Consolidated Financial Statements

Fission 3.0 Corp.

For the Year Ended
June 30, 2022

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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, 2022 and 2021, 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, 2022 and 2021, 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.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

October 28, 2022

Fission 3.0 Corp.

Consolidated Financial Statements

For the Year Ended June 30, 2022

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Fission 3.0 Corp.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Notes	**June 30, 2022**	June 30, 2021
ASSETS		**$**	$
Current assets			
Cash	11	**12,618,100**	1,694,948
GST receivable		**398,739**	25,550
Marketable securities	7	**2,297,842**	-
Deposits		**17,320**	9,134
Prepaid expenses		**25,907**	107,880
		15,357,908	1,837,512
Right-of-use asset	6	**115,643**	-
Exploration and evaluation assets	8,12	**14,463,391**	11,598,075
		14,579,034	11,598,075
TOTAL ASSETS		**29,936,942**	13,435,587
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	**793,957**	73,284
Mineral exploration commitment	8	**269,136**	-
Right of use liability – short term	6	**19,429**	-
Flow through share premium	9	**376,776**	-
		1,459,298	73,284
Right of use liability – long term	6	**102,853**	-
Total Liabilities		**1,562,151**	73,284
SHAREHOLDERS' EQUITY			
Share capital	10	**44,416,876**	31,372,941
Subscription receivables	10	**-**	(46,275)
Reserves	10	**13,926,224**	6,333,821
Accumulated deficit		**(29,968,309)**	(24,298,184)
		28,374,791	13,362,303
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**29,936,942**	13,435,587

Nature of operations (Note 1)
Commitments (Note 17)
Subsequent events (Note 18)

Approved by the Board of Directors and authorized for issue on October 28, 2022:

"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)

	Notes	June 30, 2022	June 30, 2021
		$	$
EXPENSES			
Amortization	6	**17,791**	-
Bad debt		**600**	-
Business development		**178,536**	26,366
Consulting and director fees	12	**988,326**	293,648
Depreciation		**-**	3,093
Exploration costs		**69,847**	84,979
Finance fee	10	**2,634,100**	-
Office and administration		**267,700**	119,815
Professional fees		**140,290**	34,666
Public relations and communications		**1,838,182**	142,069
Right of use interest	6	**15,047**	-
Share-based compensation	10,12	**1,498,325**	46,171
Wages and benefits	12	**130,545**	73,846
		(7,779,289)	(824,653)
Other items:			
Foreign exchange gain (loss)		**3,126**	(3,989)
Interest income		**47,359**	-
Fair value change of marketable securities	7	**(2,842,067)**	-
Recovery on mineral rights	8	**4,370,480**	-
Flow through share recovery	9	**1,068,933**	-
Impairment of mineral property	8	**(538,667)**	-
		2,109,164	(3,989)
Comprehensive loss for the year		**(5,670,125)**	(828,642)
Basic and Diluted Loss Per Share		**(0.02)**	(0.00)
Weighted Average Number of Shares Outstanding		**234,794,945**	172,153,076

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					
	Number of Shares	Amount	Reserves	Subscriptions receivable	Accumulated Deficit	Total
		$	$	$	$	$
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**
Subscriptions receivable	-	-	-	46,275	-	46,275
Private placements	93,273,815	10,789,584	4,352,087	-	-	15,141,671
Finder fees and share issuance costs	-	(909,527)	(323,056)	-	-	(1,232,583)
Broker warrants		(556,200)	556,200	-	-	-
Share-based compensation	-	-	1,498,325	-	-	1,498,325
Warrants exercised	20,452,500	3,634,528	(1,094,503)	-	-	2,540,025
Options exercised	456,667	85,550	(30,750)	-	-	54,800
Warrant modification	-	-	2,634,100	-	-	2,634,100
Net loss	-	-	-	-	(5,670,125)	(5,670,125)
Balance, June 30, 2022	**296,526,184**	**44,416,876**	**13,926,224**	**-**	**(29,968,309)**	**28,374,791**

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, 2022	June 30, 2021
	$	$
Operating activities		
Net loss	**(5,670,125)**	(828,642)
Non-cash items:		
Depreciation and amortization	**17,791**	3,093
Interest on lease	**15,047**	-
Bad debt	**600**	-
Share-based compensation	**1,498,325**	46,171
Unrealized loss on short-term investment	**2,842,067**	-
Impairment of exploration costs	**538,667**	-
Warrant modification	**2,634,100**	-
Flow through shares tax recovery	**(1,068,933)**	-
Gain on sale of mineral rights	**(4,370,480)**	-
Exploration costs	**9,134**	-
Changes in non-cash working capital items:		
GST receivable	**(373,189)**	(10,371)
Prepaid expenses and deposits	**64,652**	(90,159)
Accounts payable and accrued liabilities	**262,243**	9,650
Cash flow used in operating activities	**(3,600,101)**	(870,258)
Investing activities		
Exploration and evaluation assets additions	**(6,545,845)**	(109,102)
Sale of mineral option rights	**600,000**	-
Cash payment in lieu of required expenditures	**2,500,000**	-
Cash flow used in investing activities	**(3,445,845)**	(109,102)
Financing activities		
Private placement proceeds	**15,141,671**	2,149,208
Flow-through share premium received in cash	**1,445,709**	-
Finder fees and share issuance costs	**(1,232,583)**	(83,672)
Share subscriptions received	**45,675**	-
Lease payment	**(26,199)**	-
Warrants exercised	**2,540,025**	512,100
Options exercised	**54,800**	-
Cash flow provided by financing activities	**17,969,098**	2,577,636
Net change in cash	**10,923,152**	1,598,276
Cash, beginning of the year	**1,694,948**	96,672
Cash, end of the year	**12,618,100**	1,694,948

Supplemental disclosure with respect to cash flows (Note 11)

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

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 750 – 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, 2022 the Company had cash of $12,618,100 (June 30, 2021 - $1,694,948) and a working capital balance of $13,898,610 (June 30, 2021 - $1,764,228).

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, 2022. These consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2022.

(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.

2. Basis of presentation (continued)

(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.

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:

Financial Instrument	Classification
Cash and cash equivalents	FVTPL
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost

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).

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

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.

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 (inactive and no assets)

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.

3. Significant accounting policies (continued)

(c) Foreign currency translation (continued)

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.

(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.

(e) 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:

3. Significant accounting policies (continued)

(e) Exploration and evaluation assets (continued)

(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.

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.

3. Significant accounting policies (continued)

(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.

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

3. Significant accounting policies (continued)

(j) Income taxes (continued)

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.

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. Please see Note 6.

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.
- the Company determines the flow-through share premium by allocating the total funds received between common share and flow-through premium liability by first assessing the fair value of the common shares issued, based on market price at issuance, with any excess considered being allocated to warrants (if any) and the flow-through premium.

Estimates

- the discount rate used to present value the lease liability related to the office rent was estimated to be 18% which was based off of the Company's interest rate on their corporate credit cards as the Company does not have any other interest bearing debt;
- 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.

5. New accounting pronouncement

During the year ended June 30, 2022, 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.

(Expressed in Canadian dollars)

6. Right of Use Asset and Liability

On September 17, 2021, the Company entered a five-year office lease with an arm's length landlord commencing November 1, 2021. For the first thirty-six months, the Company will pay $3,275 per month and for the remainder of the term the monthly payments will be $3,488. The Company has recognized a ROU asset in respect to this lease, which is included in right-of-use asset on the statement of financial position.

Below is a summary of the activities related to right-of-use office lease asset for the year ended June 30, 2022:

Cost	**Right-of-Use Asset**
	$
Balance at June 30, 2021 and 2020	-
Additions	133,434
As at June 30, 2022	**133,434**
Accumulated depreciation	
Balance at June 30, 2021 and 2020	-
Depreciation	17,791
As at June 30, 2021	**17,791**
Net Book Value	
As at June 30, 2021	-
As at June 30, 2022	**115,643**

The Company has also recognized a lease liability for this lease, which was initially measured at the present value of the future lease payments, discounted using the Company's incremental borrowing rate of 18%.

Below is a summary of the activities related to lease liabilities for year ended June 30, 2022:

	Right of Use Office Lease
	$
Balance, June 30, 2021 and 2020	-
Lease liability – addition	130,159
Interest	15,047
Lease payments	(22,925)
Balance, June 30, 2022	**122,281**
Current portion of lease liability	19,429
Non-current lease liability	102,852
Balance, June 30, 2022	**122,281**

(Expressed in Canadian dollars)

7. Marketable securities

The Company's marketable securities consist of investments in public company shares. A breakdown of the shares held as at June 30, 2022 was as follows:

	Number of Shares or Units	Cost	Fair Value
Traction Uranium Corp.	6,046,952	$ 5,139,909	$ 2,297,842

On December 29, 2021, the Company received 6,046,952 shares of Traction Uranium Corp. as consideration for the sale of Hearty Bay and Lazy Edwards mineral property rights (Note 8).

During the year ended June 30, 2022, the Company recorded an aggregate loss of $2,842,067 (June 30, 2021: $nil) relating to the fair value change of its investment.

8. 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, 2022:

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

The Company holds a 100% interest in 3 claims (June 30, 2021 – 3 claims) at the Clearwater West property.

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

The Company holds a 100% interest in 38 claims (June 30, 2021 – 38 claims) at the Patterson Lake North property.

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

The Company holds a 100% interest in 31 claims (June 30, 2021 – 31 claims) at the Wales Lake Property.

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

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

(i) Bird Lake Property, 1 claim (June 30, 2021 – 1 claim)
(ii) Hobo Lake Property, 56 claims (June 30, 2021– 56 claims)
(iii) Lazy Edward Bay Property, 11 claims (June 30, 2021 – 11 claims)
(iv) Seahorse Lake Property, 3 claims (June 30, 2021 – 3 claims)
(v) Grey Island, 10 claims (June 30, 2021 – nil claims)

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

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

(i) Beaver River Property, 21 claim (June 30, 2021 – 21 claim)
(ii) Hearty Bay Property, 7 claims (June 30, 2021 – 7 claims)
(iii) Midas, 21 claims (June 30, 2021 – 21 claims)
(iv) North Shore Property, nil claims (June 30, 2021 – 1 claim)

8. Exploration and evaluation assets (continued)

Based on the lack of planned expenditures on a certain claim, an impairment indicator was identified for the North Shore property. The Company determined that the fair value of the claim on which there are no planned expenditures, and as a result, recorded an impairment of acquisition costs in the amount of $nil (June 30, 2021 - $nil) and exploration costs in the amount of $538,667 (June 30, 2021 - $nil).

(f) Northeast Athabasca Basin Area, Saskatchewan, Canada

The Company holds a 100% interest in 36 claims (June 30, 2021 – 32 claims) in other uranium properties in and around the Northeast Athabasca Basin area.

Traction Uranium Corp. Option Agreements

On December 9, 2021, the Company entered into two Option Agreements with Traction Uranium Corp. ("Traction") whereby Traction has the opportunity to acquire up to a 70% interest in two properties controlled by the Company: the Hearty Bay Project and the Lazy Edward Bay Project.

<u>Hearty Bay Project</u>

Pursuant to the Hearty Bay Option Agreement (the "Hearty Bay Agreement"), the Company granted Traction an option to acquire a 50% interest in the Hearty Bay Project for the following consideration:

i. Pay cash payments to Fission of $550,000 over a two year period ($300,000 received).

ii. Issue shares to Fission equal to 7.5% of the number of issued and outstanding common shares of Traction that are outstanding as of such date, provided Traction has completed one or more equity financings for gross proceeds of $2,000,000 by such date (Fission received 3,023,476 Traction shares on December 29, 2021 with a fair value of $2,569,955) (Note 7).

iii. Incur $3,000,000 in exploration work on the Hearty Bay Property, over the first two years of the contract. On March 11, 2022, the Company received $1,000,000 in cash to be used for mineral expenditures. As at June 30, 2022, the Company incurred $824,520 in eligible expenditures and the remaining balance of $175,480 has been recognized as commitment liability on the consolidated statement of financial position.

To acquire the additional 20% interest in Hearty Bay Project, Traction will need to incur the following:

i. Additional cash payments totalling $350,000.

ii. Incur an additional $3,000,000 in exploration work on the Hearty Bay Property on or before the date that is three years following the date of the Heart Bay Agreement.

The Company will retain a 2.0% NSR on the property.

During the year ended June 30, 2022, the consideration received was offset against the capitalized exploration and evaluation expenditures, to reduce the balance to $nil and the remainder of $1,543,628 was recognized as a recovery on mineral rights in the consolidated statement of loss and comprehensive loss.

8. Exploration and evaluation assets (continued)

Lazy Edward Project

Pursuant to the Lazy Edward Project Option Agreement (the "Lazy Edward Agreement") the Company granted Traction an option to acquire a 50% interest in the Lazy Edward Project for the following consideration:

i. Pay cash payments to Fission of an aggregate of $550,000 over a two year period ($300,000 received)

ii. Issue shares to Fission equal to 7.5% of the number of issued and outstanding common shares of Traction that are outstanding as of such date, provided Traction has completed one or more equity financings for gross proceeds of $2,000,000 by such date (Fission received 3,023,476 Traction shares on December 29, 2021 with a fair value of $2,569,955) (Note 7).

iii. Incur $4,500,000 in exploration work on the Lazy Edward Property over the first two years of the contract. On May 20, 2022, the Company received $1,500,000 in cash to be used for mineral expenditures. As at June 30, 2022, the Company incurred $1,406,344 in eligible expenditures and the remaining balance of $93,656 has been recognized as commitment liability on the consolidated statement of financial position.

To acquire the additional 20% interest in Lazy Edward Project, Traction will need to incur the following:

i. Additional cash payments totalling $350,000.

ii. Incur an additional $4,500,000 in exploration work on the Lazy Edward Property on or before the date that is three years following the date of the Lazy Edward Agreement.

The Company will retain a 2.0% NSR on the property.

During the year ended June 30, 2022, the consideration received was offset against the capitalized exploration and evaluation expenditures, to reduce the balance to $nil and the remainder of $2,826,852 was recognized as a recovery on mineral rights in the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

8. Exploration and evaluation assets (continued)

As at June 30, 2022

	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 year	-	13,472	29,947	45,721	36,147	11,808	**137,095**
Additions	-	-	-	7,813	398	3,766	**11,977**
Balance, end of year	-	13,472	29,947	53,534	36,545	15,574	**149,072**
Exploration costs							
Balance, beginning of year	92,378	5,807,300	1,207,801	917,230	2,484,182	952,089	**11,460,980**
Incurred during the year							
Drilling	-	2,622,256	-	1,042,673	620,876	382,006	**4,667,811**
Camp costs and exploration costs	74	594,293	-	115,296	39,100	74,573	**823,336**
Geological costs	-	67,186	-	293,103	39,306	9,190	**408,785**
Geophysics costs	147	365,395	220	33,887	201,747	481,735	**1,083,131**
Geology mapping and sampling	-	-	-	-	-	-	**-**
Land retention and permitting	586	887	887	1,901	2,732	1,030	**8,023**
Reporting and survey	43	410	-	591	23	146	**1,213**
Additions	850	3,650,427	1,107	1,487,451	903,784	948,680	**6,992,299**
Recovery of costs	-	-	-	(1,449,446)	(2,150,847)	-	**(3,600,293)**
Impairment of costs	-	-	-	-	(538,667)		**(538,667)**
Balance, end of year	93,228	9,457,727	1,208,908	955,235	698,452	1,900,769	14,314,319
Total	**93,228**	**9,471,199**	**1,238,855**	**1,008,769**	**734,997**	**1,916,343**	**14,463,391**

(Expressed in Canadian dollars)

8. 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 year	-	13,472	29,947	45,721	33,542	11,808	**134,490**
Additions	-	-	-	-	2,605	-	**2,605**
Balance, end of year	-	13,472	29,947	45,721	36,147	11,808	**137,095**
Exploration costs							
Balance, beginning of year	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 year	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**

(Expressed in Canadian dollars)

9. Flow-though share premium liability

A summary of the changes in the Company's flow-though share premium liability is as follows:

Flow-Through Share Premium Liability		**June 30, 2022**		June 30, 2021
Opening balance	$	-	$	-
Flow-through share premium on the issuance of flow-through common share units (Note 10)		1,445,709		-
Settlement of flow-through share premium liability on expenditures incurred		(1,068,933)		
Ending balance	**$**	**376,776**	**$**	**-**

10. Share capital and other capital reserves

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

(a) Share issuances

December 22, 2021

The Company closed a private placement for gross proceeds of $8,587,353 comprising:

- 17,043,642 units of the Company (each, a "Unit") at a price of $0.21 per Unit for gross proceeds of $3,579,165 from the sale of Units;
- 16,373,732 flow-through units of the Company (each, a "FT Unit") at a price of $0.23 per FT Unit for gross proceeds of $3,765,958 from the sale of FT Units; and
- 4,283,552 FT Units to be sold to charitable buyers (each, a "Charity FT Unit" and together with the Units and FT Units, the "Offered Units") at a price of $0.29 for gross proceeds of $1,242,230 from the sale of Charity FT Units.

Each Unit issued pursuant to the Offering is comprised of one common share of the Company and one common share purchase warrant. Each FT Unit is comprised of one common share of the Company to be issued as a "flow-through share" within the meaning of the Income Tax Act (Canada) (each, a "FT Share") and one half of one Warrant. Each Charity FT Unit is comprised of one FT Share and one Warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.26 at any time on or before December 22, 2023. The Company paid a cash finders fee of $403,006 and incurred $226,025 in expenses in connection with this private placement which has been recorded as share issuance costs. The Company also issued 1,774,014 broker warrants which entitles the holder to purchase a one common share of the Company at a price of $0.21 per share at any time on or before December 22, 2023.

Gross proceeds from this private placement were allocated between shares and warrants using a pro-rata based on the fair value of shares and warrants on the date of issuance. The fair value of warrants was determined using the Black-Scholes pricing model. A total of $6,179,053 was recorded in share capital in relation to the common shares and $2,408,300 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 114.35%; risk-free interest rate of 0.96%; expected life of 2 years; and a dividend rate of 0%. A total of $176,410 was reclassified

10. Share capital and other capital reserves (continued)

from unit issuance costs to other capital reserves for the proportionate share of warrants in the units issued. In addition, a value of $670,159 was attributed to the flow-through premium liability in connection with the flow-through and charity flow-through shares.

The fair value of the broker warrants was determined based on the closing trading price on December 22, 2021 and the fair value of warrants was determined using the Black-Scholes pricing model. $221,750 was recorded as share issuance cost. The fair value of the warrants was determined using the Black-Scholes pricing model using the following assumptions: a volatility of 117.00%; risk-free interest rate of 0.98%; expected life of 2 years; and a dividend rate of 0%.

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 and incurred $152,702 expenses in connection with this private placement which has been recorded as share issuance cost. The Company also issued 3,105,853 broker warrants which entitles the holder to purchase one common share of the Company at a price of $0.13 at any time on or before September 29, 2023.

Gross proceeds from this private placement were allocated between shares and warrants using a pro-rata based on the fair value of shares and warrants on the date of issuance. The fair value of warrants was determined using the Black-Scholes pricing model. A total of $6,056,239 was recorded in share capital in relation to the common shares and $1,943,787 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 113.09%; risk-free interest rate of 0.53%; expected life of 2 years; and a dividend rate of 0%. A total of $146,647 was reclassified from unit issuance costs to other capital reserves for the proportionate share of warrants in the units issued. In addition, a value of $775,500 was attributed to the flow-through premium liability in connection with the flow-through and charity flow-through shares.

The fair value of the broker warrants was determined based on the closing trading price on September 29, 2021 and the fair value of warrants was determined using the Black-Scholes pricing model. $334,450 was recorded as share issuance cost. The fair value of the warrants was determined using the Black-Scholes pricing model using the following assumptions: a volatility of 113.09%; risk-free interest rate of 0.39%; expected life of 2 years; and a dividend rate of 0%.

10. Share capital and other capital reserves (continued)

Exercise of warrants

During the year ended June 30, 2021, the Company issued 20,452,500 common shares for the exercise of warrants at a price range of $0.06 and $0.15 per share for gross proceeds of $2,540,025. The fair value of warrants exercised $1,094,503 was reclassified to share capital from reserves.

The Company issued 456,667 common shares for the exercise of options at a price of $0.12 per share for gross proceeds of $54,800. The fair value of warrants exercised $30,750 was reclassified to share capital from reserves.

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.

Gross proceeds from this private placement were allocated between shares and warrants using a pro-rata based on the fair value of shares and warrants on the date of issuance. 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.

Gross proceeds from this private placement were allocated between shares and warrants using a pro-rata based on the fair value of shares and warrants on the date of issuance. 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.

(Expressed in Canadian dollars)

10. Share capital and other capital reserves (continued)

Exercise of warrants

During the year ended June 30, 2021, 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.

(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, 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
Granted	15,200,000	0.14	62,181,372	0.23
Expired	-	-	(54,708,018)	0.15
Exercised	(456,667)	0.12	(20,452,500)	0.12
Forfeited	(1,734,167)	0.18	-	-
Outstanding, June 30, 2022	**23,815,833**	**0.15**	**73,758,788**	**0.21**

(Expressed in Canadian dollars)

10. Share capital and other capital reserves (continued)

(b) Stock options and warrants (continued)

As at June 30, 2022, stock options and warrants were outstanding as follows:

Stock Options			
Number outstanding	Exercise price	Number of vested options	Expiry date
	$		
1,639,166	0.12	1,639,166	August 14, 2023
4,925,000	0.19	4,925,000	October 25, 2023
2,051,667	0.12	2,051,667	March 15, 2024
7,000,000	0.12	3,500,000	September 2, 2026
7,000,000	0.16	3,500,000	October 12, 2026
600,000	0.19	300,000	October 18, 2026
600,000	0.19	300,000	October 18, 2024
23,815,833		**16,215,833**	

The weighted average remaining life of the stock options is 3.15 years.

Warrants			
Number outstanding	Exercise price	Number of vested warrants	Expiry date
	$		
5,600,000	0.06	5,600,000	August 18, 2022
5,977,416	0.15	5,977,416	June 24, 2023
27,786,445	0.20	27,786,445	September 29, 2023
3,106,853	0.13	3,106,853	September 29, 2023
29,514,060	0.26	29,514,060	December 22, 2023
1,774,014	0.21	1,774,014	December 22, 2023
73,758,788		**73,758,788**	

The weighted average remaining life of the warrants is 1.24 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, 2022 the Company granted 15,200,000 stock options (June 30, 2021 – nil). Pursuant to the vesting schedule of options granted, during the year ended June 30, 2022 share-based compensation of $1,498,325 (June 30, 2021 – $46,171) was recognized in the statement of loss and comprehensive loss. The weighted average Black-Scholes of the options are as the following assumptions:

	June 30, 2022	June 30, 2021
Discount rate	1.01%	Nil
Expected life	5	Nil
Expected volatility	107.69%	Nil
FV granted price	$0.13	Nil

(Expressed in Canadian dollars)

10. Share capital and other capital reserves (continued)

(d) Warrants modification

On September 24, 2021, the Company received approval from the TSXV Exchange to extend the expiry dates of the warrants listed below. An incremental value of $2,634,100 was calculated relating to the warrants modifications using the Blac-Scholes option pricing model with expected life of .51-.55 years, risk-free interest rate of 0.49%, a dividend yield of 0% and historical volatility of 100.90%-101.97%.

- 49,775,000 share purchase warrants at an exercise price of $0.15 per share extended to March 28, 2022, which were schedule to expire on September 28, 2021.
- 1,170,000 share purchase warrants at an exercise price of $0.15 per share extended to April 2, 2022, which were schedule to expire on October 2, 2021.
- 15,130,000 share purchase warrants at an exercise price of $0.15 per share extended to April 12, 2022, which were schedule to expire on October 12, 2021.

11. Supplemental disclosure with respect to cash flows

	June 30, 2022	June 31, 2021
	$	$
Cash	**12,618,100**	1,694,948
	12,618,100	1,694,948

There were no cash payments for income taxes during the period ended June 30, 2022 and 2021. During the periods ended June 30, 2022 the Company received $47,359 (June 30, 2021 - $Nil) in interest income.

Significant non-cash transactions for the period ended June 30, 2022 included:

(a) The Company received 6,046,952 common shares from Traction Uranium Corp. valued at $5,139,909 pursuant to the mineral option agreement with the Company for up to 70% interest in Hearty bay and Lazy Edward Bay claims.

(b) The Company transferred $1,445,709 from share capital to flow-though share premium liability in connection with the issuance of flow-through and charity flow-through shares.

(c) The reallocation of $4,352,087 out of the total the proceeds received for the private placements to reserves as the value of the warrants issued in connection with the private placements.

(d) Reallocation of $323,056 of share issuance costs to reserves in connection with the private placements.

(e) The present value of the capital lease asset and liability of $133,434.

(f) Incurring $481,206 of exploration and evaluation related expenditures through accounts payable and accrued liabilities.

(g) Reallocation of $1,125,253 of exercised warrants and options from reserves to share capital

(h) Fair value of issued broker warrants of $556,200

(i) Mineral exploration commitment to incur $93,656 and 175,480 for the Lazy Edward Bay and Hearty Bay properties, respectively, pursuant to option agreement.

(Expressed in Canadian dollars)

11. Supplemental disclosure with respect to cash flows (continued)

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

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

12. Related party transactions

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

	June 30, 2022	June 30, 2021
	$	$
Compensation costs		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	**607,413**	272,984
Office rent paid to a Company with common directors and officers	**4,800**	20,500
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	**972,866**	19,733
	1,585,079	313,217
Exploration and evaluation expenditures (capitalized) and administrative services paid or accrued to Fission Uranium, a Company with common directors and management	**19,992**	6,011
Total	**1,605,071**	319,228

Included in accounts payable at June 30, 2022 is $31,219 (June 30, 2021 - $39,709) for expenses due to key management personnel and companies controlled by key management personnel.

Included in accounts payable and accrued liabilities as at June 30, 2022 was $Nil (June 30, 2021- $1,633) for exploration and evaluation expenditures and administrative services due to Fission Uranium.

These transactions were in the normal course of operations.

On December 22, 2021, a board member participated in a non-brokered private placement financing of FT units for gross proceeds of $100,004 at a price of $0.23 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 $0.26 per share for a period of two years from closing.

On September 29, 2021, a board member participated in a non-brokered private placement financing of units for gross proceeds of $125,000 at a price of $0.13 per unit. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the holder thereof

12. Related party transactions

to purchase one common share in the capital of the Company at a price of $0.20 per share for a period of two years from closing.

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 a non-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.

13. 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, 2022 and 2021, all of the Company's assets were in Canada. As at June 30, 2022, $nil (June 30, 2021: $62,429) in expenditures included in the statement of loss and comprehensive loss were incurred in Peru.

14. 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.

15. 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).

(Expressed in Canadian dollars)

15. Financial instruments and risk management (continued)

The Company's financial instruments consist of cash and cash equivalents, marketable securities, and accounts payable and accrued liabilities. For cash and cash equivalents 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.

At June 30, 2022 and 2021, the marketable securities are valued using quoted prices from an active market (Level 1).

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

(a) Credit risk

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

The primary sources of credit risk for the Company arise from 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, 2022, 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 limited to its cash and investment account balances.

(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.

	Dates	**2022**	2021
		$	$
Accounts payable and accrued liabilities	< 6 months	**1,063,093**	73,284

(Expressed in Canadian dollars)

16. Income taxes

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

	June 30 2022	June 30 2021
	$	$
Loss before income taxes	**(5,670,125)**	(828,642)
Expected income tax recovery	**(1,531,000)**	(224,000)
Share issuance costs	**(333,000)**	-
Change in foreign exchange rates and other	**(596,000)**	(24,000)
Permanent differences	**433,000**	15,000
Renunciation of flow-through expenditures	**1,885,000**	-
Net change in unrecognized deductible temporary differences	**142,000**	233,000
Total income tax expense (recovery)	**-**	-

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

	June 30 2022	June 30 2021
	$	$
Deferred income tax assets (liabilities)		
Exploration and evaluation assets	**(1,414,000)**	(646,000)
Property and equipment	**29,000**	7,000
Share issuance costs	**326,000**	123,000
Marketable securities	**422,000**	-
Allowable capital losses	**-**	156,000
Non-capital losses available for future period	**2,246,000**	1,827,000
	1,609,000	1,467,000
Unrecognized deferred tax assets	**(1,609,000)**	(1,467,000)
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 its consolidated statement of financial position are as follows:

	2022	**Expiry Date Range**	**2021**	Expiry Date Range
Temporary Differences	**$**		$	
Exploration and evaluation assets	(5,536,000)	No expiry date	(2,692,000)	No expiry date
Property and equipment	106,000	No expiry date	25,000	No expiry date
Share issue costs	1,208,000	2023 to 2026	456,000	2023 to 2025
Marketable securities	3,124,000	No expiry date	-	No expiry date
Allowable capital losses	-	No expiry date	577,000	No expiry date
Non-capital losses available for future periods	8,320,000	2034 to 2042	6,768,000	2034 to 2041

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

17. Commitments

Pursuant to the option agreement entered with Traction Uranium Corp., the Company is committed to incur $93,656 and $175,480 in eligible exploration expenditures for the Lazy Edward and Hearty Bay properties by December 9, 2022 (Note 8).

18. Subsequent events

Subsequent to June 30, 2022, 5,400,000 share purchase warrants were exercised for $0.06 per share and 200,000 share purchase warrants expired unexercised.