



Consolidated Financial Statements

Fission 3.0 Corp.

**For the Year Period Ended
June 30, 2021**

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Fission 3.0 Corp.

Opinion

We have audited the consolidated financial statements of Fission 3.0 Corp., which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flow for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management 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 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 Group 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 Melyssa Charlton.

[Signature]

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

October 27, 2021

Fission 3.0 Corp.

Consolidated Financial Statements

**For the Year Ended
June 30, 2021**

Table of contents

Consolidated statements of financial position.....	1
Consolidated statements of loss and comprehensive loss	2
Consolidated statements of changes in shareholders' equity	3
Consolidated statements of cash flow	4
Notes to the consolidated financial statements.....	5-25

Fission 3.0 Corp.

Consolidated statements of financial position
(Expressed in Canadian dollars)

	Note	June 30, 2021	June 30, 2020
ASSETS		\$	\$
Current assets			
Cash	8	1,694,948	96,672
GST receivable		25,550	15,179
Deposits		9,134	9,134
Prepaid expenses and deposits		107,880	17,721
		1,837,512	138,706
Non-current assets			
Property and equipment	5	-	3,093
Exploration and evaluation assets	6	11,598,075	11,517,457
		11,598,075	11,520,550
TOTAL ASSETS		13,435,587	11,659,256
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	73,284	92,118
SHAREHOLDERS' EQUITY			
Share capital	7	31,372,941	29,225,232
Subscription receivables	7	(46,275)	-
Reserves	7	6,333,821	5,811,448
Accumulated deficit		(24,298,184)	(23,469,542)
		13,362,303	11,567,138
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,435,587	11,659,256

Nature of operations (Note 1)

Approved by the Board of Directors and authorized for issue on October 27, 2021

"Devinder Randhawa"

Director

"Steve Cochrane"

Director

The accompanying notes form an integral part of these consolidated financial statements.

Fission 3.0 Corp.

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

	Note	June 30, 2021	June 30, 2020
		\$	\$
EXPENSES			
Business development		26,366	14,078
Consulting and director fees	9	293,648	441,003
Depreciation	5	3,093	4,763
Exploration costs		84,979	-
Office and administration		119,815	73,479
Professional fees		34,666	134,249
Public relations and communications		142,069	113,253
Share-based compensation	7(c)	46,171	283,682
Trade shows and conferences		-	2,843
Wages and benefits		73,846	247,029
		(824,653)	(1,314,379)
Other items:			
Foreign exchange loss		(3,989)	(6,360)
Interest income		-	26,233
Loss on disposal of property and equipment	5	-	(10,326)
Loss on investments	6(h)	-	(100)
Exploration and evaluation asset impairment	6	-	(3,307,876)
		(3,989)	(3,298,429)
Loss before income taxes		(828,642)	(4,612,808)
Deferred income tax recovery		-	18,301
Net loss for the year		(828,642)	(4,594,507)
Other comprehensive loss			
Items that may subsequently be			
Classified to income:			
Foreign currency translation adjustment arising from translating foreign operations		-	(21,598)
Comprehensive loss for the year		(828,642)	(4,616,105)
Basic and Diluted Loss Per Share			
		(0.00)	(0.03)
Weighted Average Number of Shares Outstanding			
		172,153,076	141,853,371

The accompanying notes form an integral part of these consolidated financial statements.

Fission 3.0 Corp.

Consolidated statements of shareholder's equity
(Expressed in Canadian dollars)

	Share Capital			Subscriptions receivable	Accumulated other comprehensive income (loss)	Accumulated Deficit	Total
	Number of Shares	Amount	Reserves				
		\$	\$	\$	\$	\$	\$
Balance, June 30, 2019	141,853,371	29,225,232	5,475,979	-	21,598	(18,875,035)	15,847,774
Share-based compensation	-	-	335,469	-	-	-	335,469
Net loss	-	-	-	-	-	(4,594,507)	(4,594,507)
Foreign currency translation adjustment	-	-	-	-	(21,598)	-	(21,598)
Balance, June 30, 2020	141,853,371	29,225,232	5,811,448	-	-	(23,469,542)	11,567,138
Private placements	31,954,831	1,525,951	669,532	(46,275)	-	-	2,149,208
Share issuance costs	-	(56,313)	(27,359)	-	-	-	(83,672)
Share-based compensation	-	-	46,171	-	-	-	46,171
Warrants exercised	8,535,000	678,071	(165,971)	-	-	-	512,100
Net loss	-	-	-	-	-	(828,642)	(828,642)
Balance, June 30, 2021	182,343,202	31,372,941	6,333,821	(46,275)	-	(24,298,184)	13,362,303

The accompanying notes form an integral part of these consolidated financial statements.

Fission 3.0 Corp.

Consolidated statements of cash flow
(Expressed in Canadian dollars)

	June 30, 2021	June 30, 2020
	\$	\$
Operating activities		
Net loss	(828,642)	(4,594,507)
Non-cash items:		
Depreciation	3,093	4,763
Share-based compensation	46,171	283,682
Loss on disposal of property and equipment	-	10,326
Loss on investments	-	100
Exploration and evaluation asset impairment	-	3,307,876
Deferred income tax recovery	-	(18,301)
Changes in non-cash working capital items:		
Amounts receivable	(10,371)	100,025
Prepaid expenses and deposits	(90,159)	1,577
Accounts payable and accrued liabilities	9,650	(2,817)
Cash flow used in operating activities	(870,258)	(907,276)
Investing activities		
Property and equipment additions	-	(405)
Exploration and evaluation assets additions	(109,102)	(2,215,817)
Deposits	-	184,166
Cash flow used in investing activities	(109,102)	(2,032,056)
Financing activities		
Private placement proceeds	2,149,208	-
Share issuance costs	(83,672)	-
Warrants exercised	512,100	-
Cash flow provided by financing activities	2,577,636	-
Net change in cash	1,598,276	(2,939,332)
Cash, beginning of the year	96,672	3,036,004
Cash, end of the year	1,694,948	96,672

Supplemental disclosure with respect to cash flows (Note 8)

The accompanying notes form an integral part of these consolidated financial statements.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(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, 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon its ability to fund its operations through equity financing, joint ventures, option agreements or other means. As at June 30, 2021 the Company had cash of \$1,694,948 (June 30, 2020 - \$96,672) and a working capital balance of \$1,764,228 (June 30, 2020 - \$46,588). Subsequent to year ended June 30, 2021, the Company closed a financing whereby the Company raised \$8,000,026 in gross proceeds (Note 14). Management estimates that the Company has sufficient funds to maintain its operations and activities for the upcoming year.

2. Basis of presentation

(a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as at June 30, 2021. These consolidated financial statements were authorized for issue by the Board of Directors on October 27, 2021.

(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. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) *Basis of consolidation*

The consolidated financial statements of the Company includes the 100% owned Fission Energy Peru S.A.C which has been inactive since 2020. 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. All intercompany balances eliminated on consolidation.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2021

(Expressed in Canadian dollars)

3. Significant accounting policies

(a) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash	FVTPL
<u>Accounts payable and accrued liabilities</u>	<u>Amortized cost</u>

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise.

Selected investments in equity instruments at FVTOCI are initially recorded at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(a) *Financial instruments (continued)*

Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

(b) *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.

(c) *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:

(iii) Fission 3.0 Corp. – Canadian Dollar

(iv) 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, 2021

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(d) Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and impairment charges. Carrying amounts of property and equipment are depreciated to their estimated residual values. Depreciation is calculated on a straight-line basis at the following annual rates based on estimated useful lives:

- Geological equipment 20%
- Computer hardware 30%
- 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.

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period.

(b) 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, 2021

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(e) *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.

(f) *Agents warrants and warrants*

Warrants issued to agents in connection with a financing are recorded at fair value using the Black-Scholes Option Pricing Model and charged to share issue costs associated with the offering with an offsetting credit to reserves in shareholders' equity.

(g) *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.

(h) *Share Capital*

Share capital includes cash consideration received for share issuances, net of commissions and share issue costs. Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the Exchange on the date of the agreement.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(h) *Share Capital (continued)*

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis on relative fair values as follows: the fair value of common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model.

(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 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.

(j) *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, 2021

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(j) 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.

(k) Loss per share

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

(l) Related party transactions

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

(m) Leases

At 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 over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term. As at June 30, 2021 and 2020, the Company did not have any leases.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2021

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(n) New standards adopted by the Company

During the year ended June 30, 2021, there are no new standards adopted in the year. The following accounting standards interpretations have been issued but are not yet effective:

IAS 1 –Presentation of Financial Statements (“IAS 1”), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact of this amendment on its consolidated financial statements

4. 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.

Judgements

- the recoverability of mineral properties and exploration and evaluation expenditures incurred on its projects; the Company capitalizes acquisition, exploration and evaluation expenditures on its statement of financial position, and evaluates these amounts at least annually for indicators of impairment; and
- the functional currency and reporting currency of the parent company, Fission 3.0 Corp., is the Canadian Dollar. The functional currency Fission Energy Peru S.A.C. is the Peruvian Sol. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

Estimates

- the estimated useful lives and residual value of property, plant and equipment which are included in the statement of financial position and the related amortization included in the statement of loss and comprehensive loss;
- the inputs in accounting for share-based payment transactions in the statement of loss and comprehensive loss (using the Black-Scholes model) including volatility, probable life of options granted, time of exercise of the options and forfeiture rate; and
- the determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

5. Property and equipment

Cost	Geological Equipment	Computer Hardware	Building	Total
	\$	\$	\$	\$
As at July 1, 2019	18,503	22,293	20,190	60,986
Additions	405	-	-	405
Disposals	-	(926)	(20,190)	(21,116)
As at June 30, 2020	18,908	21,367	-	40,275
Additions	-	-	-	-
As at June 30, 2021	18,908	21,367	-	40,275
Accumulated Depreciation				
As at July 1, 2019	13,794	20,355	9,060	43,209
Depreciation	3,228	731	804	4,763
Disposals	-	(926)	(9,864)	(10,790)
As at June 30, 2020	17,022	20,160	-	37,182
Depreciation	1,886	1,207	-	3,093
As at June 30, 2021	18,908	21,367	-	40,275
Net Book Value				
As at June 30, 2020	1,886	1,207	-	3,093
As at June 30, 2021	-	-	-	-

6. Exploration and evaluation assets

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, 2021:

(a) *Clearwater West Property, Saskatchewan, Canada*

The Company holds a 100% interest in 3 claims (June 30, 2020 – 3 claims) at the Clearwater West property.

(b) *Montgomery Lake Property, Saskatchewan, Canada*

The Company no longer holds any claims at its former Montgomery Lake property.

As a result of this property's claims lapsing, the Company recorded an impairment of acquisition costs in the amount of \$Nil (June 30, 2020 – \$805) and exploration costs in the amount of \$Nil during the year ended June 30, 2021 (June 30, 2020 – \$2,297).

(c) *Patterson Lake North Property, Saskatchewan, Canada*

The Company holds a 100% interest in 38 claims (June 30, 2020 – 38 claims) at the Patterson Lake North property.

(d) *Wales Lake Property, Saskatchewan, Canada*

The Company holds a 100% interest in 31 claims (June 30, 2020 – 31 claims) at the Wales Lake Property.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2021

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

(e) *Key Lake Area, Saskatchewan, Canada*

The Company holds a 100% interest in 4 properties that comprise the Key Lake Area in Saskatchewan. The number of claims held at each property is as follows:

- (i) Bird Lake Property, 1 claim (June 30, 2020 – 1 claim)
- (ii) Hobo Lake Property, 56 claims (June 30, 2020 – 56 claims)
- (iii) Lazy Edward Bay Property, 11 claims (June 30, 2020 – 11 claims)
- (iv) Seahorse Lake Property, 3 claims (June 30, 2020 – 3 claims)

Based on the lack of planned expenditure on certain claims, an impairment indicator was identified for this property. The Company determined that the fair value of the claims on which there is no planned expenditure was \$Nil, and as a result, recorded an impairment of acquisition costs in the amount of \$Nil (June 30, 2020 - \$19,286) and exploration costs in the amount of \$Nil (June 30, 2020 - \$82,619) during the year ended June 30, 2021.

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

The Company holds a 100% interest in 50 claims (June 30, 2020 - 55 claims) at the Beaverlodge/Uranium City Area.

Based on the lack of planned expenditures on certain claims, an impairment indicator was identified for this property. The Company determined that the fair value of the claims on which there is no planned expenditure is \$Nil, and as a result, recorded an impairment of acquisition costs in the amount of \$Nil (June 30, 2020 - \$2,451) and exploration costs in the amount of \$Nil (June 30, 2020 - \$54,467) during the year ended June 30, 2021.

(g) *Northeast Athabasca Basin Area, Saskatchewan, Canada*

The Company holds a 100% interest in 32 claims (June 30, 2020 – 32 claims) in other uranium properties in and around the Northeast Athabasca Basin area.

(h) *Macusani Property, Peru*

The Company no longer holds any concessions (June 30, 2020 – 9 concessions) at the Macusani property in Peru.

In August 2018, the Company entered into a letter of intent with Rhyolite Lithium Corp. ("Rhyolite") pursuant to which Rhyolite could have earned an interest in the Company's mining concessions located in Peru (the "Earn-In"). As a part of the consideration for the Earn-In, the Company received \$100,000 upon signing the LOI.

In March 2019, as final consideration for the Earn-In, Rhyolite granted the Company 19.9% of its issued and outstanding shares for which the Company had estimated a nominal fair value of \$100. As at June 30, 2020, Rhyolite had not fulfilled any part of their earn-in agreement.

In July 2020, the Company terminated the property option agreement with Rhyolite.

In September 2020, the Company allowed its 9 mineral concessions to lapse.

As a result of the lapsed claims, the Company recorded an impairment of exploration costs on the Peru property in the amount of \$Nil during the year ended June 30, 2021 (June 30, 2020 - \$3,145,861) and an impairment of \$Nil on the carrying value of the Rhyolite investment during the year ended June 30, 2021 (June 30, 2020 - \$100).

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

As at June 30, 2021

	Clearwater West Property	Patterson Lake North Property	Wales Lake Property	Key Lake Area	Beaverlodge / Uranium City Area	North East Athabasca Basin Area	Total
	\$	\$	\$	\$	\$	\$	\$
Acquisition costs							
Balance, beginning of period	-	13,472	29,947	45,721	33,542	11,808	134,490
Additions	-	-	-	-	2,605	-	2,605
Balance, end of period	-	13,472	29,947	45,721	36,147	11,808	137,095
Exploration costs							
Balance, beginning of period	92,249	5,798,153	1,200,795	907,049	2,446,343	938,378	11,382,967
Incurred during the year							
Geology mapping and sampling	-	5,147	5,755	4,972	29,776	10,604	56,254
Land retention and permitting	129	2,280	836	4,877	7,956	2,258	18,336
Reporting	-	1,720	415	332	107	849	3,423
Additions	129	9,147	7,006	10,181	37,839	13,711	78,013
Balance, end of period	92,378	5,807,300	1,207,801	917,230	2,484,182	952,089	11,460,980
Total	92,378	5,820,772	1,237,748	962,951	2,520,329	963,897	11,598,075

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

As at June 30, 2020

	Clearwater West Property	Montgomery Lake Property	Patterson Lake North Property	Wales Lake Property	Key Lake Area	Beaverlodge / Uranium City Area	North East Athabasca Basin Area	Macusani Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs									
Balance, beginning of year	-	805	11,426	29,947	25,401	31,833	8,757	-	108,169
Additions	-	-	2,046	-	39,606	4,250	3,051	-	48,953
Impairment	-	(805)	-	-	(19,286)	(2,541)	-	-	(22,632)
Balance, end of year	-	-	13,472	29,947	45,721	33,542	11,808	-	134,490
Exploration costs									
Balance, beginning of year	89,821	2,182	5,757,166	1,096,882	940,907	946,938	884,282	3,102,993	12,821,171
Incurred during the year									
Geology mapping and sampling	1,092	-	12,784	1,655	14,511	634,271	13,539	10,048	687,900
Geophysics airborne	-	-	-	67,606	-	-	-	-	67,606
Geophysics ground	-	-	-	1,138	1,491	788,343	17,151	-	808,123
Land retention and permitting	962	91	8,524	8,994	20,588	39,792	8,946	(190,029)	(102,132)
Reporting	201	-	16,430	15,606	6,323	51,678	8,806	-	99,044
Environmental	-	-	-	-	-	-	-	73	73
Community relations	-	-	-	-	-	2,451	-	33,895	36,346
General	127	20	1,570	1,315	3,024	2,418	1,270	188,549	198,293
Share-based compensation	46	4	1,679	7,599	2,824	34,919	4,384	332	51,787
Additions	2,428	115	40,987	103,913	48,761	1,553,872	54,096	42,868	1,847,040
Impairment	-	(2,297)	-	-	(82,619)	(54,467)	-	(3,145,861)	(3,285,244)
Balance, end of year	92,249	-	5,798,153	1,200,795	907,049	2,446,343	938,378	-	11,382,967
Total	92,249	-	5,811,625	1,230,742	952,770	2,479,885	950,186	-	11,517,457

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2021

(Expressed in Canadian dollars)

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) *Private Placements*

June 24, 2021

The Company completed a non-brokered private placement of 11,954,831 units at a price of \$0.10 per unit for gross proceeds of \$1,195,483. Each unit consists of one common share and one-half common share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.15 per warrant for a period of 24 months from the date of issuance. The gross proceeds from the private placement were allocated between the common shares and warrants based on their relative fair value. The Company paid finders' fees of \$33,600 in connection with this private placement.

The fair value of the common shares was determined based on the closing trading price on June 24, 2021 and the fair value of warrants was determined using the Black-Scholes pricing model. A total of \$914,868 was recorded in share capital in relation to the common shares and \$280,615 was recorded in other capital reserves in relation to the warrants. The fair value of the warrants was determined using the Black-Scholes pricing model using the following assumptions: a volatility of 108.99%; risk-free interest rate of 0.42%; expected life of 2 years; and a dividend rate of 0%. A total of \$7,886 was reclassified from unit issuance costs to other capital reserves for the proportionate share of warrants in the units issued. As at June 30, 2021, there was \$46,275 in subscriptions receivable which were collected subsequent to year end.

August 18, 2020

The Company completed a non-brokered private placement of 20,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one common share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.06 per warrant for a period of 24 months from the date of issuance. The gross proceeds from the private placement were allocated between the common shares and warrants based on their relative fair value. The Company paid finder's fees of \$19,450 plus \$30,622 expenses.

The fair value of the common shares was determined based on the closing trading price on August 18, 2020 and the fair value of warrants was determined using the Black-Scholes pricing model. A total of \$611,083 was recorded in share capital in relation to the common shares and \$388,917 was recorded in other capital reserves in relation to the warrants. The fair value of the warrants was determined using the Black-Scholes pricing model using the following assumptions: a volatility of 113.02%; risk-free interest rate of 0.28%; expected life of 2 years; and a dividend rate of 0%. A total of \$19,473 was reclassified from issuance costs to other capital reserves for the proportionate share of financing costs related to the unit warrants issued.

Exercise of warrants

The Company issued 8,535,000 common shares for the exercise of warrants at a price of \$0.06 per share for gross proceeds of \$512,100. The fair value of warrants exercised \$165,971 was reclassified to share capital from reserves.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2021

(Expressed in Canadian dollars)

7. Share capital and other capital reserves (continued)

(b) Stock options and warrants

The Company has a stock option plan which allows the Board of Directors to grant stock options to employees, directors, officers, and consultants. The exercise price is determined by the Board of Directors provided the minimum exercise price is set at the Company's closing share price on the day before the grant date. The options can be granted for a maximum term of five years and vesting terms are determined by the Board of Directors at the date of grant. The common shares reserved for issuance cannot exceed 10% of the issued and outstanding common shares of the Company.

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, 2019	13,801,667	\$ 0.16	69,295,518	\$ 0.15
Expired	(663,333)	0.15	-	-
Forfeited	(211,667)	0.14	-	-
Outstanding, June 30, 2020	12,926,667	0.16	69,295,518	0.15
Granted	-	-	25,977,416	0.08
Expired	(755,000)	0.15	-	-
Exercised	-	-	(8,535,000)	0.06
Forfeited	(1,365,000)	0.16	-	-
Outstanding, June 30, 2021	10,806,667	0.16	86,737,934	0.14

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

Stock Options			
Number outstanding	Exercise price	Number of vested options	Expiry date
	\$		
1,976,667	0.115	1,976,667	August 14, 2023
6,410,000	0.19	6,410,000	October 25, 2023
2,420,000	0.12	2,420,000	March 15, 2024
10,806,667		10,806,667	

The weighted average remaining life of the stock options is 2.37 years.

Fission 3.0 Corp.

Notes to the consolidated financial statements

For the year ended June 30, 2021

(Expressed in Canadian dollars)

7. Share capital and other capital reserves (continued)

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

Warrants				
Number outstanding	Exercise price	Number of vested warrants	Expiry date	
	\$			
52,050,000	0.15	52,050,000	September 28, 2021	
1,170,000	0.15	1,170,000	October 2, 2021	
15,130,000	0.15	15,130,000	October 12, 2021	
445,518	0.22	445,518	December 20, 2021	
500,000	0.25	500,000	December 20, 2021	
11,465,000	0.06	11,465,000	August 18, 2022	
5,977,416	0.15	5,977,416	June 24, 2023	
86,737,934		86,737,934		

The weighted average remaining life of the warrants is 0.49 years.

(c) *Share-based compensation*

All options are recorded at fair value using the Black-Scholes option pricing model. During the year ended June 30, 2021 the Company granted nil stock options (June 30, 2020 – nil). Pursuant to the vesting schedule of options granted, during the year ended June 30, 2021 share-based compensation of \$46,171 (June 30, 2020 – \$283,682) was recognized in the statement of loss and comprehensive loss and \$nil (June 30, 2020 – \$51,787) was recognized in exploration and evaluation assets (Note 6). The total amount of \$46,171 (June 30, 2020 – \$335,469) was recorded within other capital reserves in the statement of shareholders' equity.

8. Supplemental disclosure with respect to cash flows

	June 30, 2021	June 30 2020
	\$	\$
Cash	1,694,948	96,672
	1,694,948	96,672

There were no cash payments for income taxes during the year ended June 30, 2021 and 2020. During the year ended June 30, 2021 the Company received \$nil (June 30, 2020 - \$65,769) in interest income.

Significant non-cash transactions for the year ended June 30, 2021 included:

- (a) Incurring \$22,776 of exploration and evaluation related expenditures through accounts payable and accrued liabilities.

Significant non-cash transactions for the nine months ended June 30, 2020 included:

- (a) Incurring \$51,260 of exploration and evaluation expenditures through accounts payable and accrued liabilities;
- (b) Recognizing \$51,787 of share-based payments in exploration and evaluation; and
- (c) Reclassifying \$15,150 of deficiency deposits to exploration and evaluation assets.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

9. Related party transactions

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

	Year Ended	
	June 30, 2021	June 30, 2020
	\$	\$
<i>Compensation costs</i>		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	272,984	667,269
Office rent paid to a Company with common directors and officers	20,500	-
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	19,733	168,806
	313,217	836,075
Exploration and evaluation expenditure (capitalized) and administrative services paid or accrued to Fission Uranium, a Company with common directors and management	6,011	395,379
Total	319,228	1,231,454

Included in accounts payable at June 30, 2021 is \$39,709 (June 30, 2020 - \$29,228) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in accounts payable and accrued liabilities as at June 30, 2021 was \$1,633 (June 30, 2020- \$19,046) for exploration and evaluation expenditures and administrative services due to Fission Uranium.

These transactions were in the normal course of operations.

On August 18, 2020, management and board members participated in a non-brokered private placement financing of units for gross proceeds of \$107,000 at a price of \$0.05 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder thereof to purchase one common share in the capital of the Company at a price of \$0.06 per share for a period of two years from closing.

On June 24, 2021, management and board members participated in anon-brokered private placement financing of units for gross proceeds of \$280,746 at a price of \$0.10 per unit. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the holder thereof to purchase one common share in the capital of the Company at a price of \$0.15 per share for a period of two years from closing.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

10. Segmented information

The Company primarily operates in one reportable operating segment being the exploration and development of exploration and evaluation assets. As at June 30, 2021 and 2020, all of the Company's assets were in Canada. As at June 30, 2021, \$62,429 (2020 - \$3,307,876) in expenditures included in the statement of loss and comprehensive loss were incurred in Peru.

11. Income taxes

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	June 30 2021	June 30 2020
	\$	\$
Loss before income taxes	(828,642)	(4,594,507)
Expected income tax recovery	(224,000)	(1,241,000)
Change in foreign exchange rates and other	(24,000)	11,000
Permanent differences	15,000	73,000
Adjustment to prior year statutory tax return	-	63,000
Net change in unrecognized deductible temporary differences	233,000	1,094,000
Total income tax expense (recovery)	-	-

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

	June 30 2021	June 30 2020
	\$	\$
Deferred income tax assets (liabilities)		
Exploration and evaluation assets	(646,000)	(671,000)
Property and equipment	7,000	6,000
Share issuance costs	123,000	164,000
Allowable capital losses	156,000	156,000
Non-capital losses available for future period	1,827,000	1,579,000
	1,467,000	1,234,000
Unrecognized deferred tax assets	(1,467,000)	(1,234,000)
Net deferred income tax assets (liability)	-	-

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.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

11. Income taxes (continued)

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences	\$		\$	
Exploration and evaluation assets	(2,692,000)	No expiry date	(2,777,000)	No expiry date
Property and equipment	25,000	No expiry date	22,000	No expiry date
Share issue costs	456,000	2023 to 2026	607,000	2040 to 2044
Allowable capital losses	577,000	No expiry date	577,000	No expiry date
Non-capital losses available for future periods	6,768,000	2034 to 2041	5,849,000	2034 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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

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

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

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

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

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. For cash and accounts payable and accrued liabilities, the carrying values 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, liquidity and foreign exchange risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations warrant such hedging activities.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

13. Financial instruments and risk management (continued)

(a) *Credit risk*

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

The primary sources of credit risk for the Company arise from cash.

The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. As at June 30, 2021, the Company has no significant financial assets that are past due or impaired due to credit risk defaults. The Company's maximum exposure to credit risk is \$1,694,948 (June 30, 2020 - \$96,672).

(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 (see note 1). 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 and short-term investment 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 Dates	June 30, 2021	June 30 2020
		\$	\$
Accounts payable and accrued liabilities	< 6 months	73,284	92,118

14. Subsequent events

The Company issued 6,590,000 common shares for the exercise of warrants at \$0.06-\$0.15 per share for gross proceeds of \$609,150.

The Company issued 275,000 common shares for the exercise of options at \$0.12 per share for gross proceeds of \$33,000.

On September 2, 2021, the Company granted 7,000,000 options to directors, officers and consultants of the Company exercisable at \$0.12 per share expiring September 2, 2026. The option shall vest one-third immediately and the remaining shall vest one-sixth every six months from after the date of grant.

Fission 3.0 Corp.

Notes to the consolidated financial statements
For the year ended June 30, 2021
(Expressed in Canadian dollars)

14. Subsequent events (continued)

On September 10, 2021, the Company extended the expiry date of the following warrants:

- Tranche 1: For Warrants issued on September 28, 2018, the new expiration date of those Warrants will be March 28, 2022.
- Tranche 2: For Warrants issued on October 2, 2018, the new expiration date for those Warrants will be April 2, 2022.
- Tranche 3: For Warrants issued on October 12, 2018, the new expiration date for those Warrants will be April 12, 2022.

All the warrants extended have an exercise price of \$0.15 per share which remain unchanged.

On September 29, 2021, the Company closed a private placement for gross proceeds of \$8,000,026 comprising of:

- 24,690,038 Units ("Unit") at a price \$0.13 per Unit for gross proceeds of \$3,209,705;
- 20,113,619 Flow-Through Units ("FT Unit") at a price \$0.145 per FT Unit for gross proceeds of \$2,916,475; and
- 10,769,232 Flow-Through Units sold to a charitable buyer ("Charity FT Unit") at a price of \$0.174 for gross proceeds of \$1,873,846.

Each Unit issued pursuant to the offering is comprised of one common share of the Company and one half of one common share purchase warrant. Each FT Unit and Charity FT Unit is comprised of one common share of the Company to be issued as a "flow-through share" and one half of one warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 at any time on or before September 29, 2023. The Company paid cash finders fees of \$450,850 plus \$71,000 expenses in connection with this private placement. The Company also issued 3,106,853 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.13 at any time on or before September 29, 2023.

On October 12, 2021, the Company granted 7,000,000 options to directors, officers and consultants of the Company exercisable at \$0.16 per share expiring October 12, 2026. The option shall vest one-third immediately and the remaining shall vest one-sixth every six months from after the date of grant.

On October 18, 2021, the Company granted 600,000 to an investor relations provider of the Company exercisable at \$0.19 per share expiring October 18, 2026. The option shall vest one-third immediately and the remaining shall vest one-sixth every six months from after the date of grant.

On October 18, 2021, the Company granted 600,000 to an investor relations provider of the Company exercisable at \$0.19 per share expiring October 18, 2024. The option shall vest one-third immediately and the remaining shall vest one-sixth every six months from after the date of grant.

In October 2021, 1,734,167 options were cancelled upon employees leaving the Company and expiring of consulting agreements.