Financial Statements

Fission Uranium Corp.

For the Year Ended
December 31, 2019

Fission Uranium Corp.

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Independent auditor's report

To the Shareholders of Fission Uranium Corp.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fission Uranium Corp. (the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's financial statements comprise:

- the statements of financial position as at December 31, 2019 and 2018;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Eric Talbot.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 30, 2020

Fission Uranium Corp.

Statements of financial position
(Expressed in Canadian dollars)

	Note	**December 31 2019**	December 31 2018
		$	$
Assets			
Current assets			
Cash and cash equivalents		**4,785,701**	10,943,396
Short-term investments	4	**22,764**	10,500,984
Amounts receivable	5	**119,971**	311,230
Prepaid expenses		**75,381**	87,453
		5,003,817	21,843,063
Non-current assets			
Investment in Fission 3.0 Corp.	6	**559,661**	1,113,774
Property and equipment	7	**117,937**	195,188
Right-of-use assets	8	**230,423**	-
Exploration and evaluation assets	9	**316,812,426**	305,379,601
		317,720,447	306,688,563
Total Assets		**322,724,264**	328,531,626
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**320,946**	1,094,156
Lease obligations - current portion	10	**99,390**	-
		420,336	1,094,156
Non-current liabilities			
Deferred gain on short-term investments	6	**185,339**	291,247
Lease obligations	10	**137,124**	-
		322,463	291,247
Total Liabilities		**742,799**	1,385,403
Shareholders' Equity			
Share capital	11	**413,615,850**	413,399,850
Other capital reserves	11	**26,717,159**	26,698,159
Deficit		**(118,351,544)**	(112,951,786)
		321,981,465	327,146,223
Total Liabilities and Shareholders' Equity		**322,724,264**	328,531,626

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on March 30, 2020.

"Frank Estergaard"
Director

"William Marsh"
Director

Fission Uranium Corp.

Statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	Note	**Year Ended December 31 2019**	Year Ended December 31 2018
		$	$
Expenses			
Business development		**353,752**	528,242
Consulting and directors fees		**1,509,717**	1,530,370
Depreciation		**189,913**	100,331
Office and administration		**643,050**	822,205
Professional fees		**355,701**	279,445
Public relations and communications		**623,873**	713,374
Share-based compensation expense	11(c)	**17,223**	297,263
Trade shows and conferences		**308,803**	387,366
Wages and benefits		**724,553**	807,422
		4,726,585	5,466,018
Other items - income/(expense)			
Foreign exchange loss		**(7,758)**	(3,253)
Interest and miscellaneous income		**277,424**	613,831
Interest - lease obligations	10	**(15,719)**	-
Loss on disposal of property and equipment		**(695)**	(359)
Share of loss from equity investment in Fission 3.0 Corp.	6	**(190,256)**	(168,424)
Investment in Fission 3.0 Corp. write-down	6	**(363,857)**	(1,164,525)
Dilution gain on investment in Fission 3.0 Corp.	6	**-**	29,412
Gain/(loss) on short-term investments	6	**(372,312)**	209,737
		(673,173)	(483,581)
Loss before income taxes		**(5,399,758)**	(5,949,599)
Deferred income tax recovery	14	**-**	762,109
Net loss and comprehensive loss for the year		**(5,399,758)**	(5,187,490)
Basic and diluted loss per common share		**(0.01)**	(0.01)
Weighted average number of common shares outstanding		**486,178,313**	485,759,052

Fission Uranium Corp.

Statements of changes in equity
(Expressed in Canadian dollars)

	Note	Share capital		Other capital		**Total shareholders'**
		Shares	Amount	reserves	Deficit	**equity**
			$	$	$	**$**
Balance, January 1, 2018		485,651,038	413,155,475	26,307,729	(107,764,296)	**331,698,908**
Director remuneration shares issued	13	363,604	244,375	-	-	**244,375**
Share-based compensation	11(c)	-	-	390,430	-	**390,430**
Net loss and comprehensive loss		-	-	-	(5,187,490)	**(5,187,490)**
Balance, December 31, 2018		486,014,642	413,399,850	26,698,159	(112,951,786)	**327,146,223**
Director remuneration shares issued	13	605,448	216,000	-	-	**216,000**
Share-based compensation	11(c)	-	-	19,000	-	**19,000**
Net loss and comprehensive loss		-	-	-	(5,399,758)	**(5,399,758)**
Balance, December 31, 2019		486,620,090	413,615,850	26,717,159	(118,351,544)	**321,981,465**

Fission Uranium Corp.
Statements of cash flows
(Expressed in Canadian dollars)

	Note	**Year Ended December 31 2019**	Year Ended December 31 2018
		$	$
Operating activities			
Net loss and comprehensive loss		**(5,399,758)**	(5,187,490)
Items not involving cash:			
Depreciation		**189,913**	100,331
Share-based compensation	11(c)	**17,223**	297,263
Loss on disposal of property and equipment		**695**	359
Director remuneration shares issued	13	**216,000**	244,375
Share of loss from equity investment in Fission 3.0 Corp.	6	**190,256**	168,424
Investment in Fission 3.0 Corp. write-down	6	**363,857**	1,164,525
Dilution gain on investment in Fission 3.0 Corp.	6	**-**	(29,412)
(Gain)/loss on short-term investments	6	**372,312**	(209,737)
Deferred income tax recovery	14	**-**	(762,109)
		(4,049,502)	(4,213,471)
Changes in non-cash working capital items:			
(Increase)/decrease in amounts receivable		**170,131**	(86,067)
Decrease in prepaid expenses		**12,072**	65,273
Decrease in accounts payable and accrued liabilities		**(69,481)**	(115,288)
Cash flow used in operating activities		**(3,936,780)**	(4,349,553)
Investing activities			
Proceeds on redemption of short-term investments		**10,000,000**	-
Property and equipment additions	7	**(12,420)**	(11,831)
Purchase of units of Fission 3.0 Corp.	6	**-**	(400,000)
Exploration and evaluation asset additions		**(12,113,649)**	(15,031,135)
Cash flow used in investing activities		**(2,126,069)**	(15,442,966)
Financing activities			
Lease obligation payments	10	**(94,846)**	-
Cash flow used in financing activities		**(94,846)**	-
Decrease in cash and cash equivalents during the year		**(6,157,695)**	(19,792,519)
Cash and cash equivalents, beginning of year		**10,943,396**	30,735,915
Cash and cash equivalents, end of year		**4,785,701**	10,943,396

Supplemental disclosure with respect to cash flows (Note 12)

1. Nature of operations and going concern

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.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2019 the Company had a working capital balance of $4,583,481 (2018: $20,748,907), and for the year ended December 31, 2019, recorded a loss of $5,399,758 (2018: $5,187,490) and recorded cash outflows from operating activities of $3,936,780 (2018: $4,349,553). The Company's ability to continue as a going concern is dependent upon its ability to fund its operations through equity financing, debt, joint ventures, option agreements or other means. Although the Company has successfully raised funds in the past, there is no assurance that it will be able to do so in the future. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

(a) *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") as at December 31, 2019. These financial statements were authorized for issue by the Board of Directors on March 30, 2020.

(b) *Basis of presentation*

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. Certain comparative figures have been reclassified to conform with the current year presentation.

(c) *Financial assets*

All financial assets are initially recorded at fair value and categorized into the following two categories for subsequent measurement purposes: amortized cost and fair value.

A financial asset is classified at 'amortized cost' only if both of the following criteria are met: a) the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

2. Significant accounting policies (continued)

(c) Financial assets (continued)

The Company has classified its cash and cash equivalents, Guaranteed Investment Certificates ("GICs") within short-term investments and amounts receivable at amortized cost for subsequent measurement purposes. The Company has classified the Fission 3.0 Corp. Warrants within short-term investments at fair value for subsequent measurement purposes.

(d) Cash and cash equivalents

Cash and cash equivalents consist of deposits in banks and redeemable term deposits that are readily convertible to cash. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset backed deposits/investments.

GIC's which do not meet the definition of cash and cash equivalents are accounted for as investments and classified as current or non-current based on the related contractual maturity dates.

(e) Investments in associates

Entities over which the Company has significant influence, but not control, are associates. The Company accounts for its investments in associates by using the equity method with the investment initially recorded at cost. Subsequent to the acquisition date, the Company records its share of the associates' net income or loss in net income or loss and its share of other comprehensive income or loss in other comprehensive income or loss.

Transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Changes in the Company's interest in its associates resulting in dilution gains or losses are recorded in net income or loss.

The Company determines whether any objective evidence of impairment exists at each reporting date. If impaired, the carrying value of the investment is written down to its recoverable amount.

(f) Foreign currency translation

Transactions and balances

These financial statements are presented in Canadian dollars. Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the reporting date are recognized in net income or loss.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the Company is the Canadian Dollar.

2. Significant accounting policies (continued)

(g) Property and equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is calculated on a straight line basis at the following annual rates based on estimated useful lives:

- Equipment and machinery 20%
- Vehicles 30%
- Office equipment 20%
- Computer hardware 30%
- Computer software 50%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in net income or loss.

When an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment.

(h) Exploration and evaluation assets

The Company records exploration and evaluation assets, which consists of the costs of acquiring licenses for the right to explore and costs associated with exploration and evaluation activity, at cost. All direct and indirect costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property.

The exploration and evaluation assets are capitalized until the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. Exploration and evaluation assets are then assessed for impairment and reclassified to mining property and development assets within property and equipment. If an exploration and evaluation property interest is abandoned, both the acquisition costs and the exploration and evaluation cost will be written off to operations in the period of abandonment.

On an ongoing basis, exploration and evaluation assets are reviewed on a property-by-property basis to consider if there are any indicators of impairment, including the following:

(i) Whether the exploration on the property has significantly changed, such that previously identified resource targets are no longer being pursued;

(ii) Whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; and

(iii) Whether remaining claim tenure terms are sufficient to conduct necessary studies or exploration work.

2. Significant accounting policies (continued)

(h) Exploration and evaluation assets (continued)

If any indication of impairment exists, an estimate of the exploration and evaluation asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal for the exploration and evaluation property interest and their value in use. The fair value less costs of disposal and the value in use is determined for an individual exploration and evaluation property interest, unless the exploration and evaluation property interest does not generate cash inflows that are largely independent of other exploration and evaluation property interests. If this is the case, the exploration and evaluation property interests are grouped together into cash generating units ("CGUs") for impairment purposes. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net income or loss for the period.

Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized in the period in which that determination was made in net income or loss.

(i) Financial liabilities

Financial liabilities include accounts payable and accrued liabilities and are initially recorded at fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

(j) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Company's common shares and the issue price of the flow through share and ii) share capital. Upon eligible exploration expenditures being incurred, the Company recognizes a deferred income tax liability for the amount of tax reduction renounced to the shareholders. When the renunciation documents are filed, the flow-through share premium is taken into other income and the related deferred income tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds after the end of the first year as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the "Look-back" Rule. When applicable, this tax is accrued as flow-through share tax expense until paid.

2. Significant accounting policies (continued)

(k) Share based payments

The Company has a stock option plan whereby it is authorized to grant stock options to directors, officers, employees and consultants. Directors, officers, employees and consultants are classified as employees who render personal services to the entity and either i) are regarded as employees for legal or income tax purposes, ii) work for an entity under its direction in the same way as directors, officers, employees and consultants who are regarded as employees for legal or income tax purposes, or iii) the services rendered are similar to those rendered by employees.

The fair value of equity settled stock options issued to employees is measured on the grant date, using the Black-Scholes option pricing model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the Company's common shares and an expected life of the options. The fair value less estimated forfeitures is charged over the vesting period of the related options to net income or loss unless it meets the criteria for capitalisation to the exploration and evaluation assets with a corresponding credit to other capital reserves in equity. Stock options granted with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

The share-based awards issued to non-employees are generally measured on the fair value of goods or services received unless that fair value cannot be reliably measured. This fair value shall be measured at the date the entity obtains the goods or the counterparty renders service.

When the stock options are exercised, the proceeds are credited to share capital and the fair value of the options exercised is reclassified from other capital reserves to share capital. The estimated forfeitures are based on historical experience and reviewed on a quarterly basis to determine the appropriate forfeiture rate based on past, present and expected forfeitures.

(l) Income taxes

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of each reporting period, and includes any adjustments to income tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable net income or loss.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Significant accounting policies (continued)

(m) Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the gain or loss attributable to common shareholders when the effect is anti-dilutive.

(n) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant control over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

(o) New standards adopted by the Company

IFRS 16 – Leases

The Company adopted IFRS 16 - Leases effective January 1, 2019. In accordance with the transition provisions in IFRS 16 - Leases, the new rules have been adopted using the modified retrospective approach whereby the cumulative effect of initially applying the new standard is recognized on January 1, 2019. Comparatives for the 2018 reporting period have not been restated.

On the adoption of IFRS 16 - Leases, the Company recognized lease obligations in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 - Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as of January 1, 2019.

This resulted in the initial recognition of right-of-use assets and lease obligations of $331,360.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

Leases are recognized as a right of use asset and a corresponding obligation when the leased asset is available for use by the Company. Lease obligations are initially measured at the net present value of the fixed lease payments and variable lease payments that are based on an index or a rate, discounted using the rate implicit in the lease, or if that cannot be determined, the Company's estimated incremental borrowing rate. Right of use assets are initially measured at cost, comprising the amount of the initial measurement of the lease obligation, any lease payments made at or before the lease commencement date, and restoration costs.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease obligations are subsequently measured at amortized cost using the effective interest rate method.

(Expressed in Canadian dollars)

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 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.

(a) 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.

(b) 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. Short-term investments

	December 31 2019	December 31 2018
	$	$
Guaranteed investment certificates ("GICs")	**-**	10,000,000
Fission 3.0 Corp. warrants	**22,764**	500,984
	22,764	10,500,984

In September 2018, Fission 3.0 Corp. ("Fission 3.0") issued the Company 4,000,000 warrants as a result of the Company's participation in a private placement financing (Note 6).

5. Amounts receivable

	December 31 2019	December 31 2018
	$	$
GST receivable	**57,875**	110,504
Other receivables	**62,096**	200,726
	119,971	311,230

The Company does not have any significant balances that are past due. Amounts receivable are current, and the Company does not have any allowance for doubtful accounts. Due to their short-term maturities, the fair value of amounts receivable approximates their carrying value.

(Expressed in Canadian dollars)

6. Investment in Fission 3.0 Corp.

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.

Details of the investment in Fission 3.0 are as follows:

	$
Balance, January 1, 2018	**2,017,311**
Purchase of 4,000,000 units @ $0.10 per unit	400,000
Dilution gain on investment in Fission 3.0	29,412
Share of loss for the twelve months ended September 30, 2018	(168,424)
Write-down on Investment in Fission 3.0	(1,164,525)
Balance, December 31, 2018	**1,113,774**
Share of loss for the twelve months ended September 30, 2019	(190,256)
Write-down on Investment in Fission 3.0	(363,857)
Balance, December 31, 2019	**559,661**

On April 30, 2018, Fission 3.0 completed a consolidation of its issued and outstanding common shares (the "Pre-Consolidation Shares") on the basis of one (1) new Common Share (the "Post-Consolidation Shares") for every four (4) Pre-Consolidation Shares held (the "Share Consolidation"). As a result of the Share Consolidation, the Company held 6,792,602 Post-Consolidation common shares.

As at June 30, 2018, the continued, 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 $1,164,525 to its fair value based on the quoted market price of Fission 3.0's common shares.

On September 28, 2018, Fission 3.0 completed the first tranche of a non-brokered private placement financing by issuing 52,050,000 units at a price of $0.10 per unit, and 9,800,000 Flow Through Shares at a price of $0.10 per share. Each unit consisted of one common share and one share purchase warrant exercisable at $0.15 per warrant until September 28, 2021. The Company purchased 4,000,000 units for a total cost of $400,000, which resulted in its ownership being diluted down to 9.24% and the Company recognizing a dilution loss of $29,813 during the three month period ended September 30, 2018.

The Company determined that the fair value of the Fission 3.0 warrants acquired was $317,724, which is based on the Black-Scholes option pricing model. Since the fair value of this financial instrument exceeded the transaction price of the unit offering, and the fair value is not based solely on observable inputs, this amount has been recognized as a deferred gain which will be recognized over the three year life of the warrants. The fair value of the warrants will be determined at each reporting date, and gains or losses on the fair value changes will be recognized in the statements of loss and comprehensive loss each period.

(Expressed in Canadian dollars)

6. Investment in Fission 3.0 Corp. (continued)

During the three month period ended December 31, 2018, Fission 3.0 completed two additional non-brokered private placements by issuing an aggregate of 25,014,550 units and Flow Through Shares. As a result, the Company's ownership was further diluted to 7.61% and the Company recognized a dilution gain of $59,225.

For the year ended December 31, 2019 the Company recognized $105,908 (December 31, 2018 – $26,477) of the deferred gain on the Fission 3.0 warrants. The balance of remaining deferred gain at December 31, 2019 was $185,339 (December 31, 2018 - $291,247). The Company determined that the fair value of the warrants at December 31, 2019 was $22,764 (December 31, 2018 – $500,984) and therefore recognized an unrealized loss of $478,220 (December 31, 2018 – $183,260 gain) based on the fair value change. The net loss of $372,312 (December 31, 2018 - $209,737 gain) was recorded within other items in the statements of loss and comprehensive loss.

During the period ended September 30, 2019, the significant 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 $363,857 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 December 31, 2019 was $0.07 (December 31, 2018 - $0.205). The quoted market value of the investment in Fission 3.0 on December 31, 2019 was $755,482 (December 31, 2018 - $2,212,483).

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

	Twelve months ended September 30 2019	Twelve months ended September 30 2018
	$	$
Comprehensive loss for the period	**(2,500,080)**	(1,324,646)

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

	September 30 2019	June 30 2019
	$	$
Current assets	**2,082,814**	3,378,956
Investments	**100**	100
Property and equipment	**16,829**	17,777
Exploration and evaluation assets	**14,193,388**	12,950,938
Total Assets	**16,293,131**	16,347,771
Current liabilities	**751,325**	481,696
Deferred income tax liability	**-**	18,301
Total Liabilities	**751,325**	499,997

(Expressed in Canadian dollars)

7. Property and equipment

Cost	Equipment & Machinery	Vehicles	Office Equipment	Computer Hardware	Computer Software	Total
	$	$	$	$	$	$
As at January 1, 2018	513,610	32,492	101,106	164,404	29,052	840,664
Additions	-	-	-	11,831	-	11,831
Disposals	-	(32,492)	-	(26,093)	-	(58,585)
As at December 31, 2018	513,610	-	101,106	150,142	29,052	793,910
Additions	-	-	-	12,420	-	12,420
Disposals	-	-	-	(5,567)	-	(5,567)
As at December 31, 2019	**513,610**	**-**	**101,106**	**156,995**	**29,052**	**800,763**
Accumulated Depreciation						
As at January 1, 2018	276,419	32,492	90,057	129,733	27,916	556,617
Depreciation	78,122	-	3,197	17,876	1,136	100,331
Disposals	-	(32,492)	-	(25,734)	-	(58,226)
As at December 31, 2018	354,541	-	93,254	121,875	29,052	598,722
Depreciation	68,625	-	2,136	18,215	-	88,976
Disposals	-	-	-	(4,872)	-	(4,872)
As at December 31, 2019	**423,166**	**-**	**95,390**	**135,218**	**29,052**	**682,826**
Net Book Value						
As at December 31, 2018	159,069	-	7,852	28,267	-	195,188
As at December 31, 2019	**90,444**	**-**	**5,716**	**21,777**	**-**	**117,937**

(Expressed in Canadian dollars)

8. Right-of-use assets

	Office Leases
	$
Cost	
Balance at January 1, 2019	331,360
Balance at December 31, 2019	**331,360**
Accumulated Depreciation	
Balance at January 1, 2019	-
Depreciation expense	100,937
Balance at December 31, 2019	**100,937**
Net Book Value, December 31, 2019	**230,423**

9. Exploration and evaluation assets

	Year ended December 31 2019	Year ended December 31 2018
Patterson Lake South Property		
	$	$
Acquisition costs		
Balance, beginning and end	**176,501,858**	176,501,858
Exploration costs		
Balance, beginning	**128,877,743**	112,940,009
Incurred during		
Exploration		
Geology mapping/sampling	**1,506**	-
Geophysics airborne	**-**	4,036
Geophysics ground	**374**	7,127
Drilling	**1,487,922**	3,145,714
Resource Development		
Mine Planning	**1,291,554**	609,423
Geotechnical	**4,431,497**	6,765,726
Metallurgical	**51,793**	554,036
Resource Development	**34,204**	2,820,037
Hydrogeological	**1,356,208**	738,432
Infrastructure	**1,677,391**	26,775
Permitting		
Operational Permits & Other	**69,474**	26,096
Environmental	**752,823**	829,580
Community Relations	**133,078**	150,001
Other		
Land Retention	**38,449**	45,570
Reporting	**21,797**	30,136
General	**82,978**	91,878
Share-based compensation	**1,777**	93,167
Additions	**11,432,825**	15,937,734
Balance, end	**140,310,568**	128,877,743
Total	**316,812,426**	305,379,601

(Expressed in Canadian dollars)

9. 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 U_3O_8 production and will have an option to purchase up to an additional 15% of U_3O_8 production from the PLS property, after commencement of commercial production.

10. Lease obligations

	Year ended December 31 2019
	$
Beginning balance, January 1, 2019	**331,360**
Lease obligation payments	(110,565)
Interest expense	15,719
Net lease obligation payments	(94,846)
Ending balance at December 31, 2019	**236,514**
Less: Lease obligations - current portion	(99,390)
Lease obligations	**137,124**

The Company's lease obligations relate to commercial office space utilized by the Company's offices in Kelowna and Vancouver. The Company's estimated incremental borrowing rate used in the calculation of these obligations is 5.95%.

11. 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.

As at December 31, 2019, incentive stock options were outstanding as follows:

Stock options			
Number outstanding	Exercise price	Number of vested options	Expiry date
	$		
11,375,000	0.85	11,375,000	February 5, 2021
7,190,000	0.85	7,190,000	January 16, 2022
300,000	0.85	250,000	March 27, 2023
18,865,000		**18,815,000**	

(Expressed in Canadian dollars)

11. Share capital and other capital reserves (continued)

(b) Stock options (continued)

Stock option transactions are summarized as follows:

Stock options	Number outstanding	Weighted average exercise price
		$
Outstanding, January 1, 2018	46,365,000	1.0278
Granted	500,000	0.8500
Forfeited	(598,335)	0.8520
Expired	(9,631,665)	0.9784
Outstanding December 31, 2018	36,635,000	1.0412
Expired	(17,770,000)	1.2442
Outstanding December 31, 2019	**18,865,000**	**0.8500**

Subsequent to December 31, 2019, 100,000 stock options exercisable at $0.85 expired.

(c) Share-based compensation

All options are initially recorded at fair value using the Black-Scholes option pricing model. During the year ended December 31, 2019 the Company granted Nil stock options (December 31, 2018 – 500,000). Pursuant to the vesting schedule of options granted, during the year ended December 31, 2019 share-based compensation of $17,223 (December 31, 2018 - $297,263) was recognized in the statements of loss and comprehensive loss and $1,777 (December 31, 2018 - $93,167) was recognized in exploration and evaluation assets. The total amount of $19,000 (December 31, 2018 - $390,430) 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:

	December 31 2019	December 31 2018
Risk Free Interest Rate	**N/A**	1.91%
Expected Life - Years	**N/A**	2.92
Estimated Forfeiture Rate	**N/A**	3.83%
Annualised Volatility	**N/A**	50.53%
Dividend Rate	**N/A**	N/A
Weighted average fair value per option	**N/A**	$0.16

(Expressed in Canadian dollars)

12. Supplemental disclosure with respect to cash flows

	December 31 2019	December 31 2018
	$	$
Cash and cash equivalents		
Cash	**4,625,701**	10,783,396
Redeemable term deposits	**160,000**	160,000
	4,785,701	10,943,396

During the year ended December 31, 2019 the Company received $342,609 (December 31, 2018 - $537,099) in interest income.

Significant non-cash financing and investing transactions for the year ended December 31, 2019 included:

(a) Incurring $207,788 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and

(b) Recognizing $1,777 of share-based payments in exploration and evaluation assets.

Significant non-cash financing and investing transactions for the year ended December 31, 2018 included:

(a) Incurring $885,763 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;

(b) Recognizing $117,069 of exploration and evaluation asset additions through prepaid expenses; and

(c) Recognizing $93,167 of share-based payments in exploration and evaluation assets.

13. 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.

	Year Ended December 31 2019	Year Ended December 31 2018
	$	$
Compensation Costs		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	**2,072,845**	2,096,240
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	**4,339**	194,259
	2,077,184	2,290,499

	Year Ended December 31 2019	Year Ended December 31 2018
	$	$
Exploration and administrative services billed to Fission 3.0, a company over which Fission Uranium has significant influence	**599,796**	192,516

(Expressed in Canadian dollars)

13. Related party transactions (continued)

The Company has a Directors Remuneration Plan (the "DRP Plan") whereby a portion of director fees can be paid through the issuance of common shares ("Director Remuneration Shares") in lieu of the payment of cash or other means of remuneration. Included in compensation costs is the value of shares issued under the DRP Plan. During the year ended December 31, 2019, the Company issued 605,448 shares with a total value of $216,000 under the DRP Plan (December 31, 2018 – 363,604 shares valued at $244,375).

Included in accounts payable at December 31, 2019 is $19,250 (December 31, 2018 - $25,145) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at December 31, 2019 is $50,522 (December 31, 2018 - $87,770) 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 9.

These transactions were in the normal course of operations.

14. Income taxes

A reconciliation of current income taxes at statutory rates (December 31, 2019 – 27%, December 31, 2018 – 27%) with the reported taxes is as follows:

	December 31 2019	December 31 2018
	$	$
Loss before income taxes	**(5,399,758)**	(5,949,599)
Expected income tax recovery	**(1,457,935)**	(1,606,392)
Permanent differences	**147,433**	248,630
Net change in benefits of tax attributes previously not recognized	**1,310,502**	595,653
Deferred income tax recovery	**-**	(762,109)

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

	December 31 2019	December 31 2018
	$	$
Deferred income tax assets (liabilites)		
Property and equipment	**12,444**	8,415
Exploration and evaluation assets	**(22,062,721)**	(19,008,091)
Non-capital losses	**21,923,597**	18,533,218
Share issuance costs	**126,680**	466,458
Investment in Fission 3.0 - Shares	**-**	28,314
Investment in Fission 3.0 - Warrants	**-**	(28,314)
Net deferred income tax liabilities	**-**	-

14. Income taxes (continued)

The deferred income tax liability relating to the exploration and evaluation assets arose as a result of: i) the Company renounced certain deductions for Canadian exploration expenditures incurred on the Company's exploration and evaluation assets; and ii) the exploration and evaluation assets were deemed to have a lower tax basis as a result of the tax elections when transferred on completion of the Fission Energy Arrangement.

Deferred income tax assets are recognized to the extent that it is probable that taxable net income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

The Company has available approximately $87,000,000 of recognized non-capital losses which, if unutilized, will expire between 2025 and 2039. The income tax benefits of any losses related to the periods prior to the Fission Energy Arrangement have not been recognized as these were not transferred to the Company.

At December 31, 2019 the Company did not recognize $1,512,954 (December 31, 2018 - $1,512,954) of unused investment tax credits which will expire between 2023 and 2033. In addition, the Company did not recognize deferred income tax assets on capital losses of $9,085 (December 31, 2018 - $9,085) and deductible temporary differences from the investment in Fission 3.0 of $3,473,163 (December 31, 2018 - $2,546,741) because it does not anticipate future capital gains to utilize these assets.

15. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue exploration and development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares and stock options.

Changes in the equity accounts of the Company are disclosed in the statements of changes in equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt or dispose of assets. The issuance of common shares or issuance of debt requires approval of the Board of Directors.

The Company reviews its capital management approach on an on-going basis and updates it as necessary depending on various factors, including capital deployment and general industry conditions. The Company anticipates continuing to access equity markets to fund continued exploration and development of its exploration and evaluation assets and the future growth of the business.

(Expressed in Canadian dollars)

16. Financial instruments and risk management

IFRS 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. Cash and cash equivalents and GICs within short-term investments are recorded at amortized cost. The Fission 3.0 warrants within short-term investments are stated at fair value through profit or loss ("FVTPL") for subsequent measurement purposes and classified within Level 2. Carrying values for amounts receivable and accounts payable and accrued liabilities are considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and price 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) GICs included in 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 December 31, 2019, 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:

	December 31 2019	December 31 2018
	$	$
Cash and cash equivalents	**4,785,701**	10,943,396
Short-term investments (GICs)	**-**	10,000,000
Amounts receivable	**119,971**	311,230
	4,905,672	21,254,626

(Expressed in Canadian dollars)

16. Financial instruments and risk management (continued)

(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 (see note 1). 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.

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

	Maturity Dates	**December 31 2019**	December 31 2018
		$	$
Accounts payable and accrued liabilities	< 6 months	**320,946**	1,094,156
		320,946	1,094,156

(c) *Price risk*

Price risk is the risk that assets or liabilities carried at fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions.

The Company's maximum exposure to price risk on its Fission 3.0 warrants included in short-term investments based on the fair value hierarchy is as follows:

	December 31 2019	December 31 2018
	$	$
Level 2	**22,764**	500,984
	22,764	500,984