



Fission
URANIUM CORP.

Financial Statements

Fission Uranium Corp.

**For the Year Ended
December 31, 2022**

Fission Uranium Corp.

Financial Statements

**For the Year Ended
December 31, 2022**

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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, 2022 and 2021, 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, 2022 and 2021;
- 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 significant accounting policies and other explanatory information.

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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter

Assessment of impairment indicators of exploration and evaluation assets

Refer to note 2 – Significant accounting policies, note 3 – Key estimates and judgments and note 9 – Exploration and evaluation assets to the financial statements.

The net book value of exploration and evaluation assets amounted to \$357 million as at December 31, 2022. On an ongoing basis, management applies judgment in assessing whether any impairment indicators relating to exploration and evaluation assets exist. If any indication of impairment exists, then an estimate of the exploration and evaluation asset's recoverable amount is calculated. Indicators of impairment may include (i) the period during which the Company has the right to explore in the specific area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue activities in an area as the exploration and evaluation activities in the area have not led to the discovery of commercially viable quantities of mineral resources; and (iv) sufficient data exists to indicate that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2022.

We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in its assessment of impairment indicators related to exploration and evaluation assets. This in turn

How our audit addressed the key audit matter

Our approach to addressing the matter included the following procedures, among others:

- Assessed the judgment made by management in determining the impairment indicators, which included the following:
 - Obtained mining titles to assess (i) the right to explore the area and (ii) title expiration dates.
 - Read the board of directors' meeting minutes and obtained budget approvals to evidence continued and planned exploration expenditure, which included evaluating the results of management's current-year work programs and longer term plans.
 - Assessed whether the exploration and evaluation activities in an area have not led to the discovery of commercially viable quantities of mineral resources, or if other facts and circumstances suggest that the carrying amount may exceed the recoverable amount, based on evidence obtained in other areas of the audit.



Key audit matter

How our audit addressed the key audit matter

resulted in a high degree of subjectivity in performing audit procedures related to the judgments applied by management.

Other information

Management is responsible for the other information. The other information comprises the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes



public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 17, 2023

Fission Uranium Corp.

Statements of financial position
(Expressed in Canadian dollars)

	Note	December 31 2022	December 31 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		41,356,023	53,601,079
Short-term investments	4	-	304,136
Amounts receivable	5	169,666	241,833
Prepaid expenses		802,398	350,513
		42,328,087	54,497,561
Non-current assets			
Investment in F3 Uranium Corp.	6	3,399,670	2,374,372
Right-of-use assets	7	265,681	324,721
Property and equipment	8	79,569	29,448
Exploration and evaluation assets	9	357,310,784	341,961,502
		361,055,704	344,690,043
Total Assets		403,383,791	399,187,604
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,413,877	1,597,014
Lease obligations - current portion	10	54,313	49,518
		1,468,190	1,646,532
Non-current liabilities			
Lease obligations	10	224,789	279,102
Credit facility	11	-	7,634,993
Warrant liability	11, 12	-	2,562,828
		224,789	10,476,923
Total Liabilities		1,692,979	12,123,455
Shareholders' Equity			
Share capital	12	503,494,735	484,820,771
Other capital reserves	12	41,115,826	36,403,956
Deficit		(142,919,749)	(134,160,578)
		401,690,812	387,064,149
Total Liabilities and Shareholders' Equity		403,383,791	399,187,604

Subsequent events (Note 18)

Approved by the Board of Directors and authorized for issue on March 17, 2023

"Frank Estergaard"

Director

"William Marsh"

Director

Fission Uranium Corp.

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

	Note	Year Ended December 31 2022	Year Ended December 31 2021
		\$	\$
Expenses			
Business development		235,579	12,843
Consulting and directors fees		1,540,067	1,270,824
Depreciation		80,633	111,673
Office and administration		803,913	605,125
Professional fees		232,063	240,476
Public relations and communications		580,292	326,667
Share-based compensation expense	12(d)	4,946,724	2,884,933
Trade shows and conferences		216,203	78,635
Wages and benefits		756,618	791,143
		9,392,092	6,322,319
Other items - income/(expense)			
Foreign exchange gain (loss)		(4,491)	446,446
Interest and miscellaneous income		917,176	319,388
Interest - lease obligations	10	(18,242)	(6,617)
Financing costs - credit facility	11	(1,449,849)	(1,387,908)
Gain on disposal of equipment	8	476	4,182
Gain on investment in F3 Uranium Corp.	6	1,081,410	1,349,075
Gain (loss) on short-term investments	4	(304,136)	337,435
Gain (loss) on warrant liability	11	410,577	(1,540,576)
		632,921	(478,575)
Net loss and comprehensive loss for the year		(8,759,171)	(6,800,894)
Basic and diluted loss per common share		(0.01)	(0.01)
Weighted average number of common shares outstanding		681,339,953	630,180,664

Fission Uranium Corp.

Statements of changes in equity
(Expressed in Canadian dollars)

	Note	Share capital		Other capital	Deficit	Total
		Shares	Amount	reserves		shareholders'
			\$	\$	\$	equity
						\$
Balance, January 1, 2021		577,711,647	436,957,431	31,290,185	(127,359,684)	340,887,932
Common share units issued - bought deal financing	12(b)	57,500,000	29,325,621	5,174,379	-	34,500,000
Share issuance costs	12(b)	-	(1,880,464)	(310,157)	-	(2,190,621)
Stock options exercised	12(c)	5,477,904	2,816,228	(1,693,068)	-	1,123,160
Warrants exercised	12(c)	33,381,117	17,219,527	(1,934,971)	-	15,284,556
Director remuneration shares issued	14	118,434	85,333	-	-	85,333
Common shares issued for credit facility interest	12(b)	510,529	297,095	-	-	297,095
Share-based compensation	12(d)	-	-	3,877,588	-	3,877,588
Net loss and comprehensive loss		-	-	-	(6,800,894)	(6,800,894)
Balance, December 31, 2021		674,699,631	484,820,771	36,403,956	(134,160,578)	387,064,149
Common shares issued - ATM financing	12(b)	10,899,300	7,998,601	-	-	7,998,601
Share issuance costs	12(b)	-	(347,858)	-	-	(347,858)
Stock options exercised	12(c)	1,239,463	1,344,064	(864,498)	-	479,566
Warrants exercised	12(c)	16,627,059	9,578,074	(1,008,818)	-	8,569,256
Director remuneration shares issued	14	121,792	101,083	-	-	101,083
Share-based compensation	12(d)	-	-	6,585,186	-	6,585,186
Net loss and comprehensive loss		-	-	-	(8,759,171)	(8,759,171)
Balance, December 31, 2022		703,587,245	503,494,735	41,115,826	(142,919,749)	401,690,812

Fission Uranium Corp.

Statements of cash flows
(Expressed in Canadian dollars)

	Note	Year Ended December 31 2022	Year Ended December 31 2021
		\$	\$
Operating activities			
Net loss and comprehensive loss		(8,759,171)	(6,800,894)
Items not involving cash:			
Depreciation		80,633	111,673
Share-based compensation	12(d)	4,946,724	2,884,933
Director remuneration shares issued	14	101,083	85,333
Credit facility interest shares issued	12(b)	-	297,095
Interest income earned on cash and cash equivalents		(916,301)	(319,439)
Gain on disposal of equipment	8	(476)	(4,182)
Financing costs - credit facility	11	1,212,294	502,440
Foreign exchange gain on credit facility	11	(65,534)	(37,647)
Gain on investment in F3 Uranium Corp.	6	(1,081,410)	(1,349,075)
(Gain) loss on short-term investments	4	304,136	(337,435)
(Gain) loss on warrant liability	11	(410,577)	1,540,576
		(4,588,599)	(3,426,622)
Changes in non-cash working capital items:			
(Increase) decrease in amounts receivable		53,363	(117,632)
Increase in prepaid expenses		(41,139)	(257,205)
Increase (decrease) in accounts payable and accrued liabilities		(19,264)	455,587
Cash flow used in operating activities		(4,595,639)	(3,345,872)
Investing activities			
Interest income earned on cash and cash equivalents		916,301	319,439
Net proceeds on disposal of investment in F3 Uranium Corp.	6	56,112	-
Net equipment additions	8	(70,438)	(19,575)
Exploration and evaluation asset additions		(13,964,996)	(20,080,131)
Cash flow used in investing activities		(13,063,021)	(19,780,267)
Financing activities			
Lease obligation payments	10	(49,518)	(87,313)
Credit facility financing costs	11	(8,619)	-
Credit facility repayment	11	(8,773,134)	-
Gross proceeds from the issuance of common shares	12(b)	7,998,601	34,500,000
Share issuance costs	12(b)	(650,297)	(2,424,510)
Stock option exercises	12(c)	479,566	1,123,160
Warrant exercises	12(c)	6,417,005	13,668,738
Cash flow provided by financing activities		5,413,604	46,780,075
Increase (decrease) in cash and cash equivalents during the year		(12,245,056)	23,653,936
Cash and cash equivalents, beginning of year		53,601,079	29,947,143
Cash and cash equivalents, end of year		41,356,023	53,601,079

Supplemental disclosure with respect to cash flows (Note 13)

Fission Uranium Corp.

Notes to the financial statements

For the year ended December 31, 2022

(Expressed in Canadian dollars)

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 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, 2022. These financial statements were authorized for issue by the Board of Directors on March 17, 2023.

(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.

(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 through profit or loss ("FVTPL").

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.

The Company has classified its cash and cash equivalents and amounts receivable at amortized cost for subsequent measurement purposes. The Company has classified its investment in F3 Uranium Corp. at FVTPL 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.

Fission Uranium Corp.

Notes to the financial statements

For the year ended December 31, 2022

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(e) *Foreign currency translation*

Transactions and balances

The functional currency of the Company is the Canadian Dollar.

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.

(f) *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.

(g) *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 net income or loss 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 period during which the Company has the right to explore in the specific area has expired during the year or will expire in the near future;

Fission Uranium Corp.

Notes to the financial statements

For the year ended December 31, 2022

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(g) Exploration and evaluation assets (continued)

- (ii) Whether substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (iii) Whether the Company has decided to discontinue activities in an area as the exploration and evaluation activities in the area have not led to the discovery of commercially viable quantities of mineral resources; and
- (iv) Whether sufficient data exists to indicate that the carrying amount exceeds the recoverable amount.

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 its 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.

(h) Financial liabilities

All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. Accounts payable and accrued liabilities are measured at amortized cost using the effective interest rate method.

(i) 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.

Fission Uranium Corp.

Notes to the financial statements

For the year ended December 31, 2022

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(i) *Share based payments (continued)*

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.

(j) *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.

(k) *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.

(l) *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, and includes key management personnel. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

Fission Uranium Corp.

Notes to the financial statements

For the year ended December 31, 2022

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(m) 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.

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.

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, 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.

No impairment indicators were identified by management as at December 31, 2022.

Fission Uranium Corp.

Notes to the financial statements
For the year ended December 31, 2022
(Expressed in Canadian dollars)

4. Short-term investments

	December 31 2022	December 31 2021
	\$	\$
F3 Uranium Corp. warrants	-	304,136
	-	304,136

In September 2018, F3 Uranium Corp. ("F3", formerly Fission 3.0 Corp.) issued the Company 4,000,000 warrants as a result of the Company's participation in a private placement financing. In September 2021, F3 announced it had extended the expiry date of these warrants by a period of 6 months to March 28, 2022.

At the time of acquisition, the fair value of the warrants was determined to be \$317,724, based on the Black-Scholes option pricing model and had been recognized as a deferred gain to be recognized over the original three year term of the warrants. The fair value of the warrants was determined at each reporting date, and gains or losses on fair value changes were recognized in the statements of loss and comprehensive loss each period.

For the year ended December 31, 2022, the deferred gain to recognize was \$nil (December 31, 2021 - \$79,431). During March 2022, the Company exercised all 4,000,000 warrants for a total exercise price of \$600,000. As a result, the Company had no F3 warrants at December 31, 2022 (December 31, 2021 - fair value \$304,136) and recognized a loss of \$304,136 (December 31, 2021 - \$258,004 gain) based on the movement from the prior year until derecognition. The net loss of \$304,136 (December 31, 2021 - \$337,435 gain) was recorded within other items in the statements of loss and comprehensive loss.

5. Amounts receivable

	December 31 2022	December 31 2021
	\$	\$
GST receivable	165,282	148,557
Other receivables	4,384	93,276
	169,666	241,833

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

Fission Uranium Corp.

Notes to the financial statements
For the year ended December 31, 2022
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6. Investment in F3 Uranium Corp.

F3 Uranium Corp. Shares	
Balance at December 31, 2021	10,792,602
Additions	4,000,000
Disposals	(4,000,000)
Balance at December 31, 2022	10,792,602
Trading price at December 31, 2021	\$ 0.220
Trading price at December 31, 2022	\$ 0.315
Fair Value, December 31, 2021	\$ 2,374,372
Fair Value, December 31, 2022	\$ 3,399,670

F3 Uranium Corp. is a company incorporated in Canada, whose principal business activity is the acquisition, exploration and development of uranium resource properties. The Company's shareholdings in F3 are recorded at fair value, with the changes in fair value being recognized in the statement of loss and comprehensive loss.

During the year ended December 31, 2022, the Company acquired 4,000,000 shares through the exercise of warrants and disposed of 4,000,000 shares of F3 for a net gain of \$56,112 (December 31, 2021 - \$nil).

7. Right-of-use assets

	Office Leases
	\$
Cost	
Balance at January 1, 2021	331,360
Additions	294,692
Disposals	(122,043)
Balance at December 31, 2021	504,009
Balance at December 31, 2022	504,009
Accumulated Depreciation	
Balance at January 1, 2021	201,873
Disposals	(107,146)
Depreciation expense	84,561
Balance at December 31, 2021	179,288
Depreciation expense	59,040
Balance at December 31, 2022	238,328
Net Book Value, December 31, 2021	324,721
Net Book Value, December 31, 2022	265,681

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

Effective November 1, 2021, the Company negotiated a renewal of its Kelowna office lease which was due to expire on June 30, 2022. The renewal is for a period of 5 years through June 30, 2027 and includes a reduction of the overall office space.

Fission Uranium Corp.

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8. Property and equipment

Cost	Equipment & Machinery	Office Equipment	Computer Hardware	Computer Software	Total
	\$	\$	\$	\$	\$
As at January 1, 2021	513,610	101,106	144,404	20,713	779,833
Additions	-	16,407	5,564	-	21,971
Disposals	(3,500)	(72,046)	(27,599)	-	(103,145)
As at December 31, 2021	510,110	45,467	122,369	20,713	698,659
Additions	69,430	-	2,284	-	71,714
Disposals	-	-	(5,780)	-	(5,780)
As at December 31, 2022	579,540	45,467	118,873	20,713	764,593
Accumulated Depreciation					
As at January 1, 2021	489,655	97,526	137,350	20,713	745,244
Depreciation	17,832	2,928	6,352	-	27,112
Disposals	(3,500)	(72,046)	(27,599)	-	(103,145)
As at December 31, 2021	503,987	28,408	116,103	20,713	669,211
Depreciation	13,072	4,747	3,774	-	21,593
Disposals	-	-	(5,780)	-	(5,780)
As at December 31, 2022	517,059	33,155	114,097	20,713	685,024
Net Book Value					
As at December 31, 2021	6,123	17,059	6,266	-	29,448
As at December 31, 2022	62,481	12,312	4,776	-	79,569

Fission Uranium Corp.

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9. Exploration and evaluation assets

Year ended December 31, 2022	Patterson Lake South Property	West Cluff Property	Total
	\$	\$	\$
Acquisition costs			
Balance, beginning	176,501,858	-	176,501,858
Additions	-	7,601	7,601
Balance, end	176,501,858	7,601	176,509,459
Exploration & evaluation expenditures			
Balance, beginning	165,459,644	-	165,459,644
Incurring during			
Exploration			
Geology mapping/sampling	-	1,900	1,900
Drilling	23,649	-	23,649
Resource Advancement			
Mine Planning	3,903,031	-	3,903,031
Geotechnical	5,284,063	-	5,284,063
Metallurgical	798,675	-	798,675
Resource Development	1,837	-	1,837
Hydrogeological	293,821	-	293,821
Infrastructure studies	1,689,719	-	1,689,719
Permitting			
Operational Permits & Other	4,996	-	4,996
Environmental	737,108	-	737,108
Community relations	845,113	-	845,113
Other			
Land retention and permitting	8,065	599	8,664
General	110,643	-	110,643
Share-based compensation	1,638,462	-	1,638,462
Additions	15,339,182	2,499	15,341,681
Balance, end	180,798,826	2,499	180,801,325
Total	357,300,684	10,100	357,310,784

Fission Uranium Corp.

Notes to the financial statements

For the year ended December 31, 2022

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9. Exploration and evaluation assets (continued)

Year ended December 31, 2021	Patterson Lake South Property	West Cluff Property	Total
	\$	\$	\$
Acquisition costs			
Balance, beginning and end	176,501,858	-	176,501,858
Exploration & evaluation expenditures			
Balance, beginning	143,683,447	-	143,683,447
Incurred during			
Exploration			
Drilling	8,332,215	-	8,332,215
Environmental	3,879	-	3,879
Resource Advancement			
Mine Planning	521,747	-	521,747
Geotechnical	1,813,025	-	1,813,025
Metallurgical	1,181,755	-	1,181,755
Resource Development	87,106	-	87,106
Hydrogeological	1,490,714	-	1,490,714
Infrastructure studies	6,488,880	-	6,488,880
Permitting			
Operational Permits & Other	63,238	-	63,238
Environmental	54,037	-	54,037
Community relations	670,695	-	670,695
Other			
Land retention and permitting	18,283	-	18,283
General	57,968	-	57,968
Share-based compensation	992,655	-	992,655
Additions	21,776,197	-	21,776,197
Balance, end	165,459,644	-	165,459,644
Total	341,961,502	-	341,961,502

Fission Uranium Corp.

Notes to the financial statements

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(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.

(a) *Patterson Lake South ("PLS") property, Saskatchewan, Canada*

The Company holds a 100% interest in 17 claims (December 31, 2021 – 17 claims) at the PLS property.

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 has an option to purchase up to an additional 15% of U₃O₈ production from the PLS property for a certain period of time, after commencement of commercial production.

(b) *West Cluff property, Saskatchewan, Canada*

The Company holds a 100% interest in 3 claims (December 31, 2021 – nil claims) at the West Cluff property.

10. Lease Obligations

	Year ended December 31 2022	Year ended December 31 2021
	\$	\$
Beginning balance	328,620	137,124
Disposals	-	(15,883)
Additions	-	294,692
Lease obligation payments	(67,760)	(93,930)
Interest expense	18,242	6,617
Net lease obligation (payments) additions	(49,518)	207,379
Ending balance	279,102	328,620
Less: Lease obligations - current portion	(54,313)	(49,518)
Lease obligations	224,789	279,102

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%.

11. 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.

Fission Uranium Corp.

Notes to the financial statements

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11. Credit Facility (continued)

In connection with the Facility, the Company issued 20,666,667 common share purchase warrants to Sprott and its affiliates (Note 12c). 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.

On April 7, 2022, the Company repaid the remaining Facility balance in full. Therefore, the outstanding principal of the Facility as at December 31, 2022 was \$nil.

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	885,468	-	885,468
Interest payments	(885,468)	-	(885,468)
Foreign exchange adjustment	(37,647)	-	(37,647)
Amortization of deferred costs	-	577,440	577,440
Ending balance, December 31, 2021	8,838,668	(1,203,675)	7,634,993
Interest expense	237,556	-	237,556
Interest payments	(237,556)	-	(237,556)
Foreign exchange adjustment	(65,534)	-	(65,534)
Amortization of deferred costs	-	1,203,675	1,203,675
Repayment of loan principal	(8,773,134)	-	(8,773,134)
Ending balance, December 31, 2022	-	-	-

12. 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) Share issuances

During the year ended December 31, 2022, the Company issued nil common shares with a total value of \$nil to Sprott and affiliates as consideration for monthly interest in accordance with the terms and conditions of the credit facility agreement (December 31, 2021 – 432,696 shares valued at \$222,959).

In April 2022, the Company entered into an equity distribution agreement providing for an at-the-market ("ATM") equity offering program. The ATM will allow Fission, through its agents, to, from time to time, offer and sell, in Canada through the facilities of the Toronto Stock Exchange, such number of common shares as would have an aggregate offering price of up to \$50 million. The Company has incurred share issuance costs of \$371,265 (of which, \$311,863 are included in prepaid expenses to be recognized over the remaining term of the ATM) in connection with completing this agreement and the corresponding base shelf prospectus supplement.

During the year ended December 31, 2022, the Company issued a total of 10,899,300 shares at an average price of \$0.7339 per share for gross proceeds of \$7,998,601 under the ATM program. The Company paid the agents a commission equal to 3.0% of the gross proceeds. The Company incurred total share issuance costs (including agents' commissions) of \$342,615 in connection with the ATM program.

Fission Uranium Corp.

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12. Share capital and other capital reserves (continued)

(b) Share issuances (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%.

(c) 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 11).

In June 2022, all remaining warrants that were granted in accordance with the credit facility agreement were exercised. As a result, there was no warrant liability to measure at December 31, 2022. Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number Outstanding	Weighted average exercise price	Number Outstanding	Weighted average exercise price
		\$		\$
Total, January 1, 2021	30,972,935	0.611	50,248,403	0.374
Granted	19,200,000	0.580	28,750,000	0.850
Exercised	(8,157,934)	0.462	(33,381,117)	0.409
Forfeited	(1,806,666)	0.580	-	-
Expired	(12,248,334)	0.850	-	-
Total, December 31, 2021	27,960,001	0.537	45,617,286	0.615
Granted	17,400,000	0.750	-	-
Exercised	(3,290,000)	0.713	(16,627,059)	0.390
Forfeited	(50,000)	0.580	-	-
Expired	(2,225,000)	0.844	(3,363,177)	0.410
Total, December 31, 2022	39,795,001	0.598	25,627,050	0.850

Fission Uranium Corp.

Notes to the financial statements

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12. Share capital and other capital reserves (continued)

(c) Stock options and warrants (continued)

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 year ended December 31, 2022, 2,393,334 stock options were exercised on a cashless basis resulting in the issuance of 342,797 shares.

The weighted average share price of stock options exercised during the year ended December 31, 2022 was \$0.923 (December 31, 2021 - \$0.462).

The weighted average share price of warrants exercised during the year ended December 31, 2022 was \$0.766 (December 31, 2021 - \$0.409).

As at December 31, 2022, stock options and warrants were outstanding as follows:

Stock options			
Number outstanding	Exercise price	Number of vested options	Expiry date
	\$		
300,000	0.85	300,000	March 27, 2023
8,500,001	0.31	8,500,001	October 7, 2025
13,695,000	0.58	10,961,666	February 22, 2026
17,300,000	0.75	8,600,000	February 4, 2027
39,795,001		28,361,667	
Warrants			
Number outstanding	Exercise price	Number of vested warrants	Expiry date
	\$		
25,627,050	0.85	25,627,050	May 11, 2024
25,627,050		25,627,050	

(d) Share-based compensation

All options are recorded on grant date at fair value using the Black-Scholes option pricing model. During the year ended December 31, 2022, the Company granted 17,400,000 stock options (December 31, 2021 - 19,200,000). Pursuant to the vesting schedule of options granted, during the year ended December 31, 2022, share-based compensation of \$4,946,724 (December 31, 2021 - \$2,884,933) was recognized in the statements of loss and comprehensive loss and \$1,638,462 (December 31, 2021 - \$992,655) was recognized in exploration and evaluation assets. The total amount of \$6,585,186 (December 31, 2021 - \$3,877,588) was recorded within other capital reserves in the statements of changes in equity.

The following assumptions were used on grant date for the valuation of share-based compensation for options granted during the periods ended:

	December 31 2022	December 31 2021
Risk Free Interest Rate	1.44%	0.31%
Expected Life - Years	2.92	2.92
Estimated Forfeiture Rate	6.65%	4.77%
Annualised Volatility	85.21%	74.21%
Weighted average fair value per option	\$ 0.410	\$ 0.275

Fission Uranium Corp.

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13. Supplemental disclosure with respect to cash flows

	December 31 2022	December 31 2021
	\$	\$
Cash and cash equivalents		
Cash	41,196,023	53,441,079
Redeemable term deposits	160,000	160,000
	41,356,023	53,601,079

Significant non-cash transactions for the year ended December 31, 2022 included:

- (a) Incurring \$800,661 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;
- (b) Incurring \$12,951 of share issuance costs through accounts payable and accrued liabilities; and
- (c) Recognizing \$1,638,462 of share-based payments in exploration and evaluation assets.

Significant non-cash transactions for the year ended December 31, 2021 included:

- (a) Incurring \$973,958 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and
- (b) Recognizing \$992,655 of share-based payments in exploration and evaluation assets.

14. 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.

	Year ended December 31 2022	Year ended December 31 2021
	\$	\$
<i>Compensation Costs</i>		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	1,963,086	1,814,692
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	4,289,887	2,463,115
	6,252,973	4,277,807

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 in lieu of the payment of cash. Included in compensation costs is the value of shares issued under the DRP Plan. During the year ended December 31, 2022, the Company issued 121,792 shares with a total value of \$101,083 under the DRP Plan (December 31, 2021 – 118,434 shares valued at \$85,333).

Included in accounts payable at December 31, 2022 is \$490,295 (December 31, 2021 - \$421,808) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

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 9a.

These transactions were in the normal course of operations.

Fission Uranium Corp.

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15. Income taxes

A reconciliation of current income taxes at statutory rates (December 31, 2022 – 27%, December 31, 2021 – 27%) with the reported taxes is as follows:

	December 31 2022	December 31 2021
	\$	\$
Loss before income taxes	(8,759,171)	(6,800,894)
Expected income tax recovery	(2,364,976)	(1,836,241)
Permanent differences	1,433,451	1,021,274
Net change in benefits of tax attributes previously not recognized	931,525	(1,075,033)
Renunciation of flow-through expenditures	-	1,890,000
Deferred income tax recovery	-	-

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

	December 31 2022	December 31 2021
	\$	\$
Deferred income tax assets (liabilities)		
Property and equipment	10,132	18,607
Exploration and evaluation assets	(31,588,502)	(28,056,577)
Non-capital losses	30,908,307	27,375,029
Share issuance costs	670,063	839,005
Foreign exchange	-	(176,064)
Net deferred income tax liabilities	-	-

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 \$114,000,000 of recognized non-capital losses which, if unutilized, will expire between 2025 and 2041. 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, 2022 the Company did not recognize \$1,512,954 (December 31, 2021 - \$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, 2021 - \$9,085), deductible temporary differences related to the Credit Facility of \$nil (December 31, 2021 - \$368,941) and deductible temporary differences from the investment in F3 of \$nil (December 31, 2021 - \$1,191,741) because it does not anticipate future capital gains to utilize these assets.

Fission Uranium Corp.

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16. 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, stock options and warrants.

Changes in the equity accounts of the Company are disclosed in the statements of changes in equity. The Company manages the capital structure and adjusts 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, though there is no certainty that future financings will be successful.

17. 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, amounts receivable, investment in F3 Uranium Corp., and accounts payable and accrued liabilities. The 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.

Carrying value of the Company's investment in F3 Uranium Corp. was determined using Level 1 inputs.

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.

(1) 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.

Fission Uranium Corp.

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17. Financial instruments and risk management (continued)

(a) Credit risk (continued)

The Company has not had any credit losses in the past and expected credit losses are negligible. At December 31, 2022, the Company has no financial assets that are past due or impaired due to defaults.

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

	December 31 2022	December 31 2021
	\$	\$
Cash and cash equivalents	41,356,023	53,601,079
Amounts receivable	169,666	241,833
	41,525,689	53,842,912

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. The Company manages its liquidity risk by endeavouring to maintain 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	1 - 2 years	3 - 4 years	More than 5 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,413,877	-	-	-
	1,413,877	-	-	-

Fission Uranium Corp.

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17. Financial instruments and risk management (continued)

(c) *Price risk*

Price risk is the risk that the 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 F3 common shares included in Investment in F3 Uranium Corp. based on the fair value hierarchy is as follows:

	December 31	December 31
	2022	2021
	\$	\$
Level 1 - investment in F3	3,399,670	2,374,372
	3,399,670	2,374,372

18. Subsequent events

Subsequent to December 31, 2022:

- (a) the Company issued 11,862,500 shares at an average price of \$0.8433 for gross proceeds of \$10,003,963 in accordance with its at-the-market equity offering program;
- (b) the Company granted a total of 17,150,000 stock options to certain directors, officers, employees and consultants at prices ranging from \$0.82 to \$0.87 per share exercisable for a period of 5 years; and
- (c) 2,150,000 stock options were exercised at an average exercise price of \$0.31 (resulting in the issuance of 1,476,086 shares) and a weighted average share price of \$0.916.