



Fission
URANIUM CORP.

Condensed Interim Financial Statements

Fission Uranium Corp.

(Unaudited – prepared by management)

**For the Three Month Period Ended
March 31, 2018**

Fission Uranium Corp.

Condensed Interim Financial Statements

(Unaudited – prepared by management)

**For the Three Month Period Ended
March 31, 2018**

Notice

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed interim financial statements for the three month period ended March 31, 2018.

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Fission Uranium Corp.

Condensed interim statements of financial position
(Expressed in Canadian dollars)
(Unaudited - prepared by management)

	Note	March 31 2018	December 31 2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		23,081,598	30,735,915
Short-term investments	4	10,000,000	10,000,000
Amounts receivable		547,044	199,409
Prepaid expenses		283,090	269,795
		33,911,732	41,205,119
Investment in Fission 3.0 Corp.	5	1,995,056	2,017,311
Property and equipment		256,012	284,047
Exploration and evaluation assets	6	296,186,789	289,441,867
Total Assets		332,349,589	332,948,344
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,193,301	487,327
		1,193,301	487,327
Deferred income tax liability		412,700	762,109
Total Liabilities		1,606,001	1,249,436
Shareholders' Equity			
Share capital	7	413,155,475	413,155,475
Other capital reserves	7	26,510,043	26,307,729
Deficit		(108,921,930)	(107,764,296)
		330,743,588	331,698,908
Total Liabilities and Shareholders' Equity		332,349,589	332,948,344

Approved by the Board of Directors and authorized for issue on May 14, 2018.

"Frank Estergaard"

Director

"William Marsh"

Director

Fission Uranium Corp.

Condensed interim statements of loss and comprehensive loss
 (Expressed in Canadian dollars)
 (Unaudited - prepared by management)

	Note	Three Months Ended March 31 2018	Three Months Ended March 31 2017
		\$	\$
Expenses			
Business development		99,530	69,862
Consulting and directors fees		374,909	389,819
Depreciation		28,035	34,715
Office and administration		238,268	229,857
Professional fees		147,628	70,580
Public relations and communications		263,666	228,263
Share-based compensation	7(b)	165,699	1,185,562
Trade shows and conferences		126,632	154,720
Wages and benefits		213,630	227,549
		1,657,997	2,590,927
Other items - income/(expense)			
Foreign exchange loss		(916)	(4,250)
Interest and miscellaneous income		174,125	178,017
Share of loss from equity investment in Fission 3.0 Corp.	5	(22,255)	(33,866)
Investment in Fission 3.0 Corp. write-down	5	-	(903,624)
		150,954	(763,723)
Loss before income taxes		(1,507,043)	(3,354,650)
Deferred income tax recovery		349,409	313,438
Net loss and comprehensive loss for the period		(1,157,634)	(3,041,212)
Basic and diluted loss per common share		(0.00)	(0.01)
Weighted average number of common shares outstanding		485,651,038	484,558,983

Fission Uranium Corp.

Condensed interim statements of changes in equity

(Expressed in Canadian dollars)

(Unaudited - prepared by management)

	Note	Share capital		Other capital reserves	Deficit	Total shareholders' equity
		Shares	Amount			
			\$	\$	\$	\$
Balance, January 1, 2017		484,187,994	412,568,231	23,429,231	(100,728,333)	335,269,129
Exercise of stock options		410,000	162,749	(13,906)	-	148,843
Share-based compensation	7(b)	-	-	1,476,691	-	1,476,691
Net loss and comprehensive loss		-	-	-	(3,041,212)	(3,041,212)
Balance, March 31, 2017		484,597,994	412,730,980	24,892,016	(103,769,545)	333,853,451
Exercise of stock options		700,000	200,745	(25,396)	-	175,349
Director remuneration shares issued		353,044	223,750	-	-	223,750
Share-based compensation		-	-	1,441,109	-	1,441,109
Net loss and comprehensive loss		-	-	-	(3,994,751)	(3,994,751)
Balance, December 31, 2017		485,651,038	413,155,475	26,307,729	(107,764,296)	331,698,908
Share-based compensation	7(b)	-	-	202,314	-	202,314
Net loss and comprehensive loss		-	-	-	(1,157,634)	(1,157,634)
Balance, March 31, 2018		485,651,038	413,155,475	26,510,043	(108,921,930)	330,743,588

Fission Uranium Corp.

Condensed interim statements of cash flows
(Expressed in Canadian dollars)
(Unaudited - prepared by management)

	Note	Three Months Ended March 31 2018	Three Months Ended March 31 2017
		\$	\$
Operating activities			
Net loss and comprehensive loss		(1,157,634)	(3,041,212)
Items not involving cash:			
Depreciation		28,035	34,715
Share-based compensation	7(b)	165,699	1,185,562
Accrued interest on investments		-	(41,425)
Share of loss from equity investment in Fission 3.0 Corp.	5	22,255	33,866
Investment in Fission 3.0 Corp. write-down	5	-	903,624
Deferred income tax recovery		(349,409)	(313,438)
		(1,291,054)	(1,238,308)
Changes in non-cash working capital items:			
Increase in amounts receivable		(347,635)	(227,671)
Increase in prepaid expenses		(13,295)	(5,942)
Increase in accounts payable and accrued liabilities		147,623	166,367
Cash flow used in operating activities		(1,504,361)	(1,305,554)
Investing activities			
Property and equipment additions		-	(3,729)
Exploration and evaluation asset additions		(6,149,956)	(4,495,912)
Cash flow used in investing activities		(6,149,956)	(4,499,641)
Financing activities			
Proceeds from exercise of stock options		-	148,843
Cash flow provided by financing activities		-	148,843
Decrease in cash and cash equivalents during the period		(7,654,317)	(5,656,352)
Cash and cash equivalents, beginning of period		30,735,915	50,248,379
Cash and cash equivalents, end of period		23,081,598	44,592,027

Supplemental disclosure with respect to cash flows (Note 8)

Fission Uranium Corp.

Notes to the condensed interim financial statements
For the three month period ended March 31, 2018
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

1. Nature of operations

Fission Uranium Corp. (the “Company” or “Fission Uranium”) was incorporated on February 13, 2013 under the laws of the Canada Business Corporations Act in connection with a court approved plan of arrangement to reorganize Fission Energy Corp. which was completed on April 26, 2013. The Company’s principal business activity is the acquisition and development of exploration and evaluation assets. To date, the Company has not generated revenues from operations and is considered to be in the exploration stage. The Company’s head office is located at 700 – 1620 Dickson Ave., Kelowna, BC, V1Y 9Y2 and is listed on the Toronto Stock Exchange under the symbol FCU, on the U.S. OTCQX under the symbol FCUUF, and on the Frankfurt Stock Exchange under the symbol 2FU.

The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for the 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.

2. Significant accounting policies

(a) Statement of compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) 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. These unaudited condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements for the year ended December 31, 2017 prepared in accordance with IFRS. These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on May 14, 2018.

(b) Basis of presentation

These unaudited condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

(c) New standards, amendments and interpretations not yet effective

Accounting standards effective January 1, 2019

IFRS 16, Leases

In January 2016, the IASB issued *IFRS 16, Leases*, which will replace *IAS 17, Leases*. The standard provides a single lease accounting model, which requires all leases, including financing and operating leases, to be reported on the statement of financial position, unless the term is less than 12 months or the underlying asset has a low value. The Company is evaluating the potential impact of the adoption of IFRS 16.

Fission Uranium Corp.

Notes to the condensed interim financial statements
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3. Key estimates and judgements

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 unaudited condensed interim 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 judgement in the following areas:

- (i) Determination of whether any impairment indicators exist at each reporting date giving consideration to factors such as budgeted expenditures on the Patterson Lake South ("PLS") property, assessment of the right to explore in the specific area and evaluation of any data which would indicate that the carrying amount of exploration and evaluation assets is not recoverable; and
- (ii) Assessing when the commercial viability and technical feasibility of the project has been determined, at which point the asset is reclassified to property and equipment.

Investments in associates

The application of the Company's accounting policy for investments in associates requires judgement to determine whether any objective evidence of impairment exists at each reporting date giving consideration to factors such as: significant financial difficulty of the associate, or a significant or prolonged decline in the fair value of the investment below its carrying value.

4. Short-term investments

	March 31 2018	December 31 2017
	\$	\$
Guaranteed Investment Certificates ("GICs")	10,000,000	10,000,000
	10,000,000	10,000,000

The Company purchased two \$5,000,000 fixed rate GICs with a term of 2 years from a Canadian financial institution. The GICs bear interest at a 1.68% annual rate and mature on July 9, 2018 and July 11, 2018. Interest accrued on short-term investments is included in amounts receivable.

Fission Uranium Corp.

Notes to the condensed interim financial statements
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5. Investment in Fission 3.0 Corp.

On February 23, 2015 the Company completed a private placement with Fission 3.0 Corp. ("Fission 3.0") pursuant to which the Company purchased 22,000,000 common shares of Fission 3.0 at a price of \$0.14 per share for a total cost of \$3,080,000, representing a 12.36% interest in Fission 3.0.

On April 21, 2017, Fission 3.0 closed a non-brokered private placement financing by issuing 41,846,383 units at a price of \$0.07 per unit. Each unit consisted of one common share and one-half of one share purchase warrant exercisable for an additional common share at \$0.10 per warrant until April 21, 2019. To maintain its 12.36% interest in Fission 3.0, the Company purchased 5,170,410 units for a total cost of \$361,929. The Company now holds 27,170,410 common shares and 2,585,205 common share purchase warrants of Fission 3.0.

Fission 3.0 is a company incorporated in Canada, whose principal business activity is the acquisition, exploration and development of uranium resource properties in Canada and Peru. The Company, through a combination of its shareholding and its common directors and management, has significant influence over Fission 3.0 and accounts for the investment using the equity method.

Due to the fact that Fission 3.0's financial statements are typically not publicly available at the time the Company files its financial statements, the share of Fission 3.0's results are recognized using a reporting period which is three months prior to that of the Company. For the three month period ended March 31, 2018, the Company recognized its proportionate share of Fission 3.0's loss for the three months ended December 31, 2017.

Details of the investment in Fission 3.0 are as follows:

	\$
Balance, January 1, 2017	2,697,490
Purchase of 5,170,410 units @ \$0.07 per unit	361,929
Share of Fission 3.0's loss for the twelve months ended September 30, 2017	(132,040)
Reversal of intercompany services	(6,444)
Investment in Fission 3.0 write-down	(903,624)
Balance, December 31, 2017	2,017,311
Share of Fission 3.0's loss for the three months ended December 31, 2017	(20,631)
Reversal of intercompany services	(1,624)
Balance, March 31, 2018	1,995,056

As at March 31, 2017, the prolonged decline in the fair value of the investment in Fission 3.0 was considered to be objective evidence of impairment under *IAS 28, Investments in Associates and Joint Ventures*. Accordingly, the carrying value of the investment was written down by \$903,624 to its fair value based on the quoted market price of Fission 3.0's common shares.

The trading price of Fission 3.0's common shares on March 31, 2018 was \$0.035 (December 31, 2017 - \$0.06). The quoted market value of the investment in Fission 3.0 on March 31, 2018 was \$950,964 (December 31, 2017 - \$1,630,225).

Fission Uranium Corp.

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5. Investment in Fission 3.0 Corp. (continued)

Fission 3.0's comprehensive loss for the periods below is as follows:

	Three months ended December 31 2017	Twelve months ended September 30 2017
	\$	\$
Comprehensive loss for the period	166,917	1,068,286

Select information from Fission 3.0's statements of financial position is as follows:

	December 31 2017	June 30 2017
	\$	\$
Current assets	1,085,783	2,591,993
Property and equipment	25,671	30,549
Exploration and evaluation assets	8,678,317	7,740,779
Total Assets	9,789,771	10,363,321
Current liabilities	47,498	51,718
Deferred income tax liability	194,216	308,880
Total Liabilities	241,714	360,598

6. Exploration and evaluation assets

	Three months ended March 31 2018	Year ended December 31 2017
Patterson Lake South Property	\$	\$
Acquisition costs		
Balance, beginning and end	176,501,858	176,501,858
Exploration costs		
Balance, beginning	112,940,009	97,526,796
Incurring during		
Geology mapping/sampling	-	51,489
Geophysics airborne	4,035	-
Geophysics ground	2,877	400,516
Drilling	6,476,141	13,420,928
Land retention and permitting	7,133	36,697
Reporting	3,919	38,933
Environmental	152,159	694,167
Safety	-	54,777
Community relations	25,319	92,508
General	36,724	67,236
Share-based compensation	36,615	555,962
Additions	6,744,922	15,413,213
Balance, end	119,684,931	112,940,009
Total	296,186,789	289,441,867

Fission Uranium Corp.

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6. Exploration and evaluation assets (continued)

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of title and/or ownership of claims. The Company has investigated title to all of its exploration and evaluation assets, and to the best of its knowledge, title to its property is in good standing.

On January 11, 2016 the Company executed an offtake agreement with CGN Mining Company Limited ("CGN Mining"). Under the terms of the offtake agreement, CGN Mining will purchase 20% of annual U₃O₈ production and will have an option to purchase up to an additional 15% of U₃O₈ production from the PLS property, after commencement of commercial production.

7. Share capital and other capital reserves

(a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares, without par value. All of the Company's issued shares are fully paid.

(b) Stock options

The Company has a stock option plan which allows the Board of Directors to grant stock options to employees, directors, officers, and consultants. The exercise price is determined by the Board of Directors provided the minimum exercise price is set at the Company's closing share price on the day before the grant date. The options can be granted for a maximum term of five years and vesting terms are determined by the Board of Directors at the date of grant.

Stock option transactions are summarized as follows:

	Stock options	
	Number outstanding	Weighted average exercise price
		\$
Balance, January 1, 2017	38,920,000	1.0568
Granted	9,940,000	0.8500
Exercised ⁽¹⁾	(410,000)	0.3630
Outstanding, March 31, 2017	48,450,000	1.0202
Exercised ⁽¹⁾	(700,000)	0.2505
Forfeited	(129,166)	0.8500
Cancelled/Expired	(1,255,834)	1.1888
Outstanding, December 31, 2017	46,365,000	1.0278
Granted	500,000	0.8500
Forfeited	(66,667)	0.8500
Cancelled/Expired	(453,333)	1.1357
Outstanding, March 31, 2018	46,345,000	1.0251

⁽¹⁾ The weighted average share price of stock options exercised was \$0.6976 during the three month period ended March 31, 2017 and \$0.6490 during the nine month period ended December 31, 2017.

Fission Uranium Corp.

Notes to the condensed interim financial statements
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7. Share capital and other capital reserves (continued)

(c) Stock options (continued)

As at March 31, 2018, incentive stock options were outstanding as follows:

Stock options			
Number outstanding	Exercise price \$	Number of vested options	Expiry date
15,850,000	0.8500	15,850,000	February 5, 2021
9,715,000	0.8500	6,476,668	January 16, 2022
500,000	0.8500	166,667	March 27, 2023
7,600,000	1.0000	7,600,000	December 15, 2019
6,860,000	1.2000	6,860,000	January 21, 2019
250,000	1.3100	250,000	February 25, 2019
5,570,000	1.6500	5,570,000	April 4, 2019
46,345,000		42,773,335	

(d) Share-based compensation

All options are recorded at fair value using the Black-Scholes option pricing model. During the three month period ended March 31, 2018 the Company granted 500,000 stock options (March 31, 2017 – 9,940,000). Pursuant to the vesting schedule of options granted, during the three month period ended March 31, 2018 share-based compensation of \$165,699 (March 31, 2017 - \$1,185,562) was recognized in the statements of loss and comprehensive loss and \$36,615 (March 31, 2017 - \$291,129) was recognized in exploration and evaluation assets. The total amount of \$202,314 (March 31, 2017 - \$1,476,691) was recorded within other capital reserves in the statements of changes in equity.

The following assumptions were used for the valuation of share-based compensation for options granted:

	March 31 2018	March 31 2017
Risk Free Interest Rate	1.91%	0.85%
Expected Life - Years	2.92	2.92
Estimated Forfeiture Rate	3.83%	4.45%
Annualised Volatility	51.53%	51.34%
Dividend Rate	N/A	N/A
Weighted average fair value per option	\$0.16	\$0.27

Fission Uranium Corp.

Notes to the condensed interim financial statements
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(Expressed in Canadian dollars)
(Unaudited – prepared by management)

8. Supplemental disclosure with respect to cash flows

	March 31 2018	December 31 2017
	\$	\$
Cash and cash equivalents		
Cash	22,921,598	30,575,915
Redeemable term deposits	160,000	160,000
	23,081,598	30,735,915

During the three month period ended March 31, 2018 the Company received \$119,665 (March 31, 2017 - \$115,841) in interest income.

Significant non-cash transactions for the three month period ended March 31, 2018 included:

- (a) Incurring \$747,751 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and
- (b) Recognizing \$36,614 of share-based payments in exploration and evaluation assets.

Significant non-cash transactions for three month period ended March 31, 2017 included:

- (a) Incurring \$2,827,141 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;
- (b) Recognizing \$291,129 of share-based payments in exploration and evaluation assets; and
- (a) Reclassifying \$13,906 from other capital reserves to share capital on the exercise of stock options.

9. Related party transactions

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

	Three months ended March 31 2018	Three months ended March 31 2017
	\$	\$
<i>Compensation Costs</i>		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	512,409	554,079
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	117,255	867,349
	629,664	1,421,428

Fission Uranium Corp.

Notes to the condensed interim financial statements
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9. Related party transactions (continued)

	Three months ended March 31 2018	Three months ended March 31 2017
	\$	\$
Exploration and administrative services billed to Fission 3.0, a company over which Fission Uranium has significant influence	36,768	37,171

Included in accounts payable at March 31, 2018 is \$6,724 (December 31, 2017 - \$13,448) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at March 31, 2018 is \$13,126 (December 31, 2017 - \$12,442) for exploration and administrative services and expense recoveries due from Fission 3.0.

Transactions with CGN Mining, which is deemed to be a related party as it accounts for its investment in the Company as an investment in associate, have been disclosed in note 6.

On April 21, 2017, the Company purchased additional units of Fission 3.0 for a total cost of \$361,929 to maintain its 12.36% interest in Fission 3.0 (note 5).

These transactions were in the normal course of operations.

10. Financial instruments and risk management

International Financial Reporting Standards 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. For short-term investments, the carrying value is considered to be a reasonable approximation of fair value due to insignificant movements in risk-free interest rates during the period.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations warrant such hedging activities

Fission Uranium Corp.

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10. Financial instruments and risk management (continued)

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will not discharge its obligations, resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk. Company management evaluates credit risk on an ongoing basis including counterparty credit rating and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from:

- (i) Cash and cash equivalents;
- (ii) Short-term investments; and
- (iii) Amounts receivable

The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At March 31, 2018, the Company has no financial assets that are past due or impaired due to credit risk defaults.

The Company's maximum exposure to credit risk is as follows:

	March 31 2018	December 31 2017
	\$	\$
Cash and cash equivalents	23,081,598	30,735,915
Short-term investments	10,000,000	10,000,000
Amounts receivable	547,044	199,409
	33,628,642	40,935,324

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents balances to meet its anticipated operational needs.

The Company's accounts payable and accrued liabilities arose as a result of exploration and development of its exploration and evaluation assets and other corporate expenses. Payment terms on these liabilities are typically 30 to 60 days from receipt of invoice and do not generally bear interest.

Fission Uranium Corp.

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10. Financial instruments and risk management (continued)

(b) *Liquidity risk (continued)*

The following table summarizes the remaining contractual maturities of the Company's financial liabilities.

	Maturity Dates	March 31 2018	December 31 2017
		\$	\$
Accounts payable and accrued liabilities	< 6 months	1,193,301	487,327