Financial Statements

Fission Uranium Corp.

For the Year Ended
December 31, 2023

(expressed in thousands of Canadian Dollars, except as noted)

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Table of contents

Independent auditor's report

To the Shareholders of Fission Uranium Corp.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fission Uranium Corp. (the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements which include material accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets *Refer to note 2 – Material accounting policy information, note 3 – Key estimates and judgements and note 7 – Exploration and evaluation assets to the financial statements.* The net book value of exploration and evaluation assets amounted to $378 million as at December 31, 2023. On an ongoing basis, management applies judgment in assessing whether any impairment indicators relating to exploration and evaluation assets exist. If any indication of impairment exists, then an estimate of the exploration and evaluation asset's recoverable amount is calculated. Indicators of impairment may include (i) the period during which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) the Company has decided to discontinue activities in an area as the exploration and evaluation activities in the area have not led to the discovery of commercially viable quantities of mineral resources and (iv) sufficient data exists to indicate that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2023. We considered this a key audit matter due to the significance of the exploration and evaluation	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgment made by management in determining the impairment indicators, which included the following: – Obtained mining titles to assess (i) the right to explore the area and (ii) title expiration dates. – Read the board of directors' meeting minutes and obtained budget approvals to evidence continued and planned exploration expenditure, which included evaluating the results of management's current-year work programs and longer term plans. • Assessed whether the exploration and evaluation activities in an area have not led to the discovery of commercially viable quantities of mineral resources, or if other facts and circumstances suggest that the carrying amount may exceed the recoverable amount, based on evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
assets and the judgments made by management in its assessment of impairment indicators related to exploration and evaluation assets. This in turn resulted in a high degree of subjectivity in performing audit procedures related to the judgments applied by management.	

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 8, 2024

Fission Uranium Corp.

Statements of financial position
(Expressed in thousands of Canadian dollars, except as noted)

	Note	**December 31 2023**	December 31 2022
		$	$
Assets			
Current assets			
Cash and cash equivalents		**74,014**	41,356
Amounts receivable		**262**	170
Prepaid expenses		**277**	802
		74,553	42,328
Non-current assets			
Investment in F3 Uranium Corp.	4	**-**	3,400
Right-of-use assets	5	**317**	266
Property and equipment	6	**112**	79
Exploration and evaluation assets	7	**378,448**	357,311
		378,877	361,056
Total Assets		**453,430**	403,384
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**2,546**	1,414
Lease obligations - current portion	8	**89**	54
		2,635	1,468
Non-current liabilities			
Lease obligations	8	**247**	225
Flow-through share premium liability	9(b)	**2,706**	-
		2,953	225
Total Liabilities		**5,588**	1,693
Shareholders' Equity			
Share capital	9	**551,585**	503,495
Other capital reserves	9	**48,098**	41,116
Deficit		**(151,841)**	(142,920)
		447,842	401,691
Total Liabilities and Shareholders' Equity		**453,430**	403,384

Subsequent events (Note 15)

Approved by the Board of Directors and authorized for issue on March 8, 2024

"Frank Estergaard"
Director

"William Marsh"
Director

Fission Uranium Corp.

Statements of loss and comprehensive loss
(Expressed in thousands of Canadian dollars, except as noted)

	Note	**Year Ended December 31 2023**	Year Ended December 31 2022
		$	$
Expenses			
Wages, consulting and directors fees		**2,773**	2,297
Public relations and corporate development		**1,676**	1,032
Office and administration		**899**	804
Professional fees		**545**	232
Share-based compensation	9(d)	**6,375**	4,947
Depreciation		**98**	80
		12,366	9,392
Other items - income/(expense)			
Foreign exchange loss		**(2)**	(4)
Interest and miscellaneous income		**2,695**	917
Interest - lease obligations		**(18)**	(18)
Gain on investment in F3 Uranium Corp.	4	**770**	1,081
Financing costs - credit facility		**-**	(1,450)
Loss on short-term investments		**-**	(304)
Gain on warrant liability		**-**	411
		3,445	633
Net loss and comprehensive loss for the year		**(8,921)**	(8,759)
Basic and diluted loss per common share		**(0.01)**	(0.01)
Weighted average number of common shares outstanding		**730,242,709**	681,339,953

Fission Uranium Corp.

Statements of changes in equity
(Expressed in thousands of Canadian dollars, except as noted)

	Note	Share capital Shares	Share capital Amount	Other capital reserves	Deficit	**Total shareholders' equity**
			$	$	$	**$**
Balance, January 1, 2022		674,699,631	484,821	36,404	(134,161)	**387,064**
Common shares issued	9(b)	10,899,300	7,999	-	-	**7,999**
Share issuance costs	9(b)	-	(348)	-	-	**(348)**
Stock options exercised	9(c)	1,239,463	1,344	(864)	-	**480**
Warrants exercised	9(c)	16,627,059	9,578	(1,009)	-	**8,569**
Director remuneration shares issued	11	121,792	101	-	-	**101**
Share-based compensation	9(d)	-	-	6,585	-	**6,585**
Net loss and comprehensive loss		-	-	-	(8,759)	**(8,759)**
Balance, December 31, 2022		703,587,245	503,495	41,116	(142,920)	**401,691**
Common shares issued	9(b)	50,141,400	41,097	-	-	**41,097**
Flow-through shares issued	9(b)	7,731,092	9,200	-	-	**9,200**
Flow-through share premium liability	9(b)		(2,706)	-	-	**(2,706)**
Share issuance costs	9(b)	-	(2,650)	-	-	**(2,650)**
Stock options exercised	9(c)	4,564,625	2,652	(1,907)	-	**745**
Warrants exercised	9(c)	330,000	340	(59)	-	**281**
Director remuneration shares issued	11	205,601	157	-	-	**157**
Share-based compensation	9(d)	-	-	8,948	-	**8,948**
Net loss and comprehensive loss		-	-	-	(8,921)	**(8,921)**
Balance, December 31, 2023		766,559,963	551,585	48,098	(151,841)	**447,842**

Fission Uranium Corp.

Statements of cash flows
(Expressed in thousands of Canadian dollars, except as noted)

	Note	**Year Ended December 31 2023**	Year Ended December 31 2022
		$	$
Operating activities			
Net loss and comprehensive loss		**(8,921)**	(8,759)
Items not involving cash:			
Depreciation		**98**	80
Share-based compensation	9(d)	**6,375**	4,947
Director remuneration shares issued	11	**157**	101
Interest income earned on cash and cash equivalents		**(2,693)**	(916)
Financing costs - credit facility		**-**	1,212
Foreign exchange gain on credit facility		**-**	(66)
Gain on investment in F3 Uranium Corp.	4	**(770)**	(1,081)
Loss on short-term investments		**-**	304
Gain on warrant liability		**-**	(411)
		(5,754)	(4,589)
Changes in non-cash working capital items:			
(Increase) decrease in amounts receivable		**(92)**	53
Increase in prepaid expenses		**(60)**	(41)
Increase (decrease) in accounts payable and accrued liabilities		**292**	(19)
Cash flow used in operating activities		**(5,614)**	(4,596)
Investing activities			
Interest income earned on cash and cash equivalents		**2,693**	916
Net proceeds on sale of shares of F3 Uranium Corp.	4	**4,170**	56
Net equipment additions		**(58)**	(70)
Exploration and evaluation asset additions	7	**(17,467)**	(13,965)
Cash flow used in investing activities		**(10,662)**	(13,063)
Financing activities			
Gross proceeds from the issuance of common shares	9(b)	**41,097**	7,999
Gross proceeds from the issuance of flow-through common shares	9(b)	**9,200**	-
Share issuance costs	9(b)	**(2,322)**	(650)
Stock option exercises	9(c)	**745**	480
Warrant exercises	9(c)	**281**	6,417
Lease obligation payments	8	**(67)**	(50)
Credit facility repayment		**-**	(8,773)
Credit facility financing costs		**-**	(9)
Cash flow provided by financing activities		**48,934**	5,414
Increase (decrease) in cash and cash equivalents during the year		**32,658**	(12,245)
Cash and cash equivalents, beginning of year		**41,356**	53,601
Cash and cash equivalents, end of year		**74,014**	41,356

Supplemental disclosure with respect to cash flows (Note 10)

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, exploration and development of exploration and evaluation assets. To date, the Company has not generated revenues from operations and is considered to be in the exploration stage. The Company's head office is located at 700 – 1620 Dickson Ave., Kelowna, BC, V1Y 9Y2 and the Company is listed on the Toronto Stock Exchange under the symbol FCU, on the U.S. OTCQX under the symbol FCUUF, and on the Frankfurt Stock Exchange under the symbol 2FU.

The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that have technical feasibility and commercial viability. 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 permitting, licensing and financing to complete the development of those reserves, and upon future profitable production.

2. Material accounting policy information

(a) *Statement of compliance*

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") as at December 31, 2023. These financial statements were authorized for issue by the Board of Directors on March 8, 2024.

(b) *Financial assets*

All financial assets are initially recorded at fair value and categorized into the following two categories for subsequent measurement purposes: amortized cost and fair value through profit or loss ("FVTPL").

A financial asset is classified at 'amortized cost' only if both of the following criteria are met: a) the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

(c) *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.

(d) *Exploration and evaluation assets*

The Company records exploration and evaluation assets, which consists of the costs of acquiring licenses for the right to explore and costs associated with exploration and evaluation activity, at cost. All direct and indirect costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property.

2. Material accounting policy information (continued)

(d) Exploration and evaluation assets (continued)

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 net income or loss in the period of abandonment.

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

(i) Whether the period during which the Company has the right to explore in the specific area has expired during the year or will expire in the near future;

(ii) Whether substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(iii) Whether the Company has decided to discontinue activities in an area as the exploration and evaluation activities in the area have not led to the discovery of commercially viable quantities of mineral resources; and

(iv) Whether sufficient data exists to indicate that the carrying amount exceeds the recoverable amount.

If any indication of impairment exists, an estimate of the exploration and evaluation asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal for the exploration and evaluation property interest and its value in use. The fair value less costs of disposal and the value in use is determined for an individual exploration and evaluation property interest, unless the exploration and evaluation property interest does not generate cash inflows that are largely independent of other exploration and evaluation property interests. If this is the case, the exploration and evaluation property interests are grouped together into cash generating units ("CGUs") for impairment purposes. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net income or loss for the period. Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized in the period in which that determination was made in net income or loss

(e) Foreign currency translation

Transactions and balances

The functional currency of the Company is the Canadian Dollar.

These financial statements are presented in Canadian dollars. Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the reporting date are recognized in net income or loss.

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

2. Material accounting policy information (continued)

(f) Property and equipment

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

- Equipment and machinery 20%
- Office equipment 20%
- Computer hardware 30%
- Computer software 50%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount, is recognized in net income or loss.

(g) Financial liabilities

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

(h) 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.

(i) Share based payments

The Company has a stock option plan whereby it is authorized to grant stock options to directors, officers, employees and consultants. Directors, officers, employees and consultants are classified as employees who render personal services to the entity and either i) are regarded as employees for legal or income tax purposes, ii) work for an entity under its direction in the same way as directors, officers, employees and consultants who are regarded as employees for legal or income tax purposes, or iii) the services rendered are similar to those rendered by employees.

The fair value of equity settled stock options Issued to employees is measured on the grant date, using the Black-Scholes option pricing model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the Company’s common shares and an expected life of the options. The fair value less estimated forfeitures is charged over the vesting period of the related options to net income or loss unless it meets the criteria for capitalisation to the exploration and evaluation assets with a corresponding credit to other capital reserves in equity. Stock options granted with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

The share-based awards issued to non-employees are generally measured on the fair value of goods or services received unless that fair value cannot be reliably measured. This fair value shall be measured at the date the entity obtains the goods or the counterparty renders service.

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

2. Material accounting policy information (continued)

(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 income tax liability for the amount of tax reduction renounced to the shareholders. When the renunciation documents are filed, the flow-through share premium is taken into other income and the related deferred income 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.

(k) Income taxes

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of each reporting period, and includes any adjustments to income tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable net income or loss.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Related party transactions

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

2. Material accounting policy information (continued)

(m) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

Leases are recognized as a right of use asset and a corresponding obligation when the leased asset is available for use by the Company. Lease obligations are initially measured at the net present value of the fixed lease payments and variable lease payments that are based on an index or a rate, discounted using the rate implicit in the lease, or if that cannot be determined, the Company's estimated incremental borrowing rate. Right of use assets are initially measured at cost, comprising the amount of the initial measurement of the lease obligation, any lease payments made at or before the lease commencement date, and restoration costs.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease obligations are subsequently measured at amortized cost using the effective interest rate method.

3. Key estimates and judgements

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

(a) Impairment indicators of exploration and evaluation assets

Determination of whether any impairment indicators exist at each reporting date giving consideration to factors such as mining title expiration dates, budgeted expenditures, discontinuation of activities in any area and evaluation of any data which would indicate that the carrying amount of exploration and evaluation assets is not recoverable.

No impairment indicators were identified by management as at December 31, 2023.

(b) Determination of technical feasibility and commercial viability

Assessing when the technical feasibility and commercial viability of the project has been determined, at which point the asset is reclassified to property and equipment.

The determination of technical feasibility and commercial viability of a mineral property requires significant judgement and takes into account, among other factors, a combination of (i) the extent to which mineral reserves or mineral resources have been defined in a definitive feasibility study in accordance with National Instrument 43- 101, Standards of Disclosure for Mineral Projects; (ii) the results of any optimization studies and further technical evaluation carried out to mitigate project risks identified in the definitive feasibility study; (iii) the status of environmental permits; and (iv) the status of mining leases or permits.

The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that have technical feasibility and commercial viability.

(Expressed in thousands of Canadian dollars, except as noted)

4. Investment in F3 Uranium Corp.

F3 Uranium Corp. Shares		
Balance at December 31, 2021		10,792,602
Additions		4,000,000
Disposals		(4,000,000)
Balance at December 31, 2022		10,792,602
Disposals		(10,792,602)
Balance at December 31, 2023		**-**
Trading price at December 31, 2022	$	0.315
Fair Value, December 31, 2022	$	3,400
Fair Value, December 31, 2023	**$**	**-**

F3 Uranium Corp. ("F3", formerly Fission 3.0 Corp.) is a public company incorporated in Canada, whose principal business activity is the acquisition, exploration and development of uranium resource properties. The Company's shareholdings in F3 were recorded at fair value, with the changes in fair value recognized in the statement of loss and comprehensive loss.

During the year ended December 31, 2022, the Company acquired 4,000,000 shares through the exercise of warrants and disposed of 4,000,000 shares of F3 for a net gain of $56.

During the year ended December 31, 2023, the Company disposed of 10,792,602 shares of F3 for net proceeds of $4,170 and a net gain of $770 based on the change in fair value during the year.

5. Right-of-use assets

	Office Leases
	$
Cost	
Balance at January 1, 2022	504
Balance at December 31, 2022	504
Additions	124
Balance at December 31, 2023	**628**
Accumulated Depreciation	
Balance at January 1, 2022	179
Depreciation expense	59
Balance at December 31, 2022	238
Depreciation expense	73
Balance at December 31, 2023	**311**
Net Book Value, December 31, 2022	266
Net Book Value, December 31, 2023	**317**

In July 2023, the Company entered into a lease arrangement for office space in Saskatoon, Saskatchewan. The lease agreement is for a period of 43 months through February 2027.

(Expressed in thousands of Canadian dollars, except as noted)

6. Property and equipment

Cost	Equipment & Machinery	Office Equipment	Computer Hardware	Computer Software	Total
	$	$	$	$	$
As at January 1, 2022	510	45	122	21	698
Additions	70	-	2	-	72
Disposals	-	-	(6)	-	(6)
As at December 31, 2022	580	45	118	21	764
Additions	-	25	33	-	58
Disposals	-	-	(5)	-	(5)
As at December 31, 2023	**580**	**70**	**146**	**21**	**817**
Accumulated Depreciation					
As at January 1, 2022	504	28	116	21	669
Depreciation	13	5	4	-	22
Disposals	-	-	(6)	-	(6)
As at December 31, 2022	517	33	114	21	685
Depreciation	14	5	6	-	25
Disposals	-	-	(5)	-	(5)
As at December 31, 2023	**531**	**38**	**115**	**21**	**705**
Net Book Value					
As at December 31, 2022	63	12	4	-	79
As at December 31, 2023	**49**	**32**	**31**	**-**	**112**

(Expressed in thousands of Canadian dollars, except as noted)

7. Exploration and evaluation assets

Year ended December 31, 2023	Patterson Lake South Property	West Cluff Property	La Rocque Property	Total
	$	$	$	**$**
Acquisition costs				
Balance, beginning	176,502	7	-	**176,509**
Additions	-	-	1	**1**
Balance, end	176,502	7	1	**176,510**
Exploration & evaluation expenditures				
Balance, beginning	180,799	3	-	**180,802**
Incurred during				
Exploration				
Geology mapping/sampling	-	1	1	**2**
Drilling	405	-	-	**405**
Resource Advancement				
Mine Planning	5,089	-	-	**5,089**
Geotechnical	7,261	-	-	**7,261**
Metallurgical	222	-	-	**222**
Hydrogeological	598	-	-	**598**
Infrastructure studies	549	-	-	**549**
Permitting				
Operational Permits & Other	1,193	-	-	**1,193**
Environmental	1,498	-	-	**1,498**
Community relations	1,634	-	-	**1,634**
Other				
Land retention and permitting	12	1	1	**14**
General	97	1	-	**98**
Share-based compensation	2,573	-	-	**2,573**
Additions	21,131	3	2	**21,136**
Balance, end	201,930	6	2	**201,938**
Total	378,432	13	3	**378,448**

(Expressed in thousands of Canadian dollars, except as noted)

7. Exploration and evaluation assets (continued)

Year ended December 31, 2022	Patterson Lake South Property	West Cluff Property	Total
	$	$	**$**
Acquisition costs			
Balance, beginning	176,502	-	**176,502**
Additions	-	7	**7**
Balance, end	176,502	7	**176,509**
Exploration & evaluation expenditures			
Balance, beginning	165,460	-	**165,460**
Incurred during			
Exploration			
Geology mapping/sampling	-	2	**2**
Drilling	24	-	**24**
Resource Advancement			
Mine Planning	3,903	-	**3,903**
Geotechnical	5,284	-	**5,284**
Metallurgical	799	-	**799**
Resource Development	2	-	**2**
Hydrogeological	294	-	**294**
Infrastructure studies	1,689	-	**1,689**
Permitting			
Operational Permits & Other	5	-	**5**
Environmental	737	-	**737**
Community relations	845	-	**845**
Other			
Land retention and permitting	8	1	**9**
General	111	-	**111**
Share-based compensation	1,638	-	**1,638**
Additions	15,339	3	**15,342**
Balance, end	180,799	3	**180,802**
Total	357,301	10	**357,311**

(Expressed in thousands of Canadian dollars, except as noted)

7. 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, titles to its properties are in good standing.

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

The Company holds a 100% interest in 17 claims (December 31, 2022 – 17 claims) at the PLS property.

In January 2016, the Company executed an offtake agreement with CGN Mining Company Limited ("CGN Mining"). CGN Mining's parent company is China Uranium Development Company Limited, a company incorporated in Hong Kong and is controlled by a state-owned enterprise established in the People's Republic of China. Under the terms of the offtake agreement, CGN Mining will purchase 20% of annual U_3O_8 production and has an option to purchase up to an additional 15% of U_3O_8 production from the PLS property for a certain period of time, after commencement of commercial production.

(b) West Cluff property, Saskatchewan, Canada

The Company holds a 100% interest in 3 claims (December 31, 2022 – 3 claims) at the West Cluff property.

(c) La Rocque property, Saskatchewan, Canada

The Company holds a 100% interest in 2 claims (December 31, 2022 – nil claims) at the La Rocque property.

8. Lease Obligations

	Year ended December 31 2023	Year ended December 31 2022
	$	$
Beginning balance	**279**	329
Additions	124	-
Lease obligation payments	(85)	(68)
Interest expense	18	18
Net lease obligation payments	(67)	(50)
Ending balance	**336**	279
Less: Lease obligations - current portion	(89)	(54)
Lease obligations	**247**	225

The Company's lease obligations relate to commercial office space utilized by the Company's offices in Kelowna and Saskatoon. The Company's estimated incremental borrowing rate used in the calculation of these obligations ranges from 5.95 to 9.20%.

9. 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.

(Expressed in thousands of Canadian dollars, except as noted)

9. Share capital and other capital reserves (continued)

(b) Share issuances

In April 2022, the Company entered into an equity distribution agreement providing for an at-the-market ("ATM") equity offering program. The ATM allowed Fission, through its agents, to, from time to time, offer and sell, in Canada through the facilities of the Toronto Stock Exchange, such a number of common shares as would have an aggregate offering price of up to $50 million. The Company incurred share issuance costs of $371 in connection with completing this arrangement.

During the year ended December 31, 2022, the Company issued a total of 10,899,300 shares at an average price of $0.733 per share for gross proceeds of $7,999 under the ATM program. The Company paid the agents a commission equal to 3.0% of the gross proceeds. The Company incurred total share issuance costs (including agents' commissions) of $343 in connection with the ATM program during 2022.

During the year ended December 31, 2023, the Company issued a total of 50,141,400 shares at an average price of $0.819 per share for gross proceeds of $41,097 under the ATM program. The Company paid the agents a commission equal to 3.0% of the gross proceeds. The Company incurred total share issuance costs (including agents' commissions) of $1,680 in connection with the ATM program during the year.

In October 2023, the Company closed a flow-through bought deal financing consisting of 7,731,092 flow-through common shares at a price of $1.19 per share for gross proceeds of $9,200. The Company incurred total share issuance costs (including agents' commissions) of $963 in connection with this financing. A flow-through share premium liability of $2,706 was recognized and was reported as a reduction to share capital. The flow-through share premium liability will be taken into other income when the renunciation documents are filed during the first quarter of fiscal 2024.

(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
		$		$
Total, January 1, 2022	27,960,001	0.537	45,617,286	0.648
Granted	17,400,000	0.750	-	-
Exercised	(3,290,000)	0.715	(16,627,059)	0.390
Forfeited	(50,000)	0.580	-	-
Expired	(2,225,000)	0.844	(3,363,177)	0.410
Total, December 31, 2022	39,795,001	0.598	25,627,050	0.850
Granted	22,350,000	0.841	-	-
Exercised	(7,616,667)	0.506	(330,000)	0.850
Forfeited	(399,999)	0.750	-	-
Expired	(1,858,335)	0.663	-	-
Total, December 31, 2023	**52,270,000**	**0.712**	**25,297,050**	**0.850**

(Expressed in thousands of Canadian dollars, except as noted)

9. Share capital and other capital reserves (continued)

(c) Stock options and warrants (continued)

The Company's stock option plan allows for options to be exercised on a net-settlement ("cashless") basis where shares are withheld in lieu of cash proceeds. During the year ended December 31, 2023, 6,025,000 stock options were exercised on a cashless basis resulting in the issuance of 2,972,958 shares (December 31, 2022 – 2,393,334 options resulting in 342,797 shares).

The weighted average share price of stock options exercised during the year ended December 31, 2023 was $0.961 (December 31, 2022 - $0.923).

The weighted average share price of warrants exercised during the year ended December 31, 2023 was $1.090 (December 31, 2022 - $0.766).

As at December 31, 2023, stock options and warrants were outstanding as follows:

Number outstanding	Exercise price	Number vested	Expiry date
	$		
Stock options			
5,608,334	0.31	5,608,334	October 7, 2025
8,911,666	0.58	8,911,666	February 22, 2026
15,700,000	0.75	12,999,996	February 4, 2027
15,350,000	0.87	7,525,000	February 5, 2028
1,500,000	0.82	750,000	February 6, 2028
5,200,000	0.76	1,733,335	August 28, 2028
52,270,000		**37,528,331**	
Warrants			
25,297,050	0.85	25,297,050	May 11, 2024
25,297,050		**25,297,050**	

(d) Share-based compensation

All options are recorded on grant date at fair value using the Black-Scholes option pricing model. During the year ended December 31, 2023, the Company granted 22,350,000 stock options (December 31, 2022 – 17,400,000). Pursuant to the vesting schedule of options granted, share-based compensation of $6,375 (December 31, 2022 - $4,947) was recognized in the statements of loss and comprehensive loss and $2,573 (December 31, 2022 - $1,638) was recognized in exploration and evaluation assets. The total amount of $8,948 (December 31, 2022 - $6,585) was recorded within other capital reserves in the statements of changes in equity.

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

	December 31 2023	December 31 2022
Risk Free Interest Rate	**3.77%**	1.44%
Expected Life - Years	**2.92**	2.92
Estimated Forfeiture Rate	**5.49%**	6.65%
Annualised Volatility	**84.13%**	85.21%
Weighted average fair value per option	**$ 0.46**	$ 0.41

(Expressed in thousands of Canadian dollars, except as noted)

10. Supplemental disclosure with respect to cash flows

	December 31 2023	December 31 2022
	$	$
Cash and cash equivalents		
Cash	**73,854**	41,196
Redeemable term deposits	**160**	160
	74,014	41,356

Significant non-cash transactions for the year ended December 31, 2023 included:

(a) Recognizing $124 of right-of-use assets and $124 of total lease obligations;

(b) Incurring $1,625 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;

(c) Recognizing $273 of exploration and evaluation asset additions through prepaid expenses;

(d) Incurring $29 of share issuance costs through accounts payable and accrued liabilities;

(e) Recognizing $312 of share issuance costs through prepaid expenses; and

(f) Recognizing $2,573 of share-based payments in exploration and evaluation assets.

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

(a) Incurring $801 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;

(b) Incurring $13 of share issuance costs through accounts payable and accrued liabilities; and

(c) Recognizing $1,638 of share-based payments in exploration and evaluation assets.

11. Related party transactions

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

	Year ended December 31 2023	Year ended December 31 2022
	$	$
Wages and consulting fees	**1,885**	1,616
Director fees	**548**	347
Share-based compensation	**5,771**	4,290
	8,204	6,253

The Company has a Directors Remuneration Plan (the "DRP Plan") whereby a portion of director fees can be paid through the issuance of common shares in lieu of the payment of cash. Included in compensation costs is the value of shares issued under the DRP Plan. During the year ended December 31, 2023, the Company issued 205,601 shares with a total value of $157 under the DRP Plan (December 31, 2022 – 121,792 shares valued at $101).

Included in accounts payable at December 31, 2023 is $544 (December 31, 2022 - $490) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Transactions with CGN Mining, which is deemed to be a related party as a result of its shareholdings and board representation of the Company, have been disclosed in Note 7(a).

(Expressed in thousands of Canadian dollars, except as noted)

12. Income taxes

A reconciliation of current income taxes at statutory rates (December 31, 2023 – 27%, December 31, 2022 – 27%) with the reported taxes is as follows:

	December 31 2023	December 31 2022
	$	$
Loss before income taxes	**(8,921)**	(8,759)
Expected income tax recovery	**(2,408)**	(2,365)
Permanent differences	**1,749**	1,433
Net change in benefits of tax attributes previously not recognized	**659**	932
Deferred income tax recovery	**-**	-

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

	December 31 2023	December 31 2022
	$	$
Deferred income tax assets (liabilites)		
Property and equipment	**(1)**	10
Exploration and evaluation assets	**(35,922)**	(31,588)
Non-capital losses	**35,923**	30,908
Share issuance costs	**-**	670
Net deferred income tax liabilities	**-**	-

Deferred income tax assets are recognized to the extent that it is probable that taxable net income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

The Company has available approximately $152,000 of recognized non-capital losses which, if unutilized, will expire between 2025 and 2043.

At December 31, 2023 the Company did not recognize $1,465 (December 31, 2022 - $1,513) of unused investment tax credits which will expire between 2024 and 2033.

13. 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, flow-through common shares, stock options and warrants.

Changes in the equity accounts of the Company are disclosed in the statements of changes in equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt or dispose of assets. The issuance of common shares or issuance of debt requires approval of the Board of Directors.

The Company reviews its capital management approach on an on-going basis and updates it as necessary depending on various factors, including capital deployment and general industry conditions. The Company anticipates continuing to access equity markets to fund continued exploration and development of its exploration and evaluation assets and the future growth of the business, though there is no certainty that future financings will be successful.

14. Financial instruments and risk management

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

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

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

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

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities. The carrying value for cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities are considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

The Company's financial instruments are exposed to a number of financial and market risks, including credit and liquidity. 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 cash and cash equivalents and amounts receivable.

The Company has not had any credit losses in the past and expected credit losses are negligible. At December 31, 2023, the Company has no financial assets that are past due or impaired due to defaults.

(Expressed in thousands of Canadian dollars, except as noted)

14. Financial instruments and risk management (continued)

(a) Credit risk (continued)

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

	December 31 2023	December 31 2022
	$	$
Cash and cash equivalents	**74,014**	41,356
Amounts receivable	**262**	170
	74,276	41,526

(b) Liquidity risk

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

The Company's accounts payable and accrued liabilities arose as a result of exploration and development of its exploration and evaluation assets and other corporate expenses.

Payment terms on these liabilities are typically 30 to 60 days from receipt of invoice and do not generally bear interest.

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

	Less than 1 year	**1 - 2 years**	**3 - 5 years**	**More than 5 years**
	$	$	$	$
Accounts payable and accrued liabilities	2,546	-	-	-
Lease obligations	89	97	150	-
	2,635	**97**	**150**	**-**

15. Subsequent events

Subsequent to December 31, 2023:

(a) 4,324,331 warrants were exercised at an average price of $0.85 for proceeds of $3,676 and a weighted average share price of $1.196;

(b) the Company closed a bought-deal offering consisting of 63,560,000 common shares at a price of $1.18 per share for gross proceeds of $75,001. The underwriters have an option to purchase an additional 15% of the number of common shares at $1.18 per share, at any time for a period of 30 days following the closing date; and

(c) the Company granted a total of 21,550,000 stock options to certain directors, officers, employees and consultants at a price of $1.25 per share exercisable for a period of 5 years.