



Fission
URANIUM CORP.

Condensed Interim Financial Statements

Fission Uranium Corp.

(Unaudited)

**For the Six Month Period Ended
June 30, 2021**

Fission Uranium Corp.

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(Unaudited)

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Fission Uranium Corp.

Condensed interim statements of financial position
(Expressed in Canadian dollars)
(Unaudited)

	Note	June 30 2021	December 31 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		55,852,782	29,947,143
Short-term investments	4	4,720	46,132
Amounts receivable		397,884	106,963
Prepaid expenses		272,035	92,191
		56,527,421	30,192,429
Non-current assets			
Investment in Fission 3.0 Corp.	5	1,133,223	1,025,297
Property and equipment		19,128	34,589
Right-of-use assets	6	82,150	129,487
Exploration and evaluation assets	7	330,206,604	320,185,305
		331,441,105	321,374,678
Total Assets		387,968,526	351,567,107
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		2,686,426	729,351
Lease obligations - current portion	8	87,895	92,524
		2,774,321	821,875
Non-current liabilities			
Deferred gain on short-term investments	4	26,477	79,431
Lease obligations	8	-	44,600
Credit facility	9	7,133,576	7,095,200
Warrant liability	9	1,996,801	2,638,069
		9,156,854	9,857,300
Total Liabilities		11,931,175	10,679,175
Shareholders' Equity			
Share capital	10	469,383,502	436,957,431
Other capital reserves	10	38,644,310	31,290,185
Deficit		(131,990,461)	(127,359,684)
		376,037,351	340,887,932
Total Liabilities and Shareholders' Equity		387,968,526	351,567,107

Subsequent events (Note 14)

Approved by the Board of Directors and authorized for issue on August 12, 2021.

"Frank Estergaard"

Director

"William Marsh"

Director

Fission Uranium Corp.

Condensed interim statements of loss and comprehensive loss
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three Months Ended June 30 2021	Three Months Ended June 30 2020	Six Months Ended June 30 2021	Six Months Ended June 30 2020
		\$	\$	\$	\$
Expenses					
Business development		1,225	2,639	2,686	21,895
Consulting and directors fees		210,464	294,871	426,664	581,753
Depreciation		26,085	44,631	65,089	90,480
Office and administration		205,706	126,440	372,415	288,031
Professional fees		63,159	525,407	190,643	996,967
Public relations and communications		80,335	161,020	151,192	263,666
Share-based compensation expense	10(c)	532,270	-	2,102,455	1,179
Trade shows and conferences		10,952	4,698	22,627	49,856
Wages and benefits		159,946	253,601	317,568	436,419
		1,290,142	1,413,307	3,651,339	2,730,246
Other items - income/(expense)					
Foreign exchange gain		339,856	321,474	446,835	323,452
Interest and miscellaneous income		83,196	29,864	140,669	53,465
Interest - lease obligations	8	(1,528)	(3,043)	(3,438)	(6,439)
Financing costs - credit facility	9	(353,147)	(517,500)	(710,485)	(517,500)
Gain (loss) on disposal of equipment		2,062	(3,793)	2,062	(3,793)
Share of loss from equity investment in Fission 3.0 Corp.		-	(14,398)	-	(48,709)
Unrealized gain on investment in Fission 3.0 Corp.	5	107,926	-	107,926	-
Unrealized gain on short-term investments	4	8,305	27,973	11,542	46,398
Unrealized loss on warrant liability	9	(438,369)	-	(974,549)	-
		(251,699)	(159,423)	(979,438)	(153,126)
Net loss and comprehensive loss for the period					
		(1,541,841)	(1,572,730)	(4,630,777)	(2,883,372)
Basic and diluted loss per common share					
		(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding					
		618,082,694	487,034,995	601,706,899	486,827,543

Fission Uranium Corp.

Condensed interim statements of changes in equity
(Expressed in Canadian dollars)
(Unaudited)

	Note	Share capital		Other capital reserves	Deficit	Total shareholders' equity
		Shares	Amount			
			\$	\$	\$	\$
Balance, January 1, 2020		486,620,090	413,615,850	26,717,159	(118,351,544)	321,981,465
Share issuance costs	10(a)	-	(35,769)	-	-	(35,769)
Director remuneration shares issued		124,220	40,000	-	-	40,000
Common shares issued for credit facility interest		1,341,927	325,353	-	-	325,353
Share-based compensation	10(c)	-	-	1,179	-	1,179
Net loss and comprehensive loss		-	-	-	(2,883,372)	(2,883,372)
Balance, June 30, 2020		488,086,237	413,945,434	26,718,338	(121,234,916)	319,428,856
Common share units issued - bought deal financings	10(a)	79,163,474	21,513,487	2,561,346	-	24,074,833
Share issuance costs	10(a)	-	(1,939,190)	(230,793)	-	(2,169,983)
Warrants exercised	10(b)	10,000,000	3,281,850	-	-	3,281,850
Director remuneration shares issued	12	119,632	40,185	-	-	40,185
Common shares issued for credit facility interest	10(a)	342,304	115,665	-	-	115,665
Share-based compensation	10(c)	-	-	2,241,294	-	2,241,294
Net loss and comprehensive loss		-	-	-	(6,124,768)	(6,124,768)
Balance, December 31, 2020		577,711,647	436,957,431	31,290,185	(127,359,684)	340,887,932
Common share units issued - bought deal financings	10(a)	57,500,000	29,325,621	5,174,379	-	34,500,000
Share issuance costs	10(a)	-	(1,766,621)	(310,157)	-	(2,076,778)
Stock options exercised	10(b)	824,166	373,963	(155,930)	-	218,033
Warrants exercised	10(b)	10,096,934	4,377,884	(190,324)	-	4,187,560
Director remuneration shares issued	12	66,680	42,667	-	-	42,667
Common shares issued for credit facility interest	10(a)	131,253	72,557	-	-	72,557
Share-based compensation	10(c)	-	-	2,836,157	-	2,836,157
Net loss and comprehensive loss		-	-	-	(4,630,777)	(4,630,777)
Balance, June 30, 2021		646,330,680	469,383,502	38,644,310	(131,990,461)	376,037,351

Fission Uranium Corp.

Condensed interim statements of cash flows
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three Months Ended June 30 2021	Three Months Ended June 30 2020	Six Months Ended June 30 2021	Six Months Ended June 30 2020
		\$	\$	\$	\$
Operating activities					
Net loss and comprehensive loss		(1,541,841)	(1,572,730)	(4,630,777)	(2,883,372)
Items not involving cash:					
Depreciation		26,085	44,631	65,089	90,480
Share-based compensation	10(c)	532,270	-	2,102,455	1,179
Director remuneration shares issued	12	42,667	40,000	42,667	40,000
Credit facility interest shares issued	10(a)	72,557	325,353	72,557	325,353
Gain (loss) on disposal of equipment		(2,062)	3,793	(2,062)	3,793
Financing costs - credit facility	9	137,009	192,147	274,018	192,147
Foreign exchange gain on credit facility	9	(126,187)	(326,000)	(235,642)	(326,000)
Share of loss from equity investment in Fission 3.0 Corp.		-	14,398	-	48,709
Unrealized gain on investment in Fission 3.0 Corp.	5	(107,926)	-	(107,926)	-
Unrealized gain on short-term investments	4	(8,305)	(27,973)	(11,542)	(46,398)
Unrealized loss on warrant liability	9	438,369	-	974,549	-
		(537,364)	(1,306,381)	(1,456,614)	(2,554,109)
Changes in non-cash working capital items:					
(Increase) decrease in amounts receivable		(114,032)	7,194	(288,157)	9,407
(Increase) decrease in prepaid expenses		78,795	101,672	(63,662)	19,431
Increase (decrease) in accounts payable and accrued liabilities		(72,847)	(155,978)	53,182	173,584
Cash flow used in operating activities		(645,448)	(1,353,493)	(1,755,251)	(2,351,687)
Investing activities					
Net equipment disposals (additions)		(229)	2,000	(229)	2,000
Exploration and evaluation asset additions		(3,908,231)	(626,042)	(7,266,473)	(1,460,945)
Cash flow used in investing activities		(3,908,460)	(624,042)	(7,266,702)	(1,458,945)
Financing activities					
Lease obligation payments	8	(22,983)	(23,290)	(49,229)	(48,051)
Gross proceeds from credit facility	9	-	13,535,380	-	13,535,380
Credit facility financing costs	9	-	(68,093)	-	(222,933)
Gross proceeds from the issuance of common share units	10(a)	34,500,000	-	34,500,000	-
Share issuance costs	10(a)	(2,074,516)	(17,189)	(2,312,955)	(17,189)
Stock option exercises	10(b)	37,200	-	218,033	-
Warrant exercises	10(b)	757,086	-	2,571,743	-
Cash flow provided by financing activities		33,196,787	13,426,808	34,927,592	13,247,207
Increase in cash and cash equivalents during the period		28,642,879	11,449,273	25,905,639	9,436,575
Cash and cash equivalents, beginning of period		27,209,903	2,773,003	29,947,143	4,785,701
Cash and cash equivalents, end of period		55,852,782	14,222,276	55,852,782	14,222,276

Supplemental disclosure with respect to cash flows (Note 11)

Fission Uranium Corp.

Notes to the condensed interim financial statements
For the six month period ended June 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

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 the Company 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, including 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, 2020 prepared in accordance with IFRS. These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on August 12, 2021.

(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) *Significant Accounting Policies*

The accounting policies followed in these condensed interim financial statements are consistent with those disclosed in note 2 of the Company's financial statements for the year ended December 31, 2020.

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, as well as the key judgements made in the process of applying the Company's accounting policies, 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) *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 mining title expiration dates, budgeted expenditures on the Patterson Lake South ("PLS") property, discontinuation of activities in any 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.

(b) *Warrant liability*

Share purchase warrants issued in connection with the credit facility are considered a derivative liability, the fair value of which is estimated using the Black-Scholes pricing model. The significant inputs used in the Black-Scholes model to calculate the fair value of warrants include volatility, expected term and the forfeiture rate (Note 10b).

4. Short-term investments

	June 30 2021	December 31 2020
	\$	\$
Fission 3.0 Corp. Warrants	4,720	46,132
	4,720	46,132

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.

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 is determined at each reporting date, and gains or losses on the fair value changes are recognized in the statements of loss and comprehensive loss each period.

Fission Uranium Corp.

Notes to the condensed interim financial statements
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4. Short-term investments (continued)

For the six month period ended June 30, 2021, the Company recognized \$52,954 (June 30, 2020 – \$52,954) of the deferred gain. The balance of remaining deferred gain at June 30, 2021 was \$26,477 (December 31, 2020 - \$79,431). The Company determined that the fair value of the Fission 3.0 warrants at June 30, 2021 was \$4,720 (December 31, 2020 – \$46,132) and therefore recognized an unrealized loss of \$41,412 (June 30, 2020 – \$6,556) based on the fair value change. The net gain of \$11,542 (June 30, 2020 - \$46,398) was recorded within other items in the statements of loss and comprehensive loss.

5. Investment in Fission 3.0 Corp.

	June 30 2021	December 31 2020
	\$	\$
Fission 3.0 Corp. Shares	1,133,223	1,025,297
	1,133,223	1,025,297

Fission 3.0 is a company incorporated in Canada, whose principal business activity is the acquisition, exploration and development of uranium resource properties. The Company, through a combination of its shareholding and its common directors and management, had significant influence over Fission 3.0 and accounted for the investment using the equity method up to the period ending September 30, 2020.

During the three month period ended September 30, 2020, there was a reduction in the ownership percentage in Fission 3.0 as a result of additional shares being issued through a non-brokered private placement. There were also changes to the number of common directors and management. As a result, as at September 30, 2020, the Company no longer had significant influence over Fission 3.0. At that time, the Company ceased to use the equity method to account for its investment in Fission 3.0 and, instead, its shareholdings are recorded at fair value, with the changes in fair value being recognized in the statement of loss. The trading price of Fission 3.0's common shares on June 30, 2021 was \$0.105 (December 31, 2020 - \$0.095).

6. Right-of-use assets

	Office Leases
	\$
Cost	
Balance at January 1, 2020	331,360
Balance at December 31, 2020	331,360
Additions/disposals	(43,836)
Balance at June 30, 2021	287,524
Accumulated Depreciation	
Balance at January 1, 2020	100,937
Depreciation expense	100,936
Balance at December 31, 2020	201,873
Additions/disposals	(43,836)
Depreciation expense	47,337
Balance at June 30, 2021	205,374
Net Book Value, December 31, 2020	129,487
Net Book Value, June 30, 2021	82,150

In April 2021, the Company's Vancouver office space lease, with a net asset value of \$nil, was allowed to lapse.

Fission Uranium Corp.

Notes to the condensed interim financial statements
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(Expressed in Canadian dollars)
(Unaudited)

7. Exploration and evaluation assets

	Six months ended June 30 2021	Year ended December 31 2020
Patterson Lake South Property		
	\$	\$
Acquisition costs		
Balance, beginning and end	176,501,858	176,501,858
Exploration costs		
Balance, beginning	143,683,447	140,310,568
Incurred during		
Exploration		
Geophysics airborne	-	8,368
Drilling	6,619,825	1,849,604
Environmental	3,711	-
Resource Development		
Mine Planning	80,823	261,886
Geotechnical	286,870	147,502
Metallurgical	315,966	4,241
Resource Development	13,965	700
Hydrogeological	152,335	-
Infrastructure	1,416,758	24,218
Permitting		
Operational Permits & Other	31,824	15,372
Environmental	47,506	293,620
Community relations	276,012	212,931
Other		
Land retention and permitting	10,751	4,287
Reporting	-	9,251
General	31,251	52,936
Share-based compensation	733,702	487,963
Additions	10,021,299	3,372,879
Balance, end	153,704,746	143,683,447
Total	330,206,604	320,185,305

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.

In January 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.

Fission Uranium Corp.

Notes to the condensed interim financial statements
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(Expressed in Canadian dollars)
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8. Lease Obligations

	Six months ended June 30 2021	Year ended December 31 2020
	\$	\$
Beginning balance	137,124	236,514
Lease obligation payments	(52,667)	(110,803)
Interest expense	3,438	11,413
Net lease obligation payments	(49,229)	(99,390)
Ending balance	87,895	137,124
Less: Lease obligations - current portion	(87,895)	(92,524)
Lease obligations	-	44,600

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

9. Credit Facility

In April 2020, the Company entered into a senior secured credit facility (the "Facility") with Sprott Resource Lending II (Collector) L.P. ("Sprott"). Under the terms of the Facility, Sprott advanced the Company a gross amount of US\$10,000,000 (net cash proceeds were subject to a 3% discount) with a four-year term and no obligation to make any principal repayments until April 2024 (the "Maturity Date"). The Facility bears interest at a rate of 10% per annum, payable monthly with the option to pay a portion of the interest due by way of common shares. The Company may voluntarily repay the Facility in whole or in part anytime before the Maturity Date, provided that a minimum of 24 months interest has been paid. The Company is also required to repay the Facility with 25% of the net proceeds from any equity financings (excluding flow-through financings) closed during the term (Note 10a).

The Facility is secured against all present and after acquired personal property of the Company with a first priority of encumbrance over the PLS project by way of customary security documents.

In connection with the Facility, the Company issued 20,666,667 common share purchase warrants to Sprott and its affiliates (Note 10b). The warrants contain a provision which gives the Company the option to settle the warrants net in cash rather than through the issuance of common shares. The Company has therefore recognized the fair value of these derivative financial instruments as a financial liability. The fair value of the warrants is determined at each reporting date, and gains or losses on the fair value changes are recognized in the statements of loss and comprehensive loss each period.

As of June 30, 2021 the outstanding principal of the Facility was \$8,640,673 (US\$6,971,658).

The balance of the Facility is determined as follows:

	Credit facility	Deferred financing costs	Total
	\$	\$	\$
Beginning balance, January 1, 2021	8,876,315	(1,781,115)	7,095,200
Interest expense	436,467	-	436,467
Interest payments	(436,467)	-	(436,467)
Foreign exchange adjustment	(235,642)	-	(235,642)
Amortization of deferred costs	-	274,018	274,018
Ending balance at June 30, 2021	8,640,673	(1,507,097)	7,133,576

Fission Uranium Corp.

Notes to the condensed interim financial statements
For the six month period ended June 30, 2021
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10. 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.

Credit Facility Interest Shares

During the period ended June 30, 2021, the Company issued 131,253 common shares with a total value of \$72,557 to Sprott and affiliates as consideration for monthly interest in accordance with the terms and conditions of the credit facility agreement (June 30, 2020 – 1,341,927 shares valued at \$325,353). The Company incurred share issuance costs of \$6,137 in connection with this issuance.

Bought Deal Financings

In November 2020, the Company closed a bought deal financing of 62,090,303 units at a price of \$0.275 per unit for gross proceeds of \$17,074,833. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.41 for a period of 24 months. The Company incurred share issuance costs of \$1,490,074 in connection with this financing.

The fair value of the common shares was determined based on the closing trading price on November 17, 2020 and the fair value of warrants was determined using the Black-Scholes pricing model. A total of \$15,416,781 was recorded in share capital in relation to the common shares and \$1,658,052 was recorded in other capital reserves in relation to the warrants. A total of \$144,694 was recorded in other capital reserves for the proportionate share of financing costs related to the warrants in the units issued. The fair value of the warrants was determined using the following assumptions: volatility of 94.98%; risk-free interest rate of 0.27%; expected life of 1.0 years; and a dividend rate of 0%.

Pursuant to the terms of the credit facility agreement, the Company was required to repay a portion of the outstanding principal with 25% of the net proceeds from this financing. A total of \$4,470,809 (US\$3,443,057) was paid which included \$3,932,302 (US\$3,028,342) in principal and \$538,507 (US\$414,715) in accelerated interest on early repayment.

In December 2020, the Company closed a bought deal financing of 17,073,171 flow-through units at a price of \$0.41 per unit for gross proceeds of \$7,000,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.50 for a period of 24 months. The Company incurred share issuance costs of \$667,213 in connection with this placement. This flow-through financing was excluded from the obligation to repay a portion of the credit facility.

The fair value of the common shares was determined based on the closing trading price on December 21, 2020 and the fair value of warrants was determined using the Black-Scholes pricing model. A total of \$6,096,706 was recorded in share capital in relation to the common shares and \$903,294 was recorded in other capital reserves in relation to the warrants. A total of \$86,099 was recorded in other capital reserves for the proportionate share of financing costs related to the warrants in the units issued. There was no fair value attributed to a flow-through premium. The fair value of the warrants was determined using the following assumptions: volatility of 97.78%; risk-free interest rate of 0.23%; expected life of 1.0 years; and a dividend rate of 0%.

Fission Uranium Corp.

Notes to the condensed interim financial statements
For the six month period ended June 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

10. Share capital and other capital reserves (continued)

(a) Bought Deal Financings (continued)

In May 2021, the Company closed a bought deal financing of 57,500,000 units at a price of \$0.60 per unit for gross proceeds of \$34,500,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.85 for a period of 36 months. The Company incurred share issuance costs of \$2,067,960 in connection with this financing.

The fair value of the common shares was determined based on the closing trading price on May 11, 2021 and the fair value of warrants was determined using the Black-Scholes pricing model. A total of \$29,325,621 was recorded in share capital in relation to the common shares and \$5,174,379 was recorded in other capital reserves in relation to the warrants. A total of \$310,157 was recorded in other capital reserves for the proportionate share of financing costs related to the warrants in the units issued. The fair value of the warrants was determined using the following assumptions: volatility of 94.91%; risk-free interest rate of 0.30%; expected life of 1.5 years; and a dividend rate of 0%.

In connection with this financing, Sprott Resource Lending II (Collector) L.P. provided a waiver of the Company's obligation to repay a portion of the Credit Facility with 25% of the net proceeds.

(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.

In April 2020, the Company granted 20,666,667 warrants to Sprott and affiliates in accordance with the terms and conditions of the credit facility agreement. Each warrant is exercisable into one common share at \$0.17 per warrant for a period of four years from the date of issuance. The fair value of the warrants, which was recognized as a financial liability, will be determined at each reporting date using the Black-Scholes pricing model (Note 9).

The following assumptions were used for the valuation of the warrant liability:

	June 30 2021	December 31 2020	June 30 2020
Risk Free Interest Rate	0.45%	0.20%	0.28%
Expected Life - Years	1.42	1.67	1.92
Estimated Forfeiture Rate	0.00%	0.00%	0.00%
Annualised Volatility	97.81%	82.46%	71.53%
Dividend Rate	N/A	N/A	N/A
Weighted average fair value per warrant	\$ 0.483	\$ 0.247	\$ 0.118

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10. Share capital and other capital reserves (continued)

(b) *Stock options and warrants (continued)*

Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number Outstanding	Weighted average exercise price	Number Outstanding	Weighted average exercise price
		\$		\$
Outstanding, January 1, 2020	18,865,000	0.850	-	-
Granted	-	-	20,666,667	0.170
Expired	(420,000)	0.850	-	-
Outstanding, June 30, 2020	18,445,000	0.850	20,666,667	0.170
Granted	13,702,935	0.310	39,581,736	0.429
Exercised	-	-	(10,000,000)	0.170
Expired	(1,175,000)	0.850	-	-
Outstanding, December 31, 2020	30,972,935	0.611	50,248,403	0.374
Granted	19,200,000	0.580	28,750,000	0.850
Exercised	(953,333)	0.310	(10,096,934)	0.255
Expired	(13,415,000)	0.806	-	-
Outstanding, June 30, 2021	35,804,602	0.530	68,901,469	0.590

The Company's stock option plan allows for options to be exercised on a net-settlement ("cashless") basis where shares are withheld in lieu of cash proceeds. During the period ended June 30, 2021, 250,000 stock options were exercised on a cashless basis resulting in the issuance of 120,833 shares.

The weighted average share price of stock options exercised during the six months ended June 30, 2021 was \$0.593 (June 30, 2020 - \$nil).

The weighted average share price of warrants exercised during the six months ended June 30, 2021 was \$0.489 (June 30, 2020 - \$nil).

As at June 30, 2021, stock options and warrants were outstanding as follows:

Stock options			
Number outstanding	Exercise price	Number of vested options	Expiry date
	\$		
5,755,000	0.85	5,755,000	January 16, 2022
300,000	0.85	300,000	March 27, 2023
12,749,602	0.31	12,749,602	October 7, 2025
17,000,000	0.58	5,666,666	February 22, 2026
35,804,602		24,471,268	

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10. Share capital and other capital reserves (continued)

(b) Stock options and warrants (continued)

Warrants			
Number outstanding	Exercise price	Number of vested warrants	Expiry date
	\$		
27,481,551	0.41	27,481,551	November 17, 2022
8,536,585	0.50	8,536,585	December 21, 2022
4,133,333	0.17	4,133,333	April 7, 2024
28,750,000	0.85	28,750,000	May 11, 2024
68,901,469		68,901,469	

(c) Share-based compensation

All options are recorded at fair value using the Black-Scholes option pricing model. During the six month period ended June 30, 2021, the Company granted 19,200,000 stock options (June 30, 2020 - Nil). Pursuant to the vesting schedule of options granted, during the six month period ended June 30, 2021, share-based compensation of \$2,102,455 (June 30, 2020 - \$1,179) was recognized in the statements of loss and comprehensive loss and \$733,702 (June 30, 2020 - \$nil) was recognized in exploration and evaluation assets. The total amount of \$2,836,157 (June 30, 2020 - \$1,179) 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:

	June 30 2021	December 31 2020
Risk Free Interest Rate	0.31%	0.35%
Expected Life - Years	2.92	5.00
Estimated Forfeiture Rate	4.77%	4.77%
Annualised Volatility	74.21%	63.67%
Dividend Rate	0%	0%
Weighted average fair value per option	\$ 0.275	\$ 0.164

11. Supplemental disclosure with respect to cash flows

	June 30 2021	December 31 2020
	\$	\$
Cash and cash equivalents		
Cash	55,692,782	29,787,143
Redeemable term deposits	160,000	160,000
	55,852,782	29,947,143

During the six month period ended June 30, 2021, the Company received \$140,472 (June 30, 2020 - \$48,201) in interest income.

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11. Supplemental disclosure with respect to cash flows (continued)

Significant non-cash transactions for the six month period ended June 30, 2021 included:

- (a) Incurring \$2,363,062 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and
- (b) Recognizing \$733,702 of share-based payments in exploration and evaluation assets.

Significant non-cash transactions for the six month period ended June 30, 2020 included:

- (a) Incurring \$203,511 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and
- (b) Incurring \$18,580 of share issuance costs through accounts payable and accrued liabilities.

12. Related party transactions

The Company has identified the President and CEO, current and former CFO, VP Project Development, VP Exploration, and the Company's current and former directors as its key management personnel during all or part of the periods presented below.

	June 30 2021	June 30 2020	June 30 2021	June 30 2020
	\$	\$	\$	\$
<i>Compensation Costs</i>				
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	366,019	481,258	677,269	915,675
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	505,497	-	1,774,662	-
	871,516	481,258	2,451,931	915,675
Exploration and administrative services billed to Fission 3.0, a company with common directors	3,600	13,836	9,186	78,676

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 six months ended June 30, 2021, the Company issued 66,680 shares with a total value of \$42,667 under the DRP Plan (June 30, 2020 - 124,220 shares valued at \$40,000).

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12. Related party transactions (continued)

Included in accounts payable at June 30, 2021 is \$42,385 (December 31, 2020 - \$16,625) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at June 30, 2021 is \$Nil (December 31, 2020 - \$5,415) 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 7.

These transactions were in the normal course of operations.

13. Financial instruments and risk management

IFRS 13, Fair Value Measurement, establishes a 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, investment in Fission 3.0 Corp., accounts payable and accrued liabilities, credit facility and warrant liability. Carrying value for cash and cash equivalents, 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 carrying value of the Company's credit facility approximates its fair value as the company's borrowing rate has remained approximately consistent since the inception of the credit facility.

Carrying value of the Company's investment in Fission 3.0. was determined using Level 1 inputs.

Carrying value of the Company's short term investments and warrant liability was determined using Level 2 inputs.

The Company's financial instruments are exposed to a number of financial and market risks, including foreign exchange, 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) Foreign exchange risk

Certain of the Company's financial assets and liabilities are denominated in US dollars. Financial instruments that impact the Company's net income or loss due to currency fluctuations include cash and cash equivalents, accounts payable and accrued liabilities and credit facility (Note 9).

At June 30, 2021, a 5% change in the value to the US dollar as compared to the Canadian dollar could have increased or decreased the Company's net loss by \$Nil as a result of offsetting financial assets and liabilities denominated in USD.

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13. Financial instruments and risk management (continued)

(b) 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 cash and cash equivalents and amounts receivable.

The Company has not had any credit losses in the past and expected credit losses are negligible. At June 30, 2021, the Company has no financial assets that are past due or impaired due to credit risk defaults.

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

	June 30 2021	December 31 2020
	\$	\$
Cash and cash equivalents	55,852,782	29,947,143
Amounts receivable	397,884	106,963
	56,250,666	30,054,106

(c) 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, warrant liability and credit facility. 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:

	Less than 1 year	2 - 3 years	3 - 4 years	More than 5 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,686,426	-	-	-
Warrant liability	-	1,996,801	-	-
Credit facility (principal)	-	-	8,640,673	-
Credit facility (interest)	918,903	1,626,333	-	-
	3,605,329	3,623,134	8,640,673	-

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13. Financial instruments and risk management (continued)

(d) *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 exposure to price risk on its Fission 3.0 Corp. warrants and common shares included in short-term investments and investment in Fission 3.0 Corp, respectively, and warrant liability based on the fair value hierarchy is as follows:

	June 30	December 31
	2021	2020
	\$	\$
Level 1 - investment in Fission 3.0	1,133,223	1,025,297
Level 2 - short-term investments	4,720	46,132
<u>Level 2 - warrant liability</u>	<u>1,996,801</u>	<u>2,638,069</u>
	<u>3,134,744</u>	<u>3,709,498</u>

14. Subsequent events

Subsequent to June 30, 2021:

- (a) 384,050 warrants were exercised at an average price of \$0.41 and a weighted average share price of \$0.564; and
- (b) in accordance with the terms of the credit facility agreement, the Company issued 148,563 common shares to Sprott and its affiliates as consideration for the month of July's interest payment.