



Fission
URANIUM CORP.

Condensed Interim Financial Statements

(Unaudited – prepared by management)

Fission Uranium Corp.

**For the Three Month Period Ended
September 30, 2016**

Fission Uranium Corp.

Condensed Interim Financial Statements

(Unaudited – prepared by management)

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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 consolidated interim financial statements for the three month period ended September 30, 2016.

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Fission Uranium Corp.

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

	Note	September 30 2016	June 30 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		53,408,493	71,989,592
Amounts receivable		402,979	182,406
Prepaid expenses		266,853	534,195
		54,078,325	72,706,193
Investments	4	10,037,973	-
Investment in Fission 3.0 Corp.	5	2,859,412	2,876,183
Property and equipment		362,235	378,305
Exploration and evaluation assets	6	272,413,536	265,041,196
Total Assets		339,751,481	341,001,877
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,082,097	975,550
		1,082,097	975,550
Deferred income tax liability		2,329,646	2,709,102
Total Liabilities		3,411,743	3,684,652
Shareholders' Equity			
Share capital	7	412,499,692	412,466,585
Other capital reserves	7	23,008,978	22,462,976
Deficit		(99,168,932)	(97,612,336)
		336,339,738	337,317,225
Total Liabilities and Shareholders' Equity		339,751,481	341,001,877

Subsequent events (Note 11)

Approved by the Board of Directors and authorized for issue on November 13, 2016.

"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 September 30 2016	Three Months Ended September 30 2015
		\$	\$
Expenses			
Business development		178,202	250,030
Consulting and directors fees		416,561	757,520
Depreciation		36,171	21,518
Office and administration		237,171	247,291
Professional fees		148,112	1,018,094
Public relations and communications		366,315	481,987
Share-based compensation	7(c)	449,342	592,753
Trade shows and conferences		56,945	27,992
Wages and benefits		231,213	208,691
		2,120,032	3,605,876
Other items - income/(expense)			
Foreign exchange gain/(loss)		(6,341)	2,091
Interest and miscellaneous income		207,092	68,970
Loss on disposal of property and equipment		-	(3,126)
Share of loss from equity investment in Fission 3.0 Corp.	5	(16,771)	(35,569)
		183,980	32,366
Loss before income taxes		(1,936,052)	(3,573,510)
Deferred income tax recovery		379,456	759,794
Net loss and comprehensive loss for the period		(1,556,596)	(2,813,716)
Basic and diluted loss per common share		(0.00)	(0.01)
Weighted average number of common shares outstanding		483,947,487	386,238,121

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, June 30, 2015		386,238,121	333,328,259	18,810,691	(87,274,334)	264,864,616
Share-based compensation	7(c)	-	-	714,041	-	714,041
Net loss and comprehensive loss		-	-	-	(2,813,716)	(2,813,716)
Balance, September 30, 2015		386,238,121	333,328,259	19,524,732	(90,088,050)	262,764,941
Common shares issued for cash	7(a)	96,736,540	82,226,059	-	-	82,226,059
Share issuance costs	7(a)	-	(4,730,720)	-	-	(4,730,720)
Deferred income tax impact on share issuance costs		-	1,229,987	-	-	1,229,987
Exercise of stock options		950,000	413,000	(46,110)	-	366,890
Share-based compensation		-	-	2,984,354	-	2,984,354
Net loss and comprehensive loss		-	-	-	(7,524,286)	(7,524,286)
Balance, June 30, 2016		483,924,661	412,466,585	22,462,976	(97,612,336)	337,317,225
Exercise of stock options		100,000	33,107	(3,534)	-	29,573
Share-based compensation	7(c)	-	-	549,536	-	549,536
Net loss and comprehensive loss		-	-	-	(1,556,596)	(1,556,596)
Balance, September 30, 2016		484,024,661	412,499,692	23,008,978	(99,168,932)	336,339,738

Fission Uranium Corp.

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

	Note	Three Months Ended September 30 2016 \$	Three Months Ended September 30 2015 \$
Operating activities			
Net loss and comprehensive loss		(1,556,596)	(2,813,716)
Items not involving cash:			
Depreciation		36,171	21,518
Share-based compensation	7(c)	449,342	592,753
Gain on short-term investments		(5,915)	(1,250)
Accrued interest on investments	4	(37,973)	-
Loss on disposal of property and equipment		-	3,126
Share of loss from equity investment in Fission 3.0 Corp.	5	16,771	35,569
Deferred income tax recovery		(379,456)	(759,794)
		(1,477,656)	(2,921,794)
Changes in non-cash working capital items:			
Increase in amounts receivable		(220,573)	(402,276)
Decrease in prepaid expenses		267,342	57,588
(Decrease)/increase in accounts payable and accrued liabilities		(13,528)	508,300
Cash flow used in operating activities		(1,444,415)	(2,758,182)
Investing activities			
Purchase of investments	4	(10,000,000)	-
Property and equipment additions		(20,101)	(1,660)
Exploration and evaluation asset additions		(7,152,071)	(9,563,660)
Proceeds from disposition of short-term investments		5,915	-
Cash flow used in investing activities		(17,166,257)	(9,565,320)
Financing activities			
Proceeds from exercise of stock options		29,573	-
Cash flow provided by financing activities		29,573	-
Decrease in cash and cash equivalents during the period		(18,581,099)	(12,323,502)
Cash and cash equivalents, beginning of period		71,989,592	24,773,556
Cash and cash equivalents, end of period		53,408,493	12,450,054

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 September 30, 2016

(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. (“Fission Energy”) which was completed on April 26, 2013 (the “Fission Energy Arrangement”). 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 June 30, 2016 prepared in accordance with IFRS. These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on November 13, 2016.

The accounting policies applied in preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended June 30, 2016.

The three month period ended September 30, 2016 is the first quarter of the Company’s current fiscal year. The Company is changing its fiscal year end from June 30 to December 31 in order to better align the Company’s financial disclosure with one of its largest shareholders for operational and administrative efficiency. The change in fiscal year end is effective December 31, 2016 and so the transitional fiscal period will be for the six month period ending December 31, 2016.

(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*

The IASB issued a number of new standards and amendments to standards and related interpretations which are effective for the Company’s financial year beginning on or after January 1, 2017.

Fission Uranium Corp.

Notes to the condensed interim financial statements
For the three month period ended September 30, 2016
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

2. Significant accounting policies (continued)

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

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 has not yet considered the potential impact of the adoption of IFRS 16.

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.

4. Investments

	September 30 2016	June 30 2016
	\$	\$
Guaranteed Investment Certificates ("GIC's")	10,000,000	-
Interest Earned on GIC's	37,973	-
	10,037,973	-

The Company purchased two \$5,000,000 fixed rate GIC's with a term of 2 years from a Canadian financial institution. The GIC's bear interest at a 1.68% annual rate and mature on July 9, 2018 and July 11, 2018.

Fission Uranium Corp.

Notes to the condensed interim financial statements

For the three month period ended September 30, 2016

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

5. Investment in Fission 3.0

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.

The Company has a 12.36% interest in Fission 3.0, 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 this 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 for the three month period ended September 30, 2016 are not yet publicly available, the Company recognized its proportionate share of Fission 3.0's loss for the three month period ended June 30, 2016 in the Company's three month period ended September 30, 2016.

Details of the investment in Fission 3.0 are as follows:

	\$
Balance June 30, 2015	3,040,535
Share of Fission 3.0's loss for the twelve months ended March 31, 2016	(154,776)
Reversal of intercompany services	(9,576)
Balance June 30, 2016	2,876,183
Share of Fission 3.0's loss for the three months ended June 30, 2016	(14,723)
Reversal of intercompany services	(2,048)
Balance September 30, 2016	2,859,412

The trading price of Fission 3.0's common shares on September 30, 2016 was \$0.07 (June 30, 2016 - \$0.085). The quoted market value of the investment in Fission 3.0 on September 30, 2016 was \$1,540,000 (June 30, 2016 - \$1,870,000).

Fission 3.0's summary financial information is as follows:

	Three Months Ended	
	June 30	June 30
	2016	2015
	\$	\$
Comprehensive loss for the period	119,118	260,577
	June 30	June 30
	2016	2015
	\$	\$
Current assets	1,928,260	5,253,312
Property and equipment	40,571	30,910
Exploration and evaluation assets	8,462,549	6,375,108
Total Assets	10,431,380	11,659,330
Current liabilities	55,762	73,974
Deferred income tax liability	1,066,189	1,263,555
Total Liabilities	1,121,951	1,337,529

Fission Uranium Corp.

Notes to the condensed interim financial statements
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6. Exploration and evaluation assets

	Three Months Ended September 30 2016	Year Ended June 30 2016
Patterson Lake South Property		
	\$	\$
Acquisition costs		
Balance, beginning and end	176,501,858	176,501,858
Exploration costs		
Balance, beginning	88,539,338	66,959,631
Incurring during		
Geology mapping/sampling	21,282	123,861
Geophysics airborne	5,125	188,241
Geophysics ground	207,277	348,007
Drilling	6,628,578	19,965,869
Land retention and permitting	11,980	63,659
Reporting	17,127	53,996
Environmental	337,240	117,609
Safety	15,366	30,652
Community relations	23,454	36,160
General	4,717	20,050
Share-based compensation	100,194	631,603
Additions	7,372,340	21,579,707
Balance, end	95,911,678	88,539,338
Total	272,413,536	265,041,196

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

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.

(a) Private placements

January 26, 2016

The Company completed a private placement with CGN Mining of 96,736,540 common shares at a price of \$0.85 per share, for gross proceeds of \$82,226,059 equal to 19.99% of the issued and outstanding shares of the Company upon closing. The Company paid agents' commissions of \$4,111,303 plus expenses of \$619,417.

Fission Uranium Corp.

Notes to the condensed interim financial statements

For the three month period ended September 30, 2016

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

7. Share capital and other capital reserves (continued)

(b) Stock options and warrants

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 options and share purchase warrants transactions are summarized as follows:

	Stock options		Warrants	
	Number outstanding	Weighted average exercise price \$	Number outstanding	Weighted average exercise price \$
Balance July 1, 2015	33,578,333	1.0464	1,380,538	1.5651
Granted	16,350,000	0.8500	-	-
Exercised ⁽¹⁾	(950,000)	0.3862	-	-
Expired	(9,371,667)	0.7367	(1,380,538)	1.5651
Forfeited	(23,333)	1.0000	-	-
Outstanding, June 30, 2016	39,583,333	1.0545	-	-
Exercised ⁽¹⁾	(100,000)	0.2957	-	-
Expired	(400,000)	1.2920	-	-
Outstanding, September 30, 2016	39,083,333	1.0540	-	-

(1) The weighted average share price of stock options exercised during the three month period ended September 30, 2016 was \$0.6800 (Year ended June 30, 2016 - \$0.6435).

As at September 30, 2016, incentive stock options were outstanding as follows:

Stock options			
Number outstanding	Exercise price \$	Number of vested options	Expiry date
770,000	0.2505	770,000	December 31, 2017
503,333	0.3862	503,333	January 12, 2017
16,350,000	0.8500	8,175,000	February 5, 2021
7,930,000	1.0000	6,608,334	December 15, 2019
7,210,000	1.2000	7,210,000	January 21, 2019
300,000	1.3100	300,000	February 25, 2019
6,020,000	1.6500	6,020,000	April 4, 2019
39,083,333		29,586,667	

Fission Uranium Corp.

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

(c) Share-based compensation

All options are recorded at fair value using the Black-Scholes option pricing model. There were no stock options granted during the three month period ended September 30, 2016 or September 30, 2015. Pursuant to the vesting schedule of options granted, during the three month period ended September 30, 2016 share-based compensation of \$449,342 (September 30, 2015 - \$592,753) was recognized in the statements of loss and comprehensive loss and \$100,194 (September 30, 2015 - \$121,288) was recognized in exploration and evaluation assets. The total amount of \$549,536 (September 30, 2015 - \$714,041) was also recorded as other capital reserves in the statements of changes in equity.

8. Supplemental disclosure with respect to cash flows

	September 30	June 30
	2016	2016
	\$	\$
Cash and cash equivalents		
Cash	49,748,493	68,329,592
Redeemable Term Deposits	3,660,000	3,660,000
	53,408,493	71,989,592

There were no cash payments for interest and income taxes during the three month period ended September 30, 2016, and September 30, 2015. During the three month period ended September 30, 2016 the Company received \$141,288 (September 30, 2015 - \$45,691) in interest income.

Significant non-cash transactions for the three month period ended September 30, 2016 included:

- (a) Incurring \$907,149 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;
- (b) Recognizing \$100,194 of share-based payments in exploration and evaluation assets; and
- (c) Reclassifying \$3,534 from other capital reserves to share capital on the exercise of stock options.

Significant non-cash transactions for the three month period ended September 30, 2015 included:

- (a) Incurring \$1,990,825 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and
- (b) Recognizing \$121,288 of share-based payments in exploration and evaluation assets.

Fission Uranium Corp.

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

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	
	September 30 2016	September 30 2015
	\$	\$
<i>Compensation Costs</i>		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	684,440	536,099
Share-based compensation pursuant the vesting schedule of options granted to key management personnel	341,150	382,886
	1,025,590	918,985

	Three months ended	
	September 30 2016	September 30 2015
	\$	\$
Exploration and administrative services billed to Fission 3.0 Corp., a company over which Fission Uranium has significant influence	44,030	151,597

Included in accounts payable at September 30, 2016 is \$97,096 (June 30, 2016 - \$31,141) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at September 30, 2016 is \$8,364 (June 30, 2016 - \$9,409) 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 notes 6 and 7.

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).

Fission Uranium Corp.

Notes to the condensed interim financial statements

For the three month period ended September 30, 2016

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

10. Financial instruments and risk management (continued)

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, investments 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 investments with fixed rates of interest, 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.

(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) Amounts receivable; and
- (iii) Investments

The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At September 30, 2016, 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:

	September 30	June 30
	2016	2016
	\$	\$
Cash and cash equivalents	53,408,493	71,989,592
Amounts receivable	402,979	182,406
Investments	10,037,973	-
	63,849,445	72,171,998

(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.

Fission Uranium Corp.

Notes to the condensed interim financial statements
For the three month period ended September 30, 2016
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10. Financial instruments and risk management (continued)

(b) Liquidity risk (continued)

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.

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

	Maturity Dates	September 30 2016	June 30 2016
		\$	\$
Accounts payable and accrued liabilities	< 6 months	1,082,097	975,550

11. Subsequent events

Subsequent to September 30, 2016 48,333 stock options were exercised with a weighted average exercise price of \$0.3862 and a weighted average share price of \$0.58.