



**Fission**  
URANIUM CORP.

**Condensed Interim Financial Statements**

**Fission Uranium Corp.**

**For the Six Month Period Ended  
June 30, 2018**

# **Fission Uranium Corp.**

## **Condensed Interim Financial Statements**

**For the Six Month Period Ended  
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### **Table of contents**

|   |      |
|---|------|
| Condensed interim statements of financial position .....          | 1    |
| Condensed interim statements of loss and comprehensive loss ..... | 2    |
| Condensed interim statements of changes in equity .....           | 3    |
| Condensed interim statements of cash flows .....                  | 4    |
| Notes to the condensed interim financial statements .....         | 5-14 |

# Fission Uranium Corp.

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

|   | Note | June 30<br>2018      | December 31<br>2017 |
|---|------|----------------------|---------------------|
|   |      | \$                   | \$                  |
| <b>Assets</b>                                     |      |                      |                     |
| Current assets                                    |      |                      |                     |
| Cash and cash equivalents                         |      | <b>19,448,548</b>    | 30,735,915          |
| Short-term investments                            | 4    | <b>10,000,000</b>    | 10,000,000          |
| Amounts receivable                                |      | <b>495,378</b>       | 199,409             |
| Prepaid expenses                                  |      | <b>155,391</b>       | 269,795             |
|   |      | <b>30,099,317</b>    | 41,205,119          |
| Investment in Fission 3.0 Corp.                   | 5    | <b>815,112</b>       | 2,017,311           |
| Property and equipment                            |      | <b>228,590</b>       | 284,047             |
| Exploration and evaluation assets                 | 6    | <b>299,084,138</b>   | 289,441,867         |
| <b>Total Assets</b>                               |      | <b>330,227,157</b>   | 332,948,344         |
| <b>Liabilities</b>                                |      |                      |                     |
| Current liabilities                               |      |                      |                     |
| Accounts payable and accrued liabilities          |      | <b>1,359,327</b>     | 487,327             |
|   |      | <b>1,359,327</b>     | 487,327             |
| Deferred income tax liability                     |      | <b>73,354</b>        | 762,109             |
| <b>Total Liabilities</b>                          |      | <b>1,432,681</b>     | 1,249,436           |
| <b>Shareholders' Equity</b>                       |      |                      |                     |
| Share capital                                     | 7    | <b>413,282,975</b>   | 413,155,475         |
| Other capital reserves                            | 7    | <b>26,664,638</b>    | 26,307,729          |
| Deficit   |      | <b>(111,153,137)</b> | (107,764,296)       |
|   |      | <b>328,794,476</b>   | 331,698,908         |
| <b>Total Liabilities and Shareholders' Equity</b> |      | <b>330,227,157</b>   | 332,948,344         |

Approved by the Board of Directors and authorized for issue on August 13, 2018.

**"Frank Estergaard"**

Director

**"William Marsh"**

Director

## Fission Uranium Corp.

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

|   | <b>Three Months<br/>Ended<br/>June 30<br/>2018</b> | Three Months<br>Ended<br>June 30<br>2017 | <b>Six Months<br/>Ended<br/>June 30<br/>2018</b> | Six Months<br>Ended<br>June 30<br>2017 |
|---|--|--|--|--|
| Note  | \$   | \$                                       | \$   | \$                                     |
| <b>Expenses</b>   |  |  |  |  |
| Business development  | <b>201,962</b>                                     | 62,962                                   | <b>301,492</b>                                   | 132,824                                |
| Consulting and directors fees                                   | <b>418,324</b>                                     | 362,715                                  | <b>793,233</b>                                   | 752,534                                |
| Depreciation  | <b>27,422</b>                                      | 29,038                                   | <b>55,457</b>                                    | 63,753                                 |
| Office and administration                                       | <b>199,272</b>                                     | 178,302                                  | <b>437,540</b>                                   | 408,159                                |
| Professional fees   | <b>53,005</b>                                      | 70,093                                   | <b>200,633</b>                                   | 140,673                                |
| Public relations and communications                             | <b>236,752</b>                                     | 335,059                                  | <b>500,418</b>                                   | 563,322                                |
| Share-based compensation  | <b>124,235</b>                                     | 549,706                                  | <b>289,934</b>                                   | 1,735,268                              |
| Trade shows and conferences                                     | <b>65,455</b>                                      | 99,600                                   | <b>192,087</b>                                   | 254,320                                |
| Wages and benefits  | <b>211,620</b>                                     | 207,171                                  | <b>425,250</b>                                   | 434,720                                |
|   | <b>1,538,047</b>                                   | 1,894,646                                | <b>3,196,044</b>                                 | 4,485,573                              |
| Other items - income/(expense)                                  |  |  |  |  |
| Foreign exchange loss   | <b>(1,584)</b>                                     | (6,356)                                  | <b>(2,500)</b>                                   | (10,606)                               |
| Interest and miscellaneous income                               | <b>149,022</b>                                     | 159,681                                  | <b>323,147</b>                                   | 337,698                                |
| Share of loss from equity investment<br>in Fission 3.0 Corp.    | <b>(15,419)</b>                                    | (15,805)                                 | <b>(37,674)</b>                                  | (49,671)                               |
| Investment in Fission 3.0 Corp.<br>write-down                   | <b>(1,164,525)</b>                                 | -  | <b>(1,164,525)</b>                               | (903,624)                              |
|   | <b>(1,032,506)</b>                                 | 137,520                                  | <b>(881,552)</b>                                 | (626,203)                              |
| Loss before income taxes  | <b>(2,570,553)</b>                                 | (1,757,126)                              | <b>(4,077,596)</b>                               | (5,111,776)                            |
| Deferred income tax recovery                                    | <b>339,346</b>                                     | 303,615                                  | <b>688,755</b>                                   | 617,053                                |
| <b>Net loss and comprehensive loss<br/>for the period</b>       | <b>(2,231,207)</b>                                 | (1,453,511)                              | <b>(3,388,841)</b>                               | (4,494,723)                            |
| <b>Basic and diluted loss per common share</b>                  | <b>(0.00)</b>                                      | (0.00)                                   | <b>(0.01)</b>                                    | (0.01)                                 |
| <b>Weighted average number of common<br/>shares outstanding</b> | <b>484,775,504</b>                                 | 484,653,252                              | <b>485,670,013</b>                               | 484,401,421                            |

## Fission Uranium Corp.

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

|                                     | Note | Share capital      |                    | Other capital     | Deficit              | Total                |
|-------------------------------------|------|--------------------|--------------------|-------------------|----------------------|----------------------|
|                                     |      | Shares             | Amount             | reserves          |                      | shareholders' equity |
|                                     |      |                    | \$                 | \$                | \$                   | \$                   |
| <b>Balance, January 1, 2017</b>     |      | 484,187,994        | 412,568,231        | 23,429,231        | (100,728,333)        | <b>335,269,129</b>   |
| Exercise of stock options           |      | 463,333            | 178,044            | (15,841)          | -                    | <b>162,203</b>       |
| Director remuneration shares issued |      | 175,636            | 103,750            | -                 | -                    | <b>103,750</b>       |
| Share-based compensation            | 7(d) | -                  | -                  | 2,155,119         | -                    | <b>2,155,119</b>     |
| Net loss and comprehensive loss     |      | -                  | -                  | -                 | (4,494,723)          | <b>(4,494,723)</b>   |
| <b>Balance, June 30, 2017</b>       |      | 484,826,963        | 412,850,025        | 25,568,509        | (105,223,056)        | <b>333,195,478</b>   |
| Exercise of stock options           |      | 646,667            | 185,450            | (23,461)          | -                    | <b>161,989</b>       |
| Director remuneration shares issued |      | 177,408            | 120,000            | -                 | -                    | <b>120,000</b>       |
| Share-based compensation            | 7(d) | -                  | -                  | 762,681           | -                    | <b>762,681</b>       |
| Net loss and comprehensive loss     |      | -                  | -                  | -                 | (2,541,240)          | <b>(2,541,240)</b>   |
| <b>Balance, December 31, 2017</b>   |      | 485,651,038        | 413,155,475        | 26,307,729        | (107,764,296)        | <b>331,698,908</b>   |
| Director remuneration shares issued |      | 172,669            | 127,500            | -                 | -                    | <b>127,500</b>       |
| Share-based compensation            | 7(d) | -                  | -                  | 356,909           | -                    | <b>356,909</b>       |
| Net loss and comprehensive loss     |      | -                  | -                  | -                 | (3,388,841)          | <b>(3,388,841)</b>   |
| <b>Balance, June 30, 2018</b>       |      | <b>485,823,707</b> | <b>413,282,975</b> | <b>26,664,638</b> | <b>(111,153,137)</b> | <b>328,794,476</b>   |

# Fission Uranium Corp.

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

|  | <b>Three Months<br/>Ended<br/>June 30<br/>2018</b> | Three Months<br>Ended<br>June 30<br>2017 | <b>Six Months<br/>Ended<br/>June 30<br/>2018</b> | Six Months<br>Ended<br>June 30<br>2017 |
|--|--|--|--|--|
| Note   | \$   | \$                                       | \$   | \$                                     |
| <b>Operating activities</b>  |  |  |  |  |
| Net loss and comprehensive loss                                    | <b>(2,231,207)</b>                                 | (1,453,511)                              | <b>(3,388,841)</b>                               | (4,494,723)                            |
| Items not involving cash:  |  |  |  |  |
| Depreciation   | <b>27,422</b>                                      | 29,038                                   | <b>55,457</b>                                    | 63,753                                 |
| Share-based compensation   | <b>124,235</b>                                     | 549,706                                  | <b>289,934</b>                                   | 1,735,268                              |
| Accrued interest on investments                                    | -  | (41,884)                                 | -  | (83,309)                               |
| Share of loss from equity investment<br>in Fission 3.0 Corp.       | <b>15,419</b>                                      | 15,805                                   | <b>37,674</b>                                    | 49,671                                 |
| Investment in Fission 3.0 Corp.<br>write-down                      | <b>1,164,525</b>                                   | -  | <b>1,164,525</b>                                 | 903,624                                |
| Deferred income tax recovery                                       | <b>(339,346)</b>                                   | (303,615)                                | <b>(688,755)</b>                                 | (617,053)                              |
|  | <b>(1,238,952)</b>                                 | (1,204,461)                              | <b>(2,530,006)</b>                               | (2,442,769)                            |
| Changes in non-cash working capital items:                         |  |  |  |  |
| (Increase) decrease in amounts receivable                          | <b>51,666</b>                                      | 181,358                                  | <b>(295,969)</b>                                 | (46,313)                               |
| Decrease in prepaid expenses                                       | <b>127,699</b>                                     | 45,426                                   | <b>114,404</b>                                   | 39,484                                 |
| Increase (decrease) in accounts payable<br>and accrued liabilities | <b>27,919</b>                                      | (74,768)                                 | <b>175,542</b>                                   | 91,599                                 |
| Cash flow used in operating activities                             | <b>(1,031,668)</b>                                 | (1,052,445)                              | <b>(2,536,029)</b>                               | (2,357,999)                            |
| <b>Investing activities</b>  |  |  |  |  |
| Property and equipment additions                                   | -  | (5,384)                                  | -  | (9,113)                                |
| Purchase of units of Fission 3.0 Corp.                             | -  | (361,929)                                | -  | (361,929)                              |
| Exploration and evaluation asset additions                         | <b>(2,601,382)</b>                                 | (4,993,382)                              | <b>(8,751,338)</b>                               | (9,489,294)                            |
| Cash flow used in investing activities                             | <b>(2,601,382)</b>                                 | (5,360,695)                              | <b>(8,751,338)</b>                               | (9,860,336)                            |
| <b>Financing activities</b>  |  |  |  |  |
| Proceeds from exercise of stock options                            | -  | 13,360                                   | -  | 162,203                                |
| Cash flow provided by financing activities                         | -  | 13,360                                   | -  | 162,203                                |
| Decrease in cash and cash equivalents<br>during period             | <b>(3,633,050)</b>                                 | (6,399,780)                              | <b>(11,287,367)</b>                              | (12,056,132)                           |
| Cash and cash equivalents, beginning of period                     | <b>23,081,598</b>                                  | 44,592,027                               | <b>30,735,915</b>                                | 50,248,379                             |
| <b>Cash and cash equivalents, end of period</b>                    | <b>19,448,548</b>                                  | 38,192,247                               | <b>19,448,548</b>                                | 38,192,247                             |

Supplemental disclosure with respect to cash flows (Note 8)

# Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

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## 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 is listed on the Toronto Stock Exchange under the symbol FCU, on the U.S. OTCQX under the symbol FCUUF, and on the Frankfurt Stock Exchange under the symbol 2FU.

The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for the exploration and evaluation assets, including the acquisition costs, is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production.

## 2. Significant accounting policies

### (a) Statement of compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting* ("IAS 34") and do not contain all of the information required for annual financial statements. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2017 prepared in accordance with IFRS. These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on August 13, 2018.

### (b) Basis of presentation

These unaudited condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

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

#### Accounting standards effective January 1, 2019

##### *IFRS 16, Leases*

In January 2016, the IASB issued *IFRS 16, Leases*, which will replace *IAS 17, Leases*. The standard provides a single lease accounting model, which requires all leases, including financing and operating leases, to be reported on the statement of financial position, unless the term is less than 12 months, or the underlying asset has a low value. The Company is currently assessing and quantifying the effect of this standard on its financial statements.

## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

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### 3. Key estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the unaudited condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### *Exploration and evaluation assets*

The application of the Company's accounting policy for exploration and evaluation assets requires judgement in the following areas:

- (i) Determination of whether any impairment indicators exist at each reporting date giving consideration to factors such as budgeted expenditures on the Patterson Lake South ("PLS") property, assessment of the right to explore in the specific area and evaluation of any data which would indicate that the carrying amount of exploration and evaluation assets is not recoverable; and
- (ii) Assessing when the commercial viability and technical feasibility of the project has been determined, at which point the asset is reclassified to property and equipment.

#### *Investments in associates*

The application of the Company's accounting policy for investments in associates requires judgement to determine whether any objective evidence of impairment exists at each reporting date giving consideration to factors such as: significant financial difficulty of the associate, or a significant or prolonged decline in the fair value of the investment below its carrying value.

### 4. Short-term investments

|  | <b>June 30<br/>2018</b> | December 31<br>2017 |
|--|-------------------------|---------------------|
|  | \$                      | \$                  |
| Guaranteed Investment<br>Certificates ("GICs") | <b>10,000,000</b>       | 10,000,000          |
|  | <b>10,000,000</b>       | 10,000,000          |

The Company purchased two \$5,000,000 fixed rate GICs with a term of 2 years from a Canadian financial institution. The GICs bear interest at a 1.68% annual rate and mature on July 9, 2018 and July 11, 2018. Interest accrued on short-term investments is included in amounts receivable.

Upon maturity in July 2018, the Company re-invested its principal into two, fixed rate GIC's.



## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
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### 5. Investment in Fission 3.0 Corp.

Fission 3.0 Corporation ("Fission 3.0") is a company incorporated in Canada, whose principal business activity is the acquisition, exploration and development of uranium resource properties in Canada and Peru. The Company, through a combination of its shareholding and its common directors and management, has significant influence over Fission 3.0 and accounts for the investment using the equity method.

On February 23, 2015 the Company completed a private placement with Fission 3.0 pursuant to which the Company purchased 22,000,000 common shares of Fission 3.0 at a price of \$0.14 per share for a total cost of \$3,080,000, representing a 12.36% interest in Fission 3.0.

On April 21, 2017, Fission 3.0 closed a non-brokered private placement financing by issuing 41,846,383 units at a price of \$0.07 per unit. Each unit consisted of one common share and one-half of one share purchase warrant exercisable for an additional common share at \$0.10 per warrant until April 21, 2019. To maintain its 12.36% interest in Fission 3.0, the Company purchased 5,170,410 units for a total cost of \$361,929.

On April 30, 2018, Fission 3.0 completed a consolidation of its issued and outstanding common shares (the "Pre-Consolidation Shares") on the basis of one (1) new Common Share (the "Post-Consolidation Shares") for every four (4) Pre-Consolidation Shares held (the "Share Consolidation"). As a result of the Share Consolidation, the Company now holds 6,792,602 Post-Consolidation common shares and 646,301 common share purchase warrants of Fission 3.0.

Due to the fact that Fission 3.0's financial statements are typically not publicly available at the time the Company files its financial statements, the share of Fission 3.0's results are recognized using a reporting period which is three months prior to that of the Company. For the six month period ended June 30, 2018, the Company recognized its proportionate share of Fission 3.0's loss for the six months ended March 31, 2018.

Details of the investment in Fission 3.0 are as follows:

|  |                  |
|--|------------------|
|  | \$               |
| Balance, January 1, 2017   | 2,697,490        |
| Purchase of 5,170,410 units @ \$0.07 per unit                              | 361,929          |
| Share of Fission 3.0's loss for the twelve months ended September 30, 2017 | (132,040)        |
| Reversal of intercompany services  | (6,444)          |
| Investment in Fission 3.0 write-down                                       | (903,624)        |
| <b>Balance, December 31, 2017</b>  | <b>2,017,311</b> |
| Share of Fission 3.0's loss for the six months ended March 31, 2018        | (34,487)         |
| Reversal of intercompany services  | (3,187)          |
| Investment in Fission 3.0 write-down                                       | (1,164,525)      |
| <b>Balance, June 30, 2018</b>  | <b>815,112</b>   |

As at March 31, 2017, the prolonged decline in the fair value of the investment in Fission 3.0 was considered to be objective evidence of impairment under *IAS 28, Investments in Associates and Joint Ventures*. Accordingly, the carrying value of the investment was written down by \$903,624 to its fair value based on the quoted market price of Fission 3.0's common shares.

As at June 30, 2018, the continued, prolonged decline in the fair value of the investment in Fission 3.0 was considered to be objective evidence of impairment under *IAS 28, Investments in Associates and Joint Ventures*. Accordingly, the carrying value of the investment was written down by a further \$1,164,525 to its fair value based on the quoted market price of Fission 3.0's common shares.

The trading price of Fission 3.0's common shares on June 30, 2018 was \$0.12 (December 31, 2017 - \$.24 (Post-consolidation)). The quoted market value of the investment in Fission 3.0 on June 30, 2018 was \$815,112 (December 31, 2017 - \$1,630,225).

## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

### 5. Investment in Fission 3.0 Corp. (continued)

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

|  | <b>Six months ended<br/>March 31<br/>2018</b> | Twelve months ended<br>September 30<br>2017 |
|--|---|---|
|  | \$  | \$  |
| <b>Comprehensive loss for the period</b> | <b>279,023</b>                                | 1,068,286                                   |

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

|                                   | <b>March 31<br/>2018</b> | June 30<br>2017 |
|-----------------------------------|--------------------------|-----------------|
|                                   | \$                       | \$              |
| Current assets                    | <b>768,234</b>           | 2,591,993       |
| Property and equipment            | <b>23,232</b>            | 30,549          |
| Exploration and evaluation assets | <b>8,838,662</b>         | 7,740,779       |
| <b>Total Assets</b>               | <b>9,630,128</b>         | 10,363,321      |
| Current liabilities               | <b>65,601</b>            | 51,718          |
| Deferred income tax liability     | <b>128,576</b>           | 308,880         |
| <b>Total Liabilities</b>          | <b>194,177</b>           | 360,598         |

### 6. Exploration and evaluation assets

|                                      | <b>Six months ended<br/>June 30<br/>2018</b> | Year ended<br>December 31<br>2017 |
|--------------------------------------|--|-----------------------------------|
| <b>Patterson Lake South Property</b> | \$   | \$                                |
| <b>Acquisition costs</b>             |  |                                   |
| Balance, beginning and end           | <b>176,501,858</b>                           | 176,501,858                       |
| <b>Exploration costs</b>             |  |                                   |
| Balance, beginning                   | <b>112,940,009</b>                           | 97,526,796                        |
| Incurred during                      |  |                                   |
| Geology mapping/sampling             | -  | 51,489                            |
| Geophysics airborne                  | <b>4,036</b>                                 | -                                 |
| Geophysics ground                    | <b>7,127</b>                                 | 400,516                           |
| Drilling                             | <b>9,051,738</b>                             | 13,420,928                        |
| Land retention and permitting        | <b>18,764</b>                                | 36,697                            |
| Reporting                            | <b>16,366</b>                                | 38,933                            |
| Environmental                        | <b>385,281</b>                               | 694,167                           |
| Safety                               | -  | 54,777                            |
| Community relations                  | <b>35,211</b>                                | 92,508                            |
| General                              | <b>56,773</b>                                | 67,236                            |
| Share-based compensation             | <b>66,975</b>                                | 555,962                           |
| Additions                            | <b>9,642,271</b>                             | 15,413,213                        |
| Balance, end                         | <b>122,582,280</b>                           | 112,940,009                       |
| <b>Total</b>                         | <b>299,084,138</b>                           | 289,441,867                       |

## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

### 6. Exploration and evaluation assets (continued)

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of title and/or ownership of claims. The Company has investigated title to all of its exploration and evaluation assets, and to the best of its knowledge, title to its property is in good standing.

On January 11, 2016 the Company executed an offtake agreement with CGN Mining Company Limited ("CGN Mining"). Under the terms of the offtake agreement, CGN Mining will purchase 20% of annual U<sub>3</sub>O<sub>8</sub> production and will have an option to purchase up to an additional 15% of U<sub>3</sub>O<sub>8</sub> production from the PLS property, after commencement of commercial production.

### 7. Share capital and other capital reserves

#### (a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares, without par value. All of the Company's issued shares are fully paid.

#### (b) Stock options

The Company has a stock option plan which allows the Board of Directors to grant stock options to employees, directors, officers, and consultants. The exercise price is determined by the Board of Directors provided the minimum exercise price is set at the Company's closing share price on the day before the grant date. The options can be granted for a maximum term of five years and vesting terms are determined by the Board of Directors at the date of grant.

Stock option transactions are summarized as follows:

|                                   | <b>Stock options</b>  |                                    |
|-----------------------------------|-----------------------|------------------------------------|
|                                   | Number<br>outstanding | Weighted average<br>exercise price |
|                                   |                       | \$                                 |
| Balance, January 1, 2017          | 38,920,000            | 1.0568                             |
| Granted                           | 9,940,000             | 0.8500                             |
| Exercised <sup>(1)</sup>          | (463,333)             | 0.3501                             |
| Outstanding, June 30, 2017        | 48,396,667            | 1.0211                             |
| Exercised <sup>(1)</sup>          | (646,667)             | 0.2505                             |
| Forfeited                         | (129,166)             | 0.8500                             |
| Cancelled/Expired                 | (1,255,834)           | 1.1888                             |
| Outstanding, December 31, 2017    | 46,365,000            | 1.0278                             |
| Granted                           | 500,000               | 0.8500                             |
| Forfeited                         | (66,667)              | 0.8500                             |
| Cancelled/Expired                 | (453,333)             | 1.1357                             |
| <b>Outstanding, June 30, 2018</b> | <b>46,345,000</b>     | <b>1.0251</b>                      |

<sup>(1)</sup> The weighted average share price of stock options exercised was \$0.6892 during the six month period ended June 30, 2017 and \$0.6604 during the six month period ended December 31, 2017.

## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

### 7. Share capital and other capital reserves (continued)

#### (c) Stock options (continued)

As at June 30, 2018, incentive stock options were outstanding as follows:

| <b>Stock options</b>  |                   |                             |                   |
|-----------------------|-------------------|-----------------------------|-------------------|
| Number<br>outstanding | Exercise<br>price | Number of<br>vested options | Expiry date       |
|                       | \$                |                             |                   |
| 15,850,000            | 0.8500            | 15,850,000                  | February 5, 2021  |
| 9,715,000             | 0.8500            | 6,476,668                   | January 16, 2022  |
| 500,000               | 0.8500            | 166,667                     | March 27, 2023    |
| 7,600,000             | 1.0000            | 7,600,000                   | December 15, 2019 |
| 6,860,000             | 1.2000            | 6,860,000                   | January 21, 2019  |
| 250,000               | 1.3100            | 250,000                     | February 25, 2019 |
| 5,570,000             | 1.6500            | 5,570,000                   | April 4, 2019     |
| <b>46,345,000</b>     |                   | <b>42,773,335</b>           |                   |

#### (d) Share-based compensation

All options are recorded at fair value using the Black-Scholes option pricing model. During the six month period ended June 30, 2018 the Company granted 500,000 stock options (June 30, 2017 - 9,940,000). Pursuant to the vesting schedule of options granted, during the six month period ended June 30, 2018 share-based compensation of \$289,934 (June 30, 2017 - \$1,735,268) was recognized in the statements of loss and comprehensive loss and \$66,975 (June 30, 2017 - \$419,851) was recognized in exploration and evaluation assets. The total amount of \$356,909 (June 30, 2017 - \$2,155,119) 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:

|  | <b>June 30<br/>2018</b> | June 30<br>2017 |
|--|-------------------------|-----------------|
| Risk Free Interest Rate                | <b>1.91%</b>            | 0.85%           |
| Expected Life - Years                  | <b>2.92</b>             | 2.92            |
| Estimated Forfeiture Rate              | <b>3.83%</b>            | 4.45%           |
| Annualised Volatility                  | <b>50.53%</b>           | 51.34%          |
| Dividend Rate                          | N/A                     | N/A             |
| Weighted average fair value per option | <b>\$0.16</b>           | \$0.27          |

## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

### 8. Supplemental disclosure with respect to cash flows

|                           | <b>June 30<br/>2018</b> | December 31<br>2017 |
|---------------------------|-------------------------|---------------------|
|                           | \$                      | \$                  |
| Cash and cash equivalents |                         |                     |
| Cash                      | <b>19,288,548</b>       | 30,575,915          |
| Redeemable term deposits  | <b>160,000</b>          | 160,000             |
|                           | <b>19,448,548</b>       | 30,735,915          |

During the six month period ended June 30, 2018 the Company received \$Nil (June 30, 2017 - \$226,135) in interest income.

Significant non-cash transactions for the six month period ended June 30, 2018 included:

- (a) Incurring \$1,035,438 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and
- (b) Recognizing \$66,975 of share-based payments in exploration and evaluation assets.
- (c) Issuing director remuneration common shares to the Board of Directors valued at \$127,500 pursuant to the director remuneration plan.

Significant non-cash transactions for six month period ended June 30, 2017 included:

- (a) Incurring \$329,942 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;
- (b) Recognizing \$419,851 of share-based payments in exploration and evaluation assets;
- (c) Reclassifying \$15,841 from other capital reserves to share capital on the exercise of stock options; and
- (d) Issuing director remuneration common shares to the Board of Directors valued at \$103,750 pursuant to the director remuneration plan.

### 9. Related party transactions

The Company has identified the CEO, President and COO, CFO, VP Exploration, and the Company's directors as its key management personnel.

|   | <b>Three months ended</b> |                 | <b>Six months ended</b> |                 |
|---|---------------------------|-----------------|-------------------------|-----------------|
|   | <b>June 30<br/>2018</b>   | June 30<br>2017 | <b>June 30<br/>2018</b> | June 30<br>2017 |
|   |                           |                 | \$                      | \$              |
| <i>Compensation Costs</i>   |                           |                 |                         |                 |
| Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel | <b>534,910</b>            | 512,410         | <b>1,047,319</b>        | 1,066,490       |
| Share-based compensation pursuant to the vesting schedule of options granted to key management personnel                              | <b>84,253</b>             | 371,822         | <b>201,507</b>          | 1,239,171       |
|   | <b>619,163</b>            | 884,232         | <b>1,248,826</b>        | 2,305,661       |

## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

### 9. Related party transactions (continued)

|   | Three months ended |                 | Six months ended |                 |
|---|--------------------|-----------------|------------------|-----------------|
|   | June 30<br>2018    | June 30<br>2017 | June 30<br>2018  | June 30<br>2017 |
|   | \$                 | \$              | \$               | \$              |
| Exploration and administrative services billed to Fission 3.0, a company over which Fission Uranium has significant influence | <b>28,003</b>      | 39,896          | <b>64,732</b>    | 77,067          |

Included in accounts payable at June 30, 2018 is \$20,448 (December 31, 2017 - \$13,448) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at June 30, 2018 is \$43,988 (December 31, 2017 - \$12,442) 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 6.

On April 21, 2017, the Company purchased additional units of Fission 3.0 for a total cost of \$361,929 to maintain its 12.36% interest in Fission 3.0 (note 5).

These transactions were in the normal course of operations.

### 10. Financial instruments and risk management

*International Financial Reporting Standards 13, Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. For short-term investments, the carrying value is considered to be a reasonable approximation of fair value due to insignificant movements in risk-free interest rates during the period.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations warrant such hedging activities

## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

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### 10. Financial instruments and risk management (continued)

(a) *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will not discharge its obligations, resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk. Company management evaluates credit risk on an ongoing basis including counterparty credit rating and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from:

- (i) Cash and cash equivalents;
- (ii) Short-term investments; and
- (iii) Amounts receivable

The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At June 30, 2018, the Company has no financial assets that are past due or impaired due to credit risk defaults.

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

|                           | <b>June 30<br/>2018</b> | December 31<br>2017 |
|---------------------------|-------------------------|---------------------|
|                           | \$                      | \$                  |
| Cash and cash equivalents | <b>19,448,548</b>       | 30,735,915          |
| Short-term investments    | <b>10,000,000</b>       | 10,000,000          |
| Amounts receivable        | <b>495,378</b>          | 199,409             |
|                           | <b>29,943,926</b>       | 40,935,324          |

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents balances to meet its anticipated operational needs.

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.

## Fission Uranium Corp.

Notes to the condensed interim financial statements  
For the six month period ended June 30, 2018  
(Expressed in Canadian dollars)  
(Unaudited)

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### 10. Financial instruments and risk management (continued)

(b) *Liquidity risk (continued)*

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

|  | Maturity<br>Dates | <b>June 30<br/>2018</b> | December 31<br>2017 |
|--|-------------------|-------------------------|---------------------|
|  |                   | \$                      | \$                  |
| Accounts payable and accrued liabilities | < 6 months        | <b>1,359,327</b>        | 487,327             |