



Fission
URANIUM CORP.

Condensed Interim Financial Statements

Fission Uranium Corp.

(Unaudited)

**For the Nine Month Period Ended
September 30, 2021**

Fission Uranium Corp.

Condensed Interim Financial Statements

(Unaudited)

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Fission Uranium Corp.

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

	Note	September 30 2021	December 31 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		49,629,909	29,947,143
Short-term investments	4	176,540	46,132
Amounts receivable		490,955	106,963
Prepaid expenses		242,817	92,191
		50,540,221	30,192,429
Non-current assets			
Investment in Fission 3.0 Corp.	5	1,780,779	1,025,297
Property and equipment		18,118	34,589
Right-of-use assets	6	61,612	129,487
Exploration and evaluation assets	7	339,781,526	320,185,305
		341,642,035	321,374,678
Total Assets		392,182,256	351,567,107
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,990,209	729,351
Lease obligations - current portion	8	66,408	92,524
		2,056,617	821,875
Non-current liabilities			
Deferred gain on short-term investments	4	-	79,431
Lease obligations	8	-	44,600
Credit facility	9	7,512,500	7,095,200
Warrant liability	9	2,728,293	2,638,069
		10,240,793	9,857,300
Total Liabilities		12,297,410	10,679,175
Shareholders' Equity			
Share capital	10	474,969,472	436,957,431
Other capital reserves	10	38,153,852	31,290,185
Deficit		(133,238,478)	(127,359,684)
		379,884,846	340,887,932
Total Liabilities and Shareholders' Equity		392,182,256	351,567,107

Subsequent events (Note 14)

Approved by the Board of Directors and authorized for issue on November 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 September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
		\$	\$	\$	\$
Expenses					
Business development		1,139	23,710	3,825	45,605
Consulting and directors fees		208,700	347,035	635,364	928,788
Depreciation		24,821	44,041	89,910	134,521
Office and administration		132,755	134,398	505,170	422,429
Professional fees		6,411	219,144	197,054	1,216,111
Public relations and communications		77,563	70,348	228,755	334,014
Share-based compensation expense	10(c)	468,676	115,000	2,571,131	116,179
Trade shows and conferences		6,273	1,211	28,900	51,067
Wages and benefits		164,742	142,820	482,310	579,239
		1,091,080	1,097,707	4,742,419	3,827,953
Other items - income/(expense)					
Foreign exchange gain		499	286,421	447,334	609,873
Interest and miscellaneous income		90,115	27,232	230,784	80,697
Interest - lease obligations	8	(1,202)	(2,677)	(4,640)	(9,116)
Financing costs - credit facility	9	(361,043)	(531,735)	(1,071,528)	(1,049,235)
Gain (loss) on disposal of equipment		333	-	2,395	(3,793)
Share of loss from equity investment in Fission 3.0 Corp.		-	(268,645)	-	(317,354)
Unrealized gain on investment in Fission 3.0 Corp.	5	647,556	567,138	755,482	567,138
Unrealized gain on short-term investments	4	198,297	47,205	209,839	93,603
Unrealized loss on warrant liability	9	(731,492)	(1,357,841)	(1,706,041)	(1,357,841)
		(156,937)	(1,232,902)	(1,136,375)	(1,386,028)
Net loss and comprehensive loss for the period					
		(1,248,017)	(2,330,609)	(5,878,794)	(5,213,981)
Basic and diluted loss per common share					
		(0.00)	0.00	(0.01)	(0.01)
Weighted average number of common shares outstanding					
		648,926,633	488,316,920	617,618,494	487,327,626

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)	-	(48,465)	-	-	(48,465)
Director remuneration shares issued		124,220	40,000	-	-	40,000
Common shares issued for credit facility interest		1,684,231	441,018	-	-	441,018
Share-based compensation	10(c)	-	-	116,179	-	116,179
Net loss and comprehensive loss		-	-	-	(5,213,981)	(5,213,981)
Balance, September 30, 2020		488,428,541	414,048,403	26,833,338	(123,565,525)	317,316,216
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)	-	(1,926,494)	(230,793)	-	(2,157,287)
Warrants exercised	10(b)	10,000,000	3,281,850	-	-	3,281,850
Director remuneration shares issued	12	119,632	40,185	-	-	40,185
Share-based compensation	10(c)	-	-	2,126,294	-	2,126,294
Net loss and comprehensive loss		-	-	-	(3,794,159)	(3,794,159)
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)	-	(1,789,649)	(310,157)	-	(2,099,806)
Stock options exercised	10(b)	2,479,330	1,278,724	(739,274)	-	539,450
Warrants exercised	10(b)	19,350,118	8,931,719	(746,521)	-	8,185,198
Director remuneration shares issued	12	66,680	42,667	-	-	42,667
Common shares issued for credit facility interest	10(a)	432,696	222,959	-	-	222,959
Share-based compensation	10(c)	-	-	3,485,240	-	3,485,240
Net loss and comprehensive loss		-	-	-	(5,878,794)	(5,878,794)
Balance, September 30, 2021		657,540,471	474,969,472	38,153,852	(133,238,478)	379,884,846

Fission Uranium Corp.

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

	Note	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
		\$	\$	\$	\$
Operating activities					
Net loss and comprehensive loss		(1,248,017)	(2,330,609)	(5,878,794)	(5,213,981)
Items not involving cash:					
Depreciation		24,821	44,041	89,910	134,521
Share-based compensation	10(c)	468,676	115,000	2,571,131	116,179
Director remuneration shares issued	12	-	-	42,667	40,000
Credit facility interest shares issued	10(a)	150,402	115,665	222,959	441,018
(Gain) loss on disposal of equipment		(333)	-	(2,395)	3,793
Financing costs - credit facility	9	137,008	192,147	411,026	384,294
Foreign exchange gain on credit facility	9	241,916	(289,000)	6,274	(615,000)
Share of loss from equity investment in Fission 3.0 Corp.		-	268,645	-	317,354
Unrealized gain on investment in Fission 3.0 Corp.	5	(647,556)	(567,138)	(755,482)	(567,138)
Unrealized gain on short-term investments	4	(198,297)	(47,205)	(209,839)	(93,603)
Unrealized loss on warrant liability	9	731,492	1,357,841	1,706,041	1,357,841
		(339,888)	(1,140,613)	(1,796,502)	(3,694,722)
Changes in non-cash working capital items:					
(Increase) decrease in amounts receivable		(83,069)	28,559	(371,226)	37,966
(Increase) decrease in prepaid expenses		3,310	(14,386)	(60,352)	5,045
Increase in accounts payable and accrued liabilities		275,575	63,600	328,757	237,184
Cash flow used in operating activities		(144,072)	(1,062,840)	(1,899,323)	(3,414,527)
Investing activities					
Net equipment disposals (additions)		(2,940)	-	(3,169)	2,000
Exploration and evaluation asset additions		(10,351,130)	(668,518)	(17,617,603)	(2,129,463)
Cash flow used in investing activities		(10,354,070)	(668,518)	(17,620,772)	(2,127,463)
Financing activities					
Lease obligation payments	8	(21,487)	(25,479)	(70,716)	(73,530)
Gross proceeds from credit facility	9	-	-	-	13,535,380
Credit facility financing costs	9	-	-	-	(222,933)
Gross proceeds from the issuance of common share units	10(a)	-	-	34,500,000	-
Share issuance costs	10(a)	(22,299)	(31,276)	(2,335,254)	(48,465)
Stock option exercises	10(b)	321,417	-	539,450	-
Warrant exercises	10(b)	3,997,638	-	6,569,381	-
Cash flow provided by (used in) financing activities		4,275,269	(56,755)	39,202,861	13,190,452
Increase (decrease) in cash and cash equivalents during the period		(6,222,873)	(1,788,113)	19,682,766	7,648,462
Cash and cash equivalents, beginning of period		55,852,782	14,222,276	29,947,143	4,785,701
Cash and cash equivalents, end of period		49,629,909	12,434,163	49,629,909	12,434,163

Supplemental disclosure with respect to cash flows (Note 11)

Fission Uranium Corp.

Notes to the condensed interim financial statements
For the nine month period ended September 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 November 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.

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3. Key estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as well as the key judgements made in the process of applying the Company's accounting policies, at the reporting date, 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 and expected term (Note 10b).

4. Short-term investments

	September 30 2021	December 31 2020
	\$	\$
Fission 3.0 Corp. Warrants	176,540	46,132
	176,540	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. In September 2021, Fission 3.0 announced it had extended the expiry date of all their outstanding warrants. The new expiry date of these warrants is March 28, 2022.

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 nine month period ended September 30, 2021, the Company recognized \$79,431 (September 30, 2020 - \$79,431) of the deferred gain. The balance of remaining deferred gain at September 30, 2021 was \$nil (December 31, 2020 - \$79,431). The Company determined that the fair value of the Fission 3.0 warrants at September 30, 2021 was \$176,540 (December 31, 2020 - \$46,132) and therefore recognized an unrealized gain of \$130,408 (September 30, 2020 - \$14,172) based on the fair value change. The net gain of \$209,839 (September 30, 2020 - \$93,603) was recorded within other items in the statements of loss and comprehensive loss.

5. Investment in Fission 3.0 Corp.

	September 30 2021	December 31 2020
	\$	\$
Fission 3.0 Corp. Shares	1,780,779	1,025,297
	1,780,779	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 September 30, 2021 was \$0.165 (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 September 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	67,875
Balance at September 30, 2021	225,912
Net Book Value, December 31, 2020	129,487
Net Book Value, September 30, 2021	61,612

Fission Uranium Corp.

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6. Right-of-use assets (continued)

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

Subsequent to September 30, 2021, the Company negotiated a renewal of the Kelowna office space which was due to expire on June 30, 2022. The renewal is for a period of 5 years through June 30, 2027. The corresponding change in value to the Right-of-use-asset and lease obligation will be reflected in next period's financial reporting.

7. Exploration and evaluation assets

	Nine months ended September 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	8,214,406	1,849,604
Environmental	3,712	-
Resource Development		
Mine Planning	110,462	261,886
Geotechnical	1,628,854	147,502
Metallurgical	1,052,993	4,241
Resource Development	57,643	700
Hydrogeological	1,305,942	-
Infrastructure	5,765,380	24,218
Permitting		
Operational Permits & Other	56,634	15,372
Environmental	47,506	293,620
Community relations	385,101	212,931
Other		
Land retention and permitting	10,859	4,287
Reporting	-	9,251
General	42,620	52,936
Share-based compensation	914,109	487,963
Additions	19,596,221	3,372,879
Balance, end	163,279,668	143,683,447
Total	339,781,526	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.

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8. Lease Obligations

	Nine months ended September 30 2021	Year ended December 31 2020
	\$	\$
Beginning balance	137,124	236,514
Lease obligation payments	(75,356)	(110,803)
Interest expense	4,640	11,413
Net lease obligation payments	(70,716)	(99,390)
Ending balance	66,408	137,124
Less: Lease obligations - current portion	(66,408)	(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 September 30, 2021 the outstanding principal of the Facility was \$8,882,589 (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	660,502	-	660,502
Interest payments	(660,502)	-	(660,502)
Foreign exchange adjustment	6,274	-	6,274
Amortization of deferred costs	-	411,026	411,026
Ending balance at September 30, 2021	8,882,589	(1,370,089)	7,512,500

Fission Uranium Corp.

Notes to the condensed interim financial statements
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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 September 30, 2021, the Company issued 432,696 common shares with a total value of \$222,959 to Sprott and affiliates as consideration for monthly interest in accordance with the terms and conditions of the credit facility agreement (September 30, 2020 – 1,684,231 shares valued at \$481,396). The Company incurred share issuance costs of \$25,550 in connection with these issuances.

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.

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(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:

	September 30	December 31	September 30
	2021	2020	2020
Risk Free Interest Rate	0.53%	0.20%	0.25%
Expected Life - Years	1.29	1.67	1.79
Estimated Forfeiture Rate	0.00%	0.00%	0.00%
Annualised Volatility	89.53%	82.46%	77.52%
Dividend Rate	N/A	N/A	N/A
Weighted average fair value per warrant	\$ 0.660	\$ 0.247	\$ 0.183

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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	(1,405,000)	0.850	-	-
Outstanding, September 30, 2020	17,460,000	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	(190,000)	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	(3,655,000)	0.422	(19,350,118)	0.340
Expired	(13,605,000)	0.806	-	-
Outstanding, September 30, 2021	32,912,935	0.533	59,648,285	0.615

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 September 30, 2021, 2,420,000 stock options were exercised on a cashless basis resulting in the issuance of 1,244,330 shares.

The weighted average share price of stock options exercised during the nine months ended September 30, 2021 was \$0.422 (September 30, 2020 - \$nil).

The weighted average share price of warrants exercised during the nine months ended September 30, 2021 was \$0.340 (September 30, 2020 - \$nil).

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

Stock options			
Number outstanding	Exercise price	Number of vested options	Expiry date
	\$		
200,000	0.85	200,000	November 26, 2021
333,333	0.31	333,333	November 26, 2021
500,000	0.58	250,000	November 26, 2021
5,130,000	0.85	5,130,000	January 16, 2022
300,000	0.85	300,000	March 27, 2023
10,999,602	0.31	10,999,602	October 7, 2025
15,450,000	0.58	7,200,000	February 22, 2026
32,912,935		24,412,935	

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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	
\$				
18,792,751	0.41	18,792,751	November 17, 2022	
8,409,451	0.50	8,409,451	December 21, 2022	
4,133,333	0.17	4,133,333	April 7, 2024	
28,312,750	0.85	28,312,750	May 11, 2024	
59,648,285		59,648,285		

(c) Share-based compensation

All options are recorded at fair value using the Black-Scholes option pricing model. During the nine month period ended September 30, 2021, the Company granted 19,200,000 stock options (September 30, 2020 - Nil). Pursuant to the vesting schedule of options granted, during the nine month period ended September 30, 2021, share-based compensation of \$2,571,131 (September 30, 2020 - \$116,179) was recognized in the statements of loss and comprehensive loss and \$914,109 (September 30, 2020 - \$nil) was recognized in exploration and evaluation assets. The total amount of \$3,485,240 (September 30, 2020 - \$116,179) 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:

	September 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

	September 30 2021	December 31 2020
	\$	\$
Cash and cash equivalents		
Cash	49,469,909	29,787,143
Redeemable term deposits	160,000	160,000
	49,629,909	29,947,143

During the nine month period ended September 30, 2021, the Company received \$230,486 (September 30, 2020 - \$74,745) in interest income.

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

Significant non-cash transactions for the nine month period ended September 30, 2021 included:

- (a) Incurring \$1,420,541 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and
- (b) Recognizing \$914,109 of share-based payments in exploration and evaluation assets.

Significant non-cash transactions for the nine month period ended September 30, 2020 included:

- (a) Incurring \$237,158 of exploration and evaluation related expenditures 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.

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
<i>Compensation Costs</i>				
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	362,673	448,208	1,039,942	1,363,883
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	412,358	115,000	2,187,020	115,000
	775,031	563,208	3,226,962	1,478,883
Exploration and administrative services billed to Fission 3.0, a company with common directors	3,600	3,487	12,786	82,163

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

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12. Related party transactions (continued)

Included in accounts payable at September 30, 2021 is \$47,365 (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 September 30, 2021 is \$2,710 (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 3 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 September 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.

Fission Uranium Corp.

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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 September 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:

	September 30 2021	December 31 2020
	\$	\$
Cash and cash equivalents	49,629,909	29,947,143
Amounts receivable	490,955	106,963
	50,120,864	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	1,990,209	-	-	-
Warrant liability	-	2,728,293	-	-
Credit facility (principal)	-	-	8,882,589	-
Credit facility (interest)	918,903	1,394,719	-	-
	2,909,112	4,123,012	8,882,589	-

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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:

	September 30	December 31
	2021	2020
	\$	\$
Level 1 - investment in Fission 3.0	1,780,779	1,025,297
Level 3 - short-term investments	176,540	46,132
Level 3 - warrant liability	2,728,293	2,638,069
	4,685,612	3,709,498

14. Subsequent events

Subsequent to September 30, 2021:

- (a) 2,308,750 warrants were exercised at an average price of \$0.476 and a weighted average share price of \$1.004, and 3,919,601 options exercised (resulting in the issuance of 2,415,241 shares) at an average price of \$0.504 and a weighted average share price of \$1.091;
- (b) in accordance with the terms of the credit facility agreement, the Company issued 77,833 common shares to Sprott and its affiliates as consideration for the month of October's interest payment; and
- (c) the Company filed a short form base shelf prospectus with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada. The base shelf prospectus will allow Fission to offer up to \$250,000,000 of common shares, subscription receipts, units, debt securities, warrants and share purchase contracts from time to time over a 25 month period. The terms of any future offerings, if any, will be established at the time of such offerings. At the time any securities covered by the shelf prospectus are offered for sale, a prospectus supplement containing specific information about the terms of any such offering will be filed with applicable Canadian securities regulatory authorities.