the audit of the year ended September 30, 2021.

For the three months ended December 31, 2021, the Company incurred consulting fees of \$159,860 (2020 - \$43,792). The increase of \$116,068 in consulting fees was related to advisory services related to capital markets.

For the three months ended December 31, 2021, the Company incurred \$50,500 in investor relations fees compared to a \$Nil for the comparable period in 2020. The increase was mainly a result of an increase in corporate marketing and website development.

For the three months ended December 31, 2021, the Company incurred legal fees of \$25,195 compared to \$5,833 for the comparable period in 2020. The increase of \$19,362 in 2021 was a result services provided and for the private placement financing fees during the year.

For the three months ended December 31, 2021, the Company incurred management fees of \$19,500 compared to \$3,000 for the comparable period in 2020. The increase was mainly due to the addition of management fees for the CEO and the CFO of the Company.

During the three months ended December 31, 2021, the Company paid \$10,000 (2020 - \$Nil) in directors fees and granted 300,000 (September 31, 2021 - Nil) stock options to a director of the Company and recorded share-based payments expense of \$123,000 (2020 - \$Nil).

For the three months ended December 31, 2021, the Company incurred rent expense of \$4,500 compared to \$Nil for the comparable period in 2020.

For the three months ended December 31, 2021, the Company incurred transfer agent and filing fees of \$51,139 (2020 - \$Nil). Costs incurred in 2021 included costs for the Company's US listing.

## Liquidity and Capital Resources

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At December 31, 2021, the Company had working capital<sup>(1)</sup> of \$7,441,872 (September 30, 2021 - \$612,677) which included cash of \$7,748,900 (September 30, 2021 - \$677,874) available to meet short-term business requirements and liabilities of \$323,639 (September 30, 2021 - \$70,420). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has no long-term debt.

<sup>(1)</sup> Non-GAAP Financial Measure:

The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies. Working capital is calculated as current assets (December 31, 2021 - \$7,765,511; September 30, 2021 - \$683,097), less current liabilities (December 31, 2021 - \$323,639; September 30, 2021 - \$70,420).

On January 17, 2022, pursuant to the provisions of the Company's restricted share unit plan, the Company granted an aggregate of 3,550,000 restricted share units of the Company (the "RSUs") to the various directors and consultants of the Company.

## Outstanding Share Data

As at the date of this report, the Company had 47,077,973 issued and outstanding common shares, 300,000 options, 3,550,000 restricted share units and 18,969,327 share purchase warrants outstanding.

## Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

## Transactions with Related Parties

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole.



The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

During the three months ended December 31, 2021, the Company paid \$9,000 (2020 - \$3,000) in management fees to the Chief Financial Officer and paid \$10,500 (2020 - \$nil) in management fees to the Chief Executive Officer of the Company.

During the three months ended December 31, 2021, the Company paid \$10,000 (2020 - \$Nil) in directors fees and \$123,000 (2020 - \$Nil) in share-based compensation for a director of the Company.

As at December 31, 2021, \$Nil due to the Chief Financial Officer is included in accounts payable and accrued liabilities (September 30, 2021 - \$1,050).

Amounts owed to related parties included in accounts payable and accrued liabilities are unsecured, non-interest-bearing and are without fixed terms of repayment.

## Accounting Policies and Estimates

The Company's significant accounting policies are disclosed in note 3 of the Company's audited financial statements for the year ended September 30, 2021.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

In preparing this MD&A, management has made significant assumptions regarding the circumstances and timing of the transactions contemplated therein, which could result in a material adjustment to the carrying amount of certain assets and liabilities if changes to the assumptions are made.

## Financial Instruments

The Company's financial instruments as at December 31, 2021 include cash and accounts payable and accrued liabilities.

The Company's financial assets and financial liabilities are classified and measured as follows:

Financial instrument	Category
Cash	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost

The carrying values of financial assets and liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash.

The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company relies upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms.

As at December 31, 2021, the Company had cash of \$7,748,900 (September 30, 2021 - \$677,874) available to apply against short-term business requirements and current liabilities of \$323,639 (September 30, 2021 - \$70,420). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2021.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

## **Management's responsibility for financial statements**

The information provided in this report, including the financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

February 28, 2022

On behalf of Management and the Board of Directors,

*“Michael Malana”*

\_\_\_\_\_  
Chief Executive Officer, President and Director

**Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains “forward-looking statements”. Forward-looking statements reflect the Company’s current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed elsewhere in this MD&A. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as “intends”, “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipates” or “does not anticipate”, or “believes”, or various of such words and phrases or state certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ. Such factors include, among others, risks related to actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in minerals resources, grade or recovery rates, accidents, labour disputes, title disputes and other risks of the mining industry, fluctuation of currency exchange rates, delays in obtaining, or inability to obtain, required governmental approvals or financing or in the completion of development or construction activities, claims limitations on insurance coverage, as well as other factors discussed under “Risk Factors”. Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this MD&A are made as of the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not assume the obligations to update forward-looking statements, except as required by applicable law.