



Fission 3.0

Consolidated Financial Statements

Fission 3.0 Corp.

**For the Year Ended
June 30, 2019**



Independent auditor's report

To the Shareholders of Fission 3.0 Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Fission 3.0 Corp. and its subsidiary (together, the Company) as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at June 30, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated 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 consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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Other information

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

Our opinion on the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

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

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
October 3, 2019

Fission 3.0 Corp.

Consolidated Financial Statements

**For the Year Ended
June 30, 2019**

Table of contents

Consolidated statements of financial position.....	1
Consolidated statements of loss and comprehensive loss	2
Consolidated statements of changes in equity.....	3
Consolidated statements of cash flows.....	4
Notes to the consolidated financial statements.....	5-23

Fission 3.0 Corp.

Consolidated statements of financial position
(Expressed in Canadian dollars)

		Year Ended June 30 2019	Year Ended June 30 2018
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,036,004	117,976
Amounts receivable	4	115,204	7,398
Deposits		208,450	61,621
Prepaid expenses		19,298	102,799
		3,378,956	289,794
Non-current assets			
Investments	6(h)	100	-
Property and equipment	5	17,777	20,793
Exploration and evaluation assets	6	12,950,938	8,855,394
		12,968,815	8,876,187
Total Assets		16,347,771	9,165,981
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		481,696	329,823
		481,696	329,823
Non-current liabilities			
Deferred income tax liability	10	18,301	-
		18,301	-
Total Liabilities		499,997	329,823
Shareholders' Equity			
Share capital	7	29,225,232	22,867,600
Other capital reserves	7	5,475,979	2,321,970
Accumulated other comprehensive income		21,598	50,076
Deficit		(18,875,035)	(16,403,488)
		15,847,774	8,836,158
Total Liabilities and Shareholders' Equity		16,347,771	9,165,981

Nature of operations (Note 1)

Approved by the Board of Directors and authorized for issue on October 3, 2019

"Frank Estergaard"

Director

"William Marsh"

Director

Fission 3.0 Corp.

Consolidated statements of loss and comprehensive loss
(Expressed in Canadian dollars)

		Year Ended June 30 2019	Year Ended June 30 2018
	Note	\$	\$
Expenses			
Business development		8,510	1,968
Consulting and directors fees		518,931	393,718
Depreciation	5	7,297	9,756
Office and administration		101,406	72,950
Professional fees		318,742	138,203
Public relations and communications		392,303	230,955
Share-based compensation	7(c)	904,512	-
Trade shows and conferences		5,787	11,677
Wages and benefits		189,846	95,305
		2,447,334	954,532
Other items - income/(expense)			
Foreign exchange loss		(14,835)	(5,685)
Flow-through premium recovery	7(b)	381,873	-
Interest and miscellaneous income		103,643	10,396
Exploration and evaluation asset impairment	6	(244,426)	(542,900)
		226,255	(538,189)
Loss before income taxes		(2,221,079)	(1,492,721)
Deferred income tax (expense) recovery	10	(250,468)	308,880
Net loss for the year		(2,471,547)	(1,183,841)
Other comprehensive income (loss)			
Items that may subsequently be classified to income:			
Foreign currency translation adjustment arising from translating foreign operations		(28,478)	17,276
Comprehensive loss for the year		(2,500,025)	(1,166,565)
Basic and diluted loss per common share		(0.02)	(0.02)
Weighted average number of common shares outstanding		118,203,398	54,975,488

Fission 3.0 Corp.

Consolidated statements of changes in equity
(Expressed in Canadian dollars)

	Note	Share capital		Other capital reserves	Accumulated other comprehensive income/(loss)	Deficit	Total shareholders' equity
		Shares	Amount				
			\$	\$	\$	\$	\$
Balance, July 1, 2017		54,975,488	22,867,600	2,321,970	32,800	(15,219,647)	10,002,723
Net loss		-	-	-	-	(1,183,841)	(1,183,841)
Foreign currency translation adjustment arising from translating foreign operations		-	-	-	17,276	-	17,276
Balance, June 30, 2018		54,975,488	22,867,600	2,321,970	50,076	(16,403,488)	8,836,158
Common share units and flow-through common shares issued for cash	7(b)	86,864,550	7,168,277	2,331,924	-	-	9,500,201
Share issuance costs	7(b)	-	(662,539)	(163,704)	-	-	(826,243)
Deferred income tax impact on share issuance costs		-	232,167	-	-	-	232,167
Flow-through share premium liability	7(b)	-	(381,873)	-	-	-	(381,873)
Stock options exercised	7(c)	13,333	1,600	-	-	-	1,600
Share-Based Compensation	7(c)	-	-	985,789	-	-	985,789
Net loss		-	-	-	-	(2,471,547)	(2,471,547)
Foreign currency translation adjustment arising from translating foreign operations		-	-	-	(28,478)	-	(28,478)
Balance, June 30, 2019		141,853,371	29,225,232	5,475,979	21,598	(18,875,035)	15,847,774

Fission 3.0 Corp.

Consolidated statements of cash flows

(Expressed in Canadian dollars)

		Year Ended	Year Ended
		June 30	June 30
	Note	2019	2018
		\$	\$
Operating activities			
Net loss		(2,471,547)	(1,183,841)
Items not involving cash:			
Depreciation	5	7,297	9,756
Share-based compensation	7(c)	904,512	-
Exploration and evaluation asset write-down	6	244,426	542,900
Flow-through premium liability recovery	7(b)	(381,873)	-
Deferred income tax expense (recovery)	10	250,468	(308,880)
		(1,446,717)	(940,065)
Changes in non-cash working capital items:			
(Increase)/decrease in amounts receivable		(107,096)	23,153
Decrease in prepaid expenses		83,339	122,830
Increase/(decrease) in accounts payable and accrued liabilities		(85,047)	111,329
Cash flow used in operating activities		(1,555,521)	(682,753)
Investing activities			
Decrease in notes receivable		-	50,000
Property and equipment additions		(3,239)	-
Exploration and evaluation asset additions		(4,143,519)	(1,087,922)
Exploration and evaluation asset cost recoveries	6(h)	100,000	-
Increase in deposits		(155,251)	(97,783)
Cash flow used in investing activities		(4,202,009)	(1,135,705)
Financing activities			
Proceeds from promissory notes	9	150,000	-
Repayment of promissory notes	9	(150,000)	-
Proceeds from the exercise of stock options	7(c)	1,600	-
Proceeds from the issuance of common share units and flow-through common shares	7(b)	9,500,201	-
Share issuance costs	7(b)	(826,243)	-
Cash flow provided by financing activities		8,675,558	-
Increase/(decrease) in cash and cash equivalents during the year		2,918,028	(1,818,458)
Cash and cash equivalents, beginning of year		117,976	1,936,434
Cash and cash equivalents, end of year		3,036,004	117,976

Supplemental disclosure with respect to cash flows (Note 8)

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

1. Nature of operations

Fission 3.0 Corp. (the "Company" or "Fission 3.0") was incorporated on September 23, 2013 under the laws of the Canada Business Corporations Act in connection with a court approved plan of arrangement to reorganize Fission Uranium Corp. ("Fission Uranium") which was completed on December 6, 2013 (the "Fission Uranium Arrangement"). 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 TSX Venture Exchange under the symbol FUU, on the U.S. OTCQX under the symbol "FISOF", and on the Frankfurt Stock Exchange under the symbol "2F3".

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.

On April 30, 2018 the Company consolidated its common shares on a basis of one post-consolidated common share for every four pre-consolidated common shares. All references in the financial statements have been adjusted to reflect this share consolidation.

2. Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS") as at June 30, 2019. These consolidated financial statements were authorized for issue by the Board of Directors on October 3, 2019.

(b) Basis of presentation

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

(c) Basis of consolidation

The consolidated financial statements of the Company include the following subsidiary:

Name of Subsidiary	Place of Incorporation	Ownership Interest	Basis of Presentation
Fission Energy Peru S.A.C	Peru	100%	Consolidated

The Company consolidates subsidiaries when it is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(d) 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 investments at FVTPL for subsequent measurement purposes.

(e) 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.

(f) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars. The financial statements for the Company's subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). Each subsidiary determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in *IAS 21, The Effects of Changes in Foreign Exchange Rates*.

The functional currency of the Company, and the Company's subsidiary are as follows:

- (i) Fission 3.0 Corp. – Canadian Dollar
- (ii) Fission Energy Peru S.A.C. – Peruvian New Sol

Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the date of the transactions. 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 profit or loss.

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

Foreign operations

The assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and income and expenses are translated at exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognized in other comprehensive income/(loss). On disposal of a foreign operation, the component of other comprehensive income/(loss) relating to that particular foreign operation is recognized in profit or loss.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(g) Property and equipment

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

• Geological equipment	20%
• Vehicles	30%
• Office equipment	20%
• Computer hardware	30%
• Computer software	50%
• Building	4%

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 profit or loss.

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

(h) Exploration and evaluation assets

The Company records exploration and evaluation assets which consist 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 costs will be written off to operations in the period of abandonment.

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

- (i) Whether the exploration on the property has significantly changed, such that previously identified resource targets are no longer being pursued;
- (ii) Whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; and
- (iii) Whether remaining claim tenure terms are sufficient to conduct necessary studies or exploration work.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2019
(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(h) Exploration and evaluation assets (continued)

If any indication of impairment exists, an estimate of the exploration and evaluation asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal for the exploration and evaluation property interest and their value in use. The fair value less costs of disposal and the value in use are 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 profit or loss for the period.

Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate and 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 profit or loss in the period in which that determination was made.

(i) Financial liabilities

The Company's financial liabilities, consisting of accounts payable and accrued liabilities are initially recorded at fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(j) Flow-through shares

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

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

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(k) Share-based payments

The Company has a stock option plan whereby it is authorized to grant stock options to directors, officers, employees and consultants. Directors, officers, employees and consultants are classified as employees who render personal services to the entity and either i) are regarded as employees for legal or 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 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 profit or loss unless it meets the criteria for capitalisation to the exploration and evaluation assets with a corresponding credit to other capital reserves in equity. Stock options granted with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

The share-based awards issued to non-employees are generally measured on the fair value of goods or services received unless that fair value cannot be reliably measured. This fair value shall be measured at the date the entity obtains the goods or the counterparty renders service. If the fair value of goods or services received cannot be reliably measured, the fair value of the share-based payments to non-employees are periodically re-measured using the Black-Scholes option pricing model until the counterparty performance is complete.

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

(l) Income taxes

Current 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 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. Deferred 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 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 profit or loss.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(l) *Income taxes (continued)*

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future tax profits will be available against which they can be utilized. Deferred 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.

(m) *Loss per share*

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

(n) *Related party transactions*

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

(o) *New standards, amendments and interpretations not yet effective*

Accounting standards effective July 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. Under IFRS 16, the present value of most lease commitments will be shown as a liability on the balance sheet together with an asset representing the right of use. This will include those classified as operating leases under the existing standard.

The adoption of IFRS 16 will not have a material impact on the financial statements, as the Company does not currently have any leases.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

3. Key estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated 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 determination of whether any impairment indicators exist at each reporting date giving consideration to factors such as budgeted expenditures on each of the properties, 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.

4. Amounts receivable

	June 30 2019	June 30 2018
	\$	\$
GST receivable	74,940	7,315
Other receivables	40,264	83
	115,204	7,398

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

5. Property and equipment

Cost	Geological Equipment	Computer Hardware	Building	Total
	\$	\$	\$	\$
As at July 1, 2017	16,500	20,015	20,190	56,705
As at June 30, 2018	16,500	20,015	20,190	56,705
Additions	2,003	2,278	-	4,281
As at June 30, 2019	18,503	22,293	20,190	60,986
Accumulated Depreciation				
As at July 1, 2017	7,150	11,554	7,452	26,156
Depreciation	3,300	5,652	804	9,756
As at June 30, 2018	10,450	17,206	8,256	35,912
Depreciation	3,344	3,149	804	7,297
As at June 30, 2019	13,794	20,355	9,060	43,209
Net Book Value				
As at June 30, 2018	6,050	2,809	11,934	20,793
As at June 30, 2019	4,709	1,938	11,130	17,777

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2019
(Expressed in Canadian dollars)

6. Exploration and evaluation assets

As at June 30, 2019

	Clearwater West Property	Montgomery Lake Property	Patterson Lake North Property	Wales Lake Property	Key Lake Area	Beaverlodge / Uranium City Area	Northeast Athabasca Basin Area	Macusani Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs									
Balance, beginning of year	-	805	11,426	26,619	25,401	25,156	8,757	-	98,164
Additions	-	-	-	3,328	-	7,127	-	-	10,455
Impairment	-	-	-	-	-	(450)	-	-	(450)
Balance, end of year	-	805	11,426	29,947	25,401	31,833	8,757	-	108,169
Exploration costs									
Balance, beginning of year	89,215	1,817	4,679,307	328,441	231,622	559,081	167,554	2,650,118	8,707,155
Incurred during the year									
Geology mapping and sampling	-	-	2,288	589	12,545	135,177	2,001	20,808	173,408
Geophysics airborne	-	-	-	223,611	35,000	-	-	8,603	267,214
Geophysics ground	-	-	848	177,189	15,872	253,709	187,459	17,944	653,021
Drilling	-	-	1,054,618	342,025	754,105	-	510,336	-	2,661,084
Land retention and permitting	447	262	6,899	6,935	19,441	74,562	6,522	197,931	312,999
Reporting	-	-	577	430	401	122	25	-	1,555
Environmental	-	-	-	-	-	-	-	14,033	14,033
Community relations	-	-	-	-	-	129	-	34,376	34,505
General	84	28	1,032	935	2,102	1,693	692	252,430	258,996
Share-based compensation	75	75	11,597	16,727	21,190	15,027	9,736	6,850	81,277
Additions	606	365	1,077,859	768,441	860,656	480,419	716,771	552,975	4,458,092
Cost recoveries	-	-	-	-	-	-	-	(100,100)	(100,100)
Impairment	-	-	-	-	(151,371)	(92,562)	(43)	-	(243,976)
Balance, end of year	89,821	2,182	5,757,166	1,096,882	940,907	946,938	884,282	3,102,993	12,821,171
Foreign currency translation	-	-	-	-	-	-	-	21,598	21,598
Total	89,821	2,987	5,768,592	1,126,829	966,308	978,771	893,039	3,124,591	12,950,938

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2019
(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

As at June 30, 2018

	Clearwater West Property	Montgomery Lake Property	Patterson Lake North Property	Wales Lake Property	Key Lake Area	Beaverlodge / Uranium City Area	Northeast Athabasca Basin Area	Macusani Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs									
Balance, beginning of year	-	-	-	14,907	1,418	20,623	-	-	36,948
Additions	-	805	11,426	15,195	25,402	16,010	8,757	-	77,595
Impairment	-	-	-	(3,483)	(1,419)	(11,477)	-	-	(16,379)
Balance, end of year	-	805	11,426	26,619	25,401	25,156	8,757	-	98,164
Exploration costs									
Balance, beginning of year	87,865	-	4,670,683	13,571	73,605	574,978	5,663	2,244,666	7,671,031
Incurring during the year									
Geology mapping and sampling	-	-	358	-	17,157	107,518	9,056	13,061	147,150
Geophysics airborne	-	1,425	1,519	298,006	147,992	-	2,365	-	451,307
Geophysics ground	-	-	-	-	5,498	110,843	140,113	-	256,454
Land retention and permitting	632	392	6,747	12,855	128,608	118,418	10,419	160,229	438,300
Reporting	718	-	-	5,953	7,975	11,487	4,290	-	30,423
Environmental	-	-	-	-	-	-	-	21,040	21,040
Community relations	-	-	-	-	277	-	-	37,635	37,912
General	-	-	-	1,739	1,840	2,047	946	173,487	180,059
Additions	1,350	1,817	8,624	318,553	309,347	350,313	167,189	405,452	1,562,645
Impairment	-	-	-	(3,683)	(151,330)	(366,210)	(5,298)	-	(526,521)
Balance, end of year	89,215	1,817	4,679,307	328,441	231,622	559,081	167,554	2,650,118	8,707,155
Foreign currency translation	-	-	-	-	-	-	-	50,075	50,075
Total	89,215	2,622	4,690,733	355,060	257,023	584,237	176,311	2,700,193	8,855,394

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

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 titles to all of its exploration and evaluation assets, and to the best of its knowledge, titles to all of its properties are in good standing. The number of metallic and industrial mineral ("MAIM") agreements, claims, and concessions held at each property are as at June 30, 2019.

(a) *Clearwater West Property, Canada*

The Company holds a 100% interest in 3 claims (June 30, 2018 – 3 claims) at the Clearwater West property in Saskatchewan.

(b) *Montgomery Lake Property, Canada*

The Company holds a 100% interest in 1 claim (June 30, 2018 – 1 claim) at the Montgomery Lake property in Saskatchewan.

(c) *Patterson Lake North Property, Canada*

The Company holds a 100% interest in 37 claims (June 30, 2018 – 90% interest in 10 claims and 100% interest in 27 claims) at the Patterson Lake North property in Saskatchewan.

(d) *Wales Lake Property, Canada*

The Company holds a 100% interest in 31 claims (June 30, 2018 – 30 claims) at the Wales Lake Property in Saskatchewan.

(e) *Key Lake Area, Canada*

The Company holds a 100% interest in 5 properties that comprise the Key Lake Area in Saskatchewan. The number of claims held at each Key Lake Area property is as follows:

- (i) Close Lake Property, 4 claims (June 30, 2018 – 4 claims);
- (ii) Ford Lake Property, 15 claims (June 30, 2018 – 15 claims);
- (iii) Gryphon West Property, 10 claims (June 30, 2018 – 10 claims);
- (iv) Hobo Lake Property, 40 claims (June 30, 2018 – 42 claims);
- (v) Morin Lake Property, 3 claims (June 30, 2018 – 3 claims).

Based on the Company's lack of planned expenditure on certain claims, the Company identified an impairment indicator for the Key Lake Property. The Company determined that the fair value of the claims in which there is no planned expenditure is \$nil, and as a result, recorded an impairment of exploration costs in the amount of \$151,371 during the year ended June 30, 2019 (June 30, 2018 – \$1,419 acquisition costs and \$151,330 exploration costs).

(f) *Beaverlodge/Uranium City Area, Canada*

The Company holds a 100% interest in 57 claims (June 30, 2018 - 60 claims) at the Beaverlodge/Uranium City Area in Alberta and Saskatchewan.

Based on the Company's lack of planned expenditure on certain claims, the Company determined that the fair value of the claims in which there is no planned expenditure is \$nil, and as a result, recorded an impairment of acquisition costs in the amount of \$450 and exploration costs in the amount of \$92,562 during the year ended June 30, 2019 (June 30, 2018 – \$11,477 and \$366,210, respectively).

(g) *Northeast Athabasca Basin Area, Canada*

The Company holds a 100% interest in 24 claims (June 30, 2018 – 25 claims) in other uranium properties in Saskatchewan in and around the Athabasca Basin.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2019
(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

(g) Northeast Athabasca Basin Area, Canada (continued)

Based on the Company's lack of planned expenditure on certain claims, the Company identified an impairment indicator for the Northeast Athabasca Basin Properties. The Company determined that the fair value of the claims in which there is no planned expenditure is \$nil, and as a result, recorded an impairment of exploration costs in the amount of \$43 during the year ended June 30, 2019 (June 30, 2018 – \$5,298)

(h) Macusani Property, Peru

The Company holds a 100% interest in 9 concessions (June 30, 2018 – 9 concessions) at the Macusani property in Peru.

In August 2018, the Company announced that it had entered into a binding letter of intent (the "Macusani LOI") with Rhyolite Lithium Corp. ("Rhyolite") pursuant to which Rhyolite can earn up to an 80% interest in the Company's mining concessions located in Peru (the "Peruvian Assets") by spending approximately \$22 million over a five-year period (the "Earn-In"). As a part of the consideration for the Earn-In, the Company received \$100,000 cash upon signing the LOI.

In March 2019, the Company announced completion of the binding earn-in agreement with Rhyolite. As final consideration for the Earn-In, Rhyolite granted the Company 19.9% of its issued and outstanding shares for which the Company has estimated a nominal fair value of \$100. Pursuant to the terms of the agreement, Rhyolite will be required to spend a minimum of \$5.5 million over the next two years to earn a 50% interest in the Peruvian Assets ("Stage One"). Rhyolite will also have the option to spend a further \$16.5 million over the following three years to earn an additional 30% interest in the Peruvian Assets ("Stage Two"). If Rhyolite does not complete Stage One, they will earn no interest in the Peruvian Assets, and if it elects to begin, but does not complete Stage 2, it will only be granted a portion of the additional 30% interest. Fission 3.0 will remain the operator of the Peruvian Assets until the completion of Stage One.

7. Share capital and other capital reserves

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.

(a) Share Consolidation

Effective April 30, 2018, the Company consolidated 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 219,901,987 Pre-Consolidation Shares were consolidated to 54,975,488 Post-Consolidation Shares. The Share Consolidation was previously approved by shareholders at a meeting held on December 14, 2017.

(b) Private Placements

September 28, 2018

The Company completed the first tranche of a non-brokered private placement of 9,800,000 flow-through common shares at a price of \$0.10 per share and 52,050,000 units at a price of \$0.10 per unit for gross proceeds of \$6,185,000. Each unit consists of one common share and one common share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.15 per warrant until three years from the date of issuance. The Company incurred share issuance costs of \$514,615 in connection with this placement.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

7. Share capital and other capital reserves (continued)

(b) Private Placements (continued)

September 28, 2018 (continued)

The fair value of the common shares was determined based on the closing trading price on September 28, 2018 and the fair value of warrants was determined using the Black-Scholes pricing model. A total of \$4,421,416 was recorded in share capital in relation to the common shares and \$1,763,584 was recorded in other capital reserves in relation to the warrants. A total of \$146,736 was reclassified from unit issuance costs to 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 Black-Scholes pricing model using the following assumptions: a volatility of 109.08%; risk-free interest rate of 2.20%; expected life of 1.5 years; and a dividend rate of 0%.

October 12, 2018

The Company completed the final tranche of a non-brokered private placement of 1,850,000 flow-through common shares at a price of \$0.10 per share and 16,300,000 units at a price of \$0.10 per unit for gross proceeds of \$1,815,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.15 per warrant until three years from the date of issuance. The Company incurred share issuance costs of \$167,641 in connection with this placement.

The fair value of the common shares was determined based on the closing trading price on October 12, 2018 and the fair value of warrants was determined using the Black-Scholes pricing model. A total of \$1,277,311 was recorded in share capital in relation to the common shares and \$537,689 was recorded in other capital reserves in relation to the warrants. A total of \$49,663 was reclassified from unit issuance costs to 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 Black-Scholes pricing model using the following assumptions: a volatility of 109.76%; risk-free interest rate of 2.26%; expected life of 1.5 years; and a dividend rate of 0%.

December 20, 2018

The Company completed a non-brokered private placement of 6,364,550 flow-through common shares at a price of \$0.22 per share and 500,000 units at a price of \$0.20 per unit for gross proceeds of \$1,500,201. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.25 per warrant until three years from the date of issuance. The Company incurred share issuance costs of \$143,987 and issued 445,518 finder's warrants with a fair value of \$33,635 in connection with this placement.

At the time of this placement, a flow-through share premium liability of \$381,873 was recognized and was reported as a reduction to share capital. The flow-through share premium liability was taken into other income when the renunciation documents were filed.

The fair value of the common shares was determined based on the closing trading price on December 20, 2018 and the fair value of warrants was determined using the Black-Scholes pricing model. A total of \$1,469,550 was recorded in share capital in relation to the common shares and \$30,651 was recorded in other capital reserves in relation to the warrants. A total of \$940 was reclassified from unit issuance costs to other capital reserves for the proportionate share of financing costs related to the warrants in the units issued.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

7. Share capital and other capital reserves (continued)

(b) Private Placements (continued)

December 20, 2018 (continued)

Each finder's warrant is exercisable into one common share at a price of \$0.22 per warrant until three years from the date of issuance. The fair value of the finders' warrants, which was included in other capital reserves, and share unit warrants was determined using the Black-Scholes pricing model using the following assumptions: a volatility of 120.46%; risk-free interest rate of 1.90%; expected life of 1.5 years; and a dividend rate of 0%.

All share purchase warrants issued in the above private placements contain the following acceleration clause: If, commencing four months and one day after the date of issuance, the volume weighted average trading price of the Company's shares on the TSX Venture Exchange is higher than \$0.30 for 20 consecutive trading days then, on the 20th consecutive trading day of any such period (the "Acceleration Trigger Date"), the expiry date of the Warrants may be accelerated by the Company in its absolute discretion to the 30th calendar day after the Acceleration Trigger Date by the issuance of a news release announcing such acceleration within three trading days of the Acceleration Trigger Date.

(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.

Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding July 1, 2017	3,407,475	\$ 0.6200	5,547,680	\$ 0.3931
Expired	(517,500)	0.6200	-	-
Outstanding, June 30, 2018	2,889,975	0.6200	5,547,680	0.3931
Granted	13,985,000	0.1605	69,295,518	0.1512
Expired	(2,974,975)	0.6077	(5,547,680)	0.3931
Exercised	(13,333)	0.1200	-	-
Forfeited	(85,000)	0.1900	-	-
Outstanding, June 30, 2019	13,801,667	0.1602	69,295,518	0.1512

The share price of stock options exercised was \$0.175 during the year ended June 30, 2019.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2019
(Expressed in Canadian dollars)

7. Share capital and other capital reserves (continued)

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

As at June 30, 2019, stock options and warrants were outstanding as follows:

Stock Options			
Number outstanding	Exercise price	Number of vested options	Expiry date
	\$		
2,586,667	0.1200	1,286,667	August 14, 2023
7,930,000	0.1900	3,965,000	October 25, 2023
3,285,000	0.1200	1,095,000	March 15, 2024
13,801,667		6,346,667	

Warrants			
Number outstanding	Exercise price	Number of vested warrants	Expiry date
	\$		
52,050,000	0.1500	52,050,000	September 28, 2021
1,170,000	0.1500	1,170,000	October 2, 2021
15,130,000	0.1500	15,130,000	October 12, 2021
445,518	0.2200	445,518	December 20, 2021
500,000	0.2500	500,000	December 20, 2021
69,295,518		69,295,518	

All options are recorded at fair value using the Black-Scholes option pricing model. During the year ended June 30, 2019 the Company granted 13,985,000 stock options (June 30, 2018 – nil). Pursuant to the vesting schedule of options granted, during the year ended June 30, 2019 share-based compensation of \$904,512 (June 30, 2018 – \$nil) was recognized in the statement of loss and comprehensive loss and \$81,277 (June 30, 2018 – \$nil) was recognized in exploration and evaluation assets. The total amount of \$985,789 (June 30, 2018 – \$nil) was recorded within other capital reserves in the statement of changes in equity.

The following assumptions were used for the valuation of share-based compensation:

	June 30 2019	June 30 2018
Risk Free Interest Rate	2.12%	N/A
Expected Life - Years	2.92	N/A
Estimated Forfeiture Rate	0.82%	N/A
Annualised Volatility	102.71%	N/A
Dividend Rate	N/A	N/A
Weighted average fair value per option	\$0.10	N/A

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

8. Supplemental disclosure with respect to cash flows

	June 30	June 30
	2019	2018
	\$	\$
Cash and cash equivalents		
Cash	196,004	77,976
Redeemable term deposits	2,840,000	40,000
	3,036,004	117,976

There were no cash payments for income taxes during the years ended June 30, 2019 or 2018. During the year ended June 30, 2019 the Company received \$62,210 (June 30, 2018 - \$15,280) in interest income and paid \$1,162 (June 30, 2018 - \$Nil) in interest charges.

Significant non-cash investing and financing transactions for the year ended June 30, 2019 included:

- (a) Incurring \$438,021 of exploration and evaluation expenditures through accounts payable and accrued liabilities;
- (b) Recognizing \$162 of exploration and evaluation expenditures through prepaid expenses;
- (c) Recognizing \$81,277 of share-based payments in exploration and evaluation;
- (d) Incurring \$1,042 of property and equipment additions through accounts payable and accrued liabilities;
- (e) Recognizing exploration and evaluation cost recoveries of \$100 as the fair value of investments received; and
- (f) Recognizing the \$33,635 fair value of finders' warrants in other capital reserves and issuance costs.

Significant non-cash transactions for the year ended June 30, 2018 included:

- (a) Incurring \$202,143 of exploration and evaluation related expenditures through accounts payable and accrued liabilities; and
- (b) Recognizing \$181,229 of exploration and evaluation related expenditures through prepaid expenses.

9. Related party transactions

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

	Year ended	
	June 30	
	2019	2018
	\$	\$
<i>Compensation costs</i>		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	705,494	454,667
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	498,713	-
	1,204,207	454,667
Exploration and evaluation expenditures (capitalized) and administrative services paid or accrued to Fission Uranium, a company which has significant influence over Fission 3.0	388,637	180,788
Total	1,592,844	635,455

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2019
(Expressed in Canadian dollars)

9. Related party transactions (continued)

Included in accounts payable at June 30, 2019 is \$19,107 (June 30, 2018 - \$2,538) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in accounts payable at June 30, 2019 is \$60,907 (June 30, 2018 - \$43,988) for exploration and evaluation expenditures and administrative services due to Fission Uranium.

During the three month period ended September 30, 2018, the Company received proceeds from promissory notes in the amount of \$150,000 from officers of the Company. These promissory notes were repaid to the officers in full (plus interest of \$1,162) during the same period.

These transactions were in the normal course of operations.

10. Income taxes

A reconciliation of current income taxes at statutory rates (June 30, 2019 - 27%, June 30, 2018 - 26.5%,) with the reported taxes is as follows:

	June 30 2019	June 30 2018
	\$	\$
Loss before income taxes	(2,221,079)	(1,492,721)
Expected income tax recovery	(599,692)	(395,571)
Tax impact of rate change	(32)	141
Renunciation of flow-through expenditures	692,604	-
Permanent differences	183,595	27,267
Net change in benefits of tax attributes previously not recognized	(26,007)	59,283
Deferred income tax expense (recovery)	250,468	(308,880)

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

	June 30 2019	June 30 2018
	\$	\$
Deferred income tax assets (liabilities)		
Equipment	262	61
Exploration and evaluation assets	(1,478,638)	(868,680)
Non-capital losses	1,249,880	830,273
Share issuance costs	210,195	38,346
Net deferred income tax liability	(18,301)	-

Deferred tax assets are recognized to the extent that it is probable that taxable 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.

At June 30, 2019, the Company did not recognize approximately \$829,183 (June 30, 2018 - \$836,385) of deductible temporary differences in exploration and evaluation assets and property and equipment located in Peru. At June 30, 2019, the Company did not recognize a deferred tax asset in respect of non-capital losses of \$nil (June 30, 2018 - \$98,507). At June 30, 2019, the Company did not recognize a deferred tax asset in respect of capital losses of \$1,157,946 (June 30, 2018 - \$1,155,978) because it does not anticipate future capital gains to utilize these assets. At June 30, 2019, the Company did not recognize \$426 (June 30, 2018 - \$426) of unused investment tax credits which will expire in 2034.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2019
(Expressed in Canadian dollars)

11. Segmented information

The Company primarily operates in one reportable operating segment being the exploration and development of exploration and evaluation assets. Long-lived assets by geographic area are as follows:

	June 30, 2019		June 30, 2018	
	Canada	Peru	Canada	Peru
	\$	\$	\$	\$
Property and equipment	6,600	11,177	8,536	12,257
Exploration & evaluation assets	9,826,347	3,124,591	6,155,201	2,700,193
	9,832,947	3,135,768	6,163,737	2,712,450

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

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

13. Financial instruments and risk management

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

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

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

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

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, investments and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities, carrying value for these financial instruments is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. Investments are stated at FVTPL for subsequent measurement purposes and classified within Level 3.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

13. Financial instruments and risk management (continued)

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.

(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; and
- (ii) 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, 2019, the Company has no financial assets that are past due or impaired due to credit risk defaults.

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

	June 30	June 30
	2019	2018
	\$	\$
Cash and cash equivalents	3,036,004	117,976
Amounts receivable	115,204	7,398
	3,151,208	125,374

(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.

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

	Maturity	June 30	June 30
	Dates	2019	2018
		\$	\$
Accounts payable and accrued liabilities	< 6 months	481,696	329,823

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2019

(Expressed in Canadian dollars)

13. Financial instruments and risk management (continued)

(c) *Price risk*

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

The Company's maximum exposure to price risk on its investments based on the fair value hierarchy is as follows:

	June 30	June 30
	2019	2018
	\$	\$
Level 3	100	-
	100	-