



Fission
URANIUM CORP.

**Condensed Consolidated Interim
Financial Statements**

(Unaudited – prepared by management)

Fission Uranium Corp.

**For the Three Month Period Ended
September 30, 2014**

Fission Uranium Corp.

Condensed Consolidated Interim Financial Statements

(Unaudited – prepared by management)

**For the Three Month Period Ended
September 30, 2014**

Notice

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim financial statements for the three month period ended September 30, 2014.

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Fission Uranium Corp.

Condensed consolidated interim statements of financial position
(Unaudited - prepared by management)
(Expressed in Canadian dollars)

	Note	September 30 2014	June 30 2014
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		29,397,951	28,908,384
Short-term investments		1,750	15,000
Amounts receivable	5	814,999	658,244
Prepaid expenses		172,293	182,555
		30,386,993	29,764,183
Property and equipment		224,163	242,682
Exploration and evaluation assets	6	223,668,682	210,020,459
Total Assets		254,279,838	240,027,324
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	4,465,056	3,312,827
Flow-through share premium liability	8(b)	4,321,125	-
Total Liabilities		8,786,181	3,312,827
Shareholders' Equity			
Share capital	8	307,492,234	297,123,549
Other capital reserves	8	18,794,113	16,990,702
Deficit		(80,792,690)	(77,399,754)
		245,493,657	236,714,497
Total Liabilities and Shareholders' Equity		254,279,838	240,027,324

Contingencies (Note 14)

Subsequent events (Note 15)

Approved by the board and authorized for issue on December 1, 2014.

"Frank Estergaard"

Director

"William Marsh"

Director

Fission Uranium Corp.

Condensed consolidated interim statements of comprehensive loss
(Unaudited - prepared by management)
(Expressed in Canadian dollars)

	Note	Three Months September 30 2014 \$	Three Months September 30 2013 \$
Expenses			
Business development		253,347	254,891
Consulting and directors fees		235,964	198,001
Depreciation		23,377	19,584
Office and administration		185,316	206,724
Professional fees		178,941	714,784
Public relations and communications		320,597	263,132
Share-based compensation	8(d)	2,068,068	919,388
Trade shows and conferences		12,534	47,440
Wages and benefits		196,919	186,669
		3,475,063	2,810,613
Other items - income/(expense)			
Exploration management fee income		-	271,686
Foreign exchange gain/(loss)		300	(5,139)
Interest and miscellaneous income		89,701	80,810
Rental income		5,376	41,766
(Loss)/gain on investments		(13,250)	311
Exploration and evaluation write-down	6	-	(87,869)
		82,127	301,565
Loss before income taxes		(3,392,936)	(2,509,048)
Deferred income tax recovery		-	324,766
Net loss and comprehensive loss for the period		(3,392,936)	(2,184,282)
Basic and diluted loss per common share		(0.01)	(0.01)
Weighted average number of common shares outstanding		353,570,081	150,692,549

Fission Uranium Corp.

Condensed consolidated interim statements of changes in equity

(Unaudited - prepared by management)

(Expressed in Canadian dollars)

	Note	Share capital		Other capital		Total
		Shares	Amount	reserves	Deficit	shareholders' equity
			\$	\$	\$	\$
Balance, July 1, 2013		149,894,586	79,315,530	487,206	(55,195,194)	24,607,542
Exercise of stock options/warrants		1,607,684	715,790	(60,969)	-	654,821
Share-based compensation	8(d)	-	-	1,192,053	-	1,192,053
Net loss and comprehensive loss		-	-	-	(2,184,282)	(2,184,282)
Balance, September 30, 2013		151,502,270	80,031,320	1,618,290	(57,379,476)	24,270,134
Common shares issued for the acquisition of Alpha Minerals Inc.	2 & 8(a)	159,883,655	169,476,674	-	-	169,476,674
Stock options issued for the acquisition of Alpha	2 & 8(d)	-	-	8,972,659	-	8,972,659
Warrants issued for the acquisition of Alpha	2	-	-	5,098,376	-	5,098,376
Flow-through common shares issued for cash	8(b)	8,581,700	12,872,550	-	-	12,872,550
Flow-through share premium		-	(3,947,582)	-	-	(3,947,582)
Common shares issued for cash	8(b)	17,968,750	28,750,000	-	-	28,750,000
Share issuance costs		-	(3,788,079)	1,055,324	-	(2,732,755)
Transfer of net assets to Fission 3.0 Corp. pursuant to the Fission Uranium Arrangement	2	-	-	-	(17,454,000)	(17,454,000)
Deferred income tax impact on share issuance costs		-	710,516	-	-	710,516
Exercise of stock options/warrants		14,373,085	13,018,150	(8,733,956)	-	4,284,194
Share-based compensation		-	-	8,980,009	-	8,980,009
Net loss and comprehensive loss		-	-	-	(2,566,278)	(2,566,278)
Balance, June 30, 2014		352,309,460	297,123,549	16,990,702	(77,399,754)	236,714,497
Flow-through common shares issued for cash	8(b)	9,602,500	14,403,750	-	-	14,403,750
Flow-through share premium		-	(4,321,125)	-	-	(4,321,125)
Share issuance costs		-	(917,874)	-	-	(917,874)
Exercise of stock options/warrants		1,155,500	1,203,934	(659,911)	-	544,023
Share-based compensation	8(d)	-	-	2,463,322	-	2,463,322
Net loss and comprehensive loss		-	-	-	(3,392,936)	(3,392,936)
Balance, September 30, 2014		363,067,460	307,492,234	18,794,113	(80,792,690)	245,493,657

Fission Uranium Corp.

Condensed consolidated interim statements of cash flows
(Unaudited - prepared by management)
(Expressed in Canadian dollars)

	Three Months September 30 2014 \$	Three Months September 30 2013 \$
Operating activities		
Net loss and comprehensive loss	(3,392,936)	(2,184,282)
Items not involving cash:		
Depreciation	23,377	19,584
Share-based compensation	2,068,068	919,388
Loss/(gain) on investments	13,250	(311)
Exploration and evaluation write-down	-	87,869
Deferred income tax recovery	-	(324,766)
	(1,288,241)	(1,482,518)
Changes in non-cash working capital items:		
(Increase)/decrease in amounts receivable	(229,313)	795,307
Decrease/(increase) in prepaid expenses	10,262	(33,057)
Increase in accounts payable and accrued liabilities	285,521	489,107
Cash flow used in operating activities	(1,221,771)	(231,161)
Investing activities		
Property and equipment additions	(4,858)	(22,176)
Exploration and evaluation asset additions	(12,313,703)	(3,997,124)
Exploration and evaluation asset cost recoveries	-	2,305,591
Cash flow used in investing activities	(12,318,561)	(1,713,709)
Financing activities		
Proceeds from the issuance of flow-through common shares net of share issuance costs	13,485,876	-
Proceeds from exercise of stock options/warrants	544,023	654,821
Cash flow provided by financing activities	14,029,899	654,821
Increase (decrease) in cash and cash equivalents during the period	489,567	(1,290,049)
Cash and cash equivalents, beginning of period	28,908,384	15,068,354
Cash and cash equivalents, end of period	29,397,951	13,778,305

Supplemental disclosure with respect to cash flows (Note 9)

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2014

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

1. Nature of operations

Fission Uranium Corp. (the "Company" or "Fission Uranium") was incorporated on February 13, 2013 under the laws of the Canada Business Corporations Act in connection with a court approved plan of arrangement to reorganize Fission Energy Corp. ("Fission Energy") which was completed on April 26, 2013 (the "Fission Energy Arrangement"). The Company's principal business activity is the acquisition and development of exploration and evaluation assets. To date, the Company has not generated significant 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 it is listed on the Toronto Stock Exchange under the symbol FCU and on the U.S. OTCQX under the symbol FCUUF.

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

2. Alpha Minerals and Fission Uranium Arrangement Agreement

On December 6, 2013 the Company completed an Arrangement Agreement and acquired all of the issued and outstanding shares of Alpha Minerals Inc. ("Alpha") and its interest in the Patterson Lake South ("PLS") Joint Venture (the "Alpha Arrangement"). Under the terms of the Alpha Arrangement, Fission Uranium offered shareholders of Alpha 5.725 shares of Fission Uranium and a cash payment of \$0.0001 for each Alpha share held. Based on 27,927,276 Alpha shares outstanding, the Company issued 159,883,655 of their common shares to complete the transaction, representing approximately 51.11% of the Company's issued and outstanding common shares on December 6, 2013. The 2,142,100 outstanding Alpha options were replaced by options to purchase 12,263,523 common shares of the Company with exercise prices ranging from \$0.1146 to \$0.6387 and expiring between February 17, 2014 and April 12, 2018. The 1,301,600 outstanding Alpha warrants were replaced by warrants to purchase 7,451,657 common shares of the Company with exercise prices ranging from \$0.1496 to \$0.8133 and expiring between February 17, 2014 and April 25, 2015.

Additionally, Alpha shareholders received all of the common shares of Alpha Exploration Inc. ("Alpha Exploration") which was spun-out from Alpha and holds all of Alpha's exploration and evaluation assets (other than Alpha's interest in the PLS Joint Venture), marketable securities, and property and equipment located in Alpha's office in Vancouver, BC.

Similarly, the shareholders of Fission Uranium received all of the common shares of Fission 3.0 Corp. ("Fission 3.0") which was spun-out from Fission Uranium and holds all of Fission Uranium's exploration and evaluation assets (other than Fission Uranium's interest in the PLS Joint Venture), short-term investments, and property and equipment located in Peru (the "Fission Uranium Arrangement").

Under the terms of the Alpha Arrangement and Fission Uranium Arrangement, each of Alpha Exploration and Fission 3.0 received \$3 million in cash to fund future operations. The transaction took place by way of a court approved plan of arrangement.

Alpha is in the early stage of exploration and does not yet have any processes or outputs, therefore Alpha is not considered a business under *IFRS 3 Business Combinations*. As a result the acquisition was accounted for as a purchase of assets. The purchase price has been allocated to the various assets and liabilities acquired through the Alpha Arrangement, including various working capital amounts and exploration and evaluation assets.

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2014

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

2. Alpha Minerals and Fission Uranium Arrangement Agreement (continued)

The total purchase price of the acquisition and the net identifiable assets of Alpha acquired are described below:

Purchase price	\$
27,927,276 common shares of Alpha	
by issue of 159,883,655 Fission Uranium shares @ \$1.06	169,476,674
2,142,100 Alpha options replaced by options	
to purchase 12,263,523 Fission Uranium shares	7,793,252
1,301,600 Alpha warrants replaced by warrants	
to purchase 7,451,657 Fission Uranium shares	5,098,376
Transaction costs	2,199,836
Total purchase price	184,568,138
Assets acquired	
Net working capital	8,136,076
Exploration and evaluation assets	176,432,062
Net identifiable assets of Alpha	184,568,138

The fair value of the stock options and warrants of Alpha was estimated as of December 6, 2013 using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Stock Options	Warrants
Risk Free Interest Rate	1.09%	1.09%
Expected Life - Years	0.79	1.01
Annualised Volatility	65.32%	88.40%
Dividend Rate	0%	0%

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value of the Company's stock options and warrants.

The carrying value of the net assets transferred to Fission 3.0, pursuant to the Fission Uranium Arrangement, consisted of the following:

	\$
Assets	
Cash	3,081,523
Short-term investments	766,066
Amounts receivable	102,518
Property and equipment	15,619
Exploration and evaluation assets	6,186,147
Total Assets	10,151,873
Liabilities	
Accounts payable and accrued liabilities	(45,433)
Deferred tax liability	(1,615,941)
Total Liabilities	(1,661,374)
Carrying Value	8,490,499
Fair value of assets distributed to Fission Uranium shareholders	(17,454,000)
Gain on Fission 3.0 spin-out	(8,963,501)

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

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(Unaudited – prepared by management)

(Expressed in Canadian dollars)

2. Alpha Minerals and Fission Uranium Arrangement Agreement (continued)

In accordance with *IFRIC 17, Distributions of Non-cash Assets to Owners*, the Company recognized the distribution of assets to Fission Uranium shareholders at fair value with the difference between that value and the carrying amount of the assets recognized in the statement of comprehensive loss.

Fission 3.0 was a wholly owned subsidiary of Fission Uranium up to December 5, 2013. The Company recognized a \$99,579 gain on the de-consolidation of Fission 3.0 on December 5, 2013.

3. Significant accounting policies

(a) Statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs") as at September 30, 2014. The condensed consolidated interim financial statements were authorized for issue by the board of directors on December 1, 2014.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2014 prepared in accordance with IFRS.

(b) Basis of presentation

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

(c) Basis of consolidation

The Company consolidates subsidiaries on the basis that it controls the subsidiary through its ability to govern its financial and operating policies. All intercompany transactions and balances with the Company's former subsidiaries have been eliminated.

At September 30, 2014 the Company held no subsidiaries.

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2014

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(d) IFRS standards adopted

The accounting policies applied in preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended June 30, 2014 except for the IFRS standards adopted below.

IFRS 9, Financial Instruments

On July 24, 2014 the IASB issued *IFRS 9, Financial Instruments*, which will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristic of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. For financial liabilities, the standard retains most of the IAS 39 requirements.

Adoption of IFRS 9 is mandatory for annual periods beginning on or after January 1, 2018 however the Company has early adopted IFRS 9 effective July 1, 2014, as well as the related consequential amendments to other IFRSs. The Company has assessed the financial assets and financial liabilities held by the Company at the date of initial application of IFRS 9. The main effects resulting from this assessment were:

- (i) Short-term investments previously classified as held for trading and measured at fair value through profit and loss continue to be recognized in a consistent manner. The Company has not made any elections to recognize fair value changes on any of its equity instruments through other comprehensive income.
- (ii) All other financial instruments including cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities continue to be recognized at fair value on initial recognition and subsequently measured at amortized cost.

There was no difference between the previous carrying amount (under IAS 39) and the revised carrying amount (under IFRS 9) of the financial assets or financial liabilities as at July 1, 2014 to be recognized in opening deficit.

Financial assets

All financial assets are initially recorded at fair value and categorized into the following two categories for subsequent measurement purposes: amortized cost and fair value.

A financial asset is classified at 'amortized cost' only if both of the following criteria are met: a) the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. If either of the two criteria are not met, the financial asset is classified at 'fair value through profit or loss'.

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements
For the three month period ended September 30, 2014
(Unaudited – prepared by management)
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3. Significant accounting policies (continued)

(d) IFRS standards adopted (continued)

Financial assets (continued)

The Company has classified its cash and cash equivalents and amounts receivable at amortized cost for subsequent measurement purposes. All short-term investments are measured at fair value through profit or loss.

Financial liabilities

All financial liabilities are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are measured at amortized cost.

(e) New Standards, Amendments and Interpretations Not Yet Effective

The IASB issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after July 1, 2015.

No new or revised standards or amendments are expected to have a significant impact to the Company's 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 condensed consolidated interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Exploration and evaluation assets

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

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

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements
For the three month period ended September 30, 2014
(Unaudited – prepared by management)
(Expressed in Canadian dollars)

5. Amounts receivable

	September 30 2014	June 30 2014
	\$	\$
GST receivable	675,244	396,893
Due from provincial governments	-	72,558
Loans receivable	-	14,967
Other receivables	139,755	173,826
	814,999	658,244

The Company does not have any significant balances that are past due. Significant amounts receivable are current, and the Company does not have any allowance for doubtful accounts. Due to their short-term maturities, the fair value of amounts receivable approximates their carrying value.

6. Exploration and evaluation assets

Three Month Period Ended September 30, 2014

Patterson Lake South Property	Total
	\$
Acquisition costs	
Balance, beginning and end of period	176,501,858
Exploration costs	
Balance, beginning of period	33,518,601
Incurring during the period	
Geophysics airborne	10,663
Geophysics ground	95,789
Drilling	12,993,395
Land retention and permitting	7,985
Reporting	6,074
Environmental	55,712
Safety	78,667
Community relations	284
General	4,400
Share-based compensation	395,254
Additions	13,648,223
Balance, end of period	47,166,824
Total	223,668,682

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements
For the three month period ended September 30, 2014
(Unaudited – prepared by management)
(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

Year Ended
June 30, 2014

	North Shore Property	Beaver River Property	Clearwater West Property	Manitou Falls Property	Patterson Lake North Property	Patterson Lake South Property	Thompson Lake Property	Peru Properties	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs									
Balance, beginning of year	-	11,154	9,517	3,410	-	69,796	1,742	-	95,619
Acquired through Alpha plan of arrangement	-	-	-	-	-	176,432,062	-	-	176,432,062
Transfer to Fission 3.0 pursuant to Fission Uranium Arrangement	(-)	(11,154)	(9,517)	(3,410)	(-)	-	(1,742)	(-)	(25,823)
Balance, end of year	-	-	-	-	-	176,501,858	-	-	176,501,858
Exploration costs									
Balance, beginning of year	3,464	500	15,012	881	4,458,945	5,466,820	597	-	9,946,219
Incurring during the year									
Geology mapping/sampling	53,047	-	9,126	-	33,475	668,473	-	6,771	770,892
Geophysics airborne	830,386	206,561	294,563	67,889	114,633	70,491	34,600	-	1,619,123
Geophysics ground	6,374	630	9,493	630	43,592	838,270	630	3,457	903,076
Drilling	27,774	-	-	-	192,207	28,340,434	-	16,537	28,576,952
Land retention and permitting	24,517	75	213	75	9,739	84,944	75	8,317	127,955
Reporting	216	37	38	38	3,666	43,045	38	-	47,078
Environmental	38	-	-	-	-	190,421	-	9,635	200,094
Safety	-	-	-	-	-	231,199	-	-	231,199
Community relations	2,663	-	-	-	-	729	-	13,986	17,378
General	-	-	-	-	40,124	410,425	-	56,865	507,414
Share-based compensation	22,522	-	30,000	-	58,677	1,545,119	-	28,314	1,684,632
Additions	967,537	207,303	343,433	68,632	496,113	32,423,550	35,343	143,882	34,685,793
Cost recoveries	-	-	-	-	(437,436)	(4,371,769)	-	-	(4,809,205)
Write-down	-	-	-	-	-	-	-	(143,882)	(143,882)
Transfer to Fission 3.0 pursuant to Fission Uranium Arrangement	(971,001)	(207,803)	(358,445)	(69,513)	(4,517,622)	-	(35,940)	(-)	(6,160,324)
Balance, end of year	-	-	-	-	-	33,518,601	-	-	33,518,601
Total	-	-	-	-	-	210,020,459	-	-	210,020,459

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2014

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

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

Patterson Lake South, Canada

The Company acquired an interest in various claims in Saskatchewan as part of the Fission Energy Arrangement (note 1). As a result of the completion of the Alpha Arrangement (note 2), through which the Company acquired all of the issued and outstanding shares of Alpha, Fission Uranium has a 100% interest in the Patterson Lake South property. Prior to the completion of the Alpha Arrangement, the Company recorded cost recoveries from Alpha for their 50% interest in the PLS Joint Venture. The Company was also entitled to a management fee equal to 10% of expenditures for operator services.

7. Accounts payable and accrued liabilities

	September 30	June 30
Maturity dates < 6 months	2014	2014
	\$	\$
Trade payables	3,763,031	2,686,827
Accrued liabilities	702,025	626,000
	4,465,056	3,312,827

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2014

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

8. Share capital and other capital reserves

The Company is authorized to issue an unlimited number of common shares, without par value.

(a) Alpha Arrangement

The Company completed the acquisition of all of the outstanding shares of Alpha on December 6, 2013. As part of the consideration the Company issued 159,883,655 common shares with a fair value of \$169,476,674 (note 2).

(b) Private Placements

December 9, 2013

The Company completed a private placement of 8,581,700 flow-through common shares at \$1.50 per share for aggregate gross proceeds of \$12,872,550. The Company paid agents' commissions of \$723,148 plus \$217,695 of expenses and issued 482,099 broker warrants with an attributed value of \$230,700 based on the Black-Scholes pricing model, which was included in other capital reserves. Each broker warrant is exercisable into one common share of the Company for a period of 2 years at a price of \$1.50 per share with an expiry date of December 9, 2015. The assumptions used in the Black-Scholes pricing model include a volatility of 104.55%, risk free interest rate of 1.08%, expected life of 2 years and a dividend rate of 0%. All warrants vested immediately on the date of the grant. At the time of financing, a flow-through share premium liability of \$3,947,582 was recognized and was reported as a reduction to share capital. The flow-through share premium liability was taken into other income when the renunciation documents were filed.

April 1, 2014

The Company completed a private placement of 17,968,750 special warrants ("Special Warrants"), at a price of \$1.60 per Special Warrant, for gross proceeds of \$28,750,000. The Company paid agents' commissions of \$1,437,500 plus \$354,412 of expenses and issued 898,439 broker warrants with an attributed value of \$824,624 based on the Black-Scholes pricing model, which was included in other capital reserves. Each broker warrant is exercisable into one common share of the Company for a period of 2 years at a price of \$1.60 per share with an expiry date of April 1, 2016. The assumptions used in the Black Scholes pricing model include a volatility of 104.39%, risk free interest rate of 1.07%, expected life of 2 years and a divided rate of 0%. All warrants vested immediately on the date of the grant. On April 25, 2014 the Company received approval for the final short form prospectus. On April 28, 2014 the 17,968,750 Special Warrants were automatically exercised into 17,968,750 common shares of the Company.

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8. Share capital and other capital reserves (continued)

(b) Private placements (continued)

September 23, 2014

The Company completed a private placement of 9,602,500 flow-through common shares at a price of \$1.50 per share, for gross proceeds of \$14,403,750. The Company paid agents' commissions of \$714,109 plus \$203,765 of expenses. At the time of financing, a flow-through share premium liability of \$4,321,125 was recognized and was reported as a reduction to share capital. The flow-through share premium liability will be taken into other income when the renunciation documents are filed.

(c) Stock options and warrants

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

Stock options and share purchase warrants transactions are summarized as follows:

	Stock options		Warrants	
	Number	Weighted	Number	Weighted
	outstanding	average	outstanding	average
		exercise		exercise
		price ⁽¹⁾		price
		\$		\$
Balance July 1, 2013	14,608,011	0.6181	4,027,763	0.3542
Granted	17,320,000	1.3816	1,380,538	1.5651
Issued through Alpha Arrangement	12,263,523	0.3611	7,451,657	0.6013
Exercised ⁽²⁾	(11,607,360)	0.3311	(4,373,409)	0.2388
Expired	(433,841)	0.9310	(34,350)	0.1496
Forfeited	(487,500)	0.7300	-	-
Outstanding, June 30, 2014	31,662,833	1.0155	8,452,199	0.8120
Exercised ⁽²⁾	(1,135,500)	0.4738	(20,000)	0.3028
Outstanding, September 30, 2014	30,527,333	1.0357	8,432,199	0.8132

(1) The weighted average exercise prices are before the exercise price adjustment noted on the following pages.

(2) The weighted average share price of the stock options exercised during the three month period ended September 30, 2014 was \$1.2287 (June 30, 2014 - \$1.2726). The weighted average share price of the warrants exercised during the three month period ended September 30, 2014 was \$1.10 (June 30, 2014 - \$1.2473).

Fission Uranium Corp.

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8. Share capital and other capital reserves (continued)

(c) Stock options and warrants (continued)

As at September 30, 2014, incentive stock options and share purchase warrants were outstanding as follows:

Stock options			
Number outstanding	Exercise price \$	Number of vested options	Expiry date
114,500	0.1496 ⁽²⁾	114,500	December 6, 2014
50,750	0.1496 ⁽²⁾	50,750	January 14, 2015
57,250	0.2020 ⁽²⁾	57,250	December 6, 2014
572,500	0.2020 ⁽²⁾	572,500	January 14, 2015
35,000	0.2505 ⁽¹⁾	35,000	February 3, 2015
836,667	0.2505 ⁽¹⁾	836,667	December 31, 2017
27,500	0.3862 ⁽¹⁾	27,500	January 12, 2015
950,000	0.3862 ⁽¹⁾	950,000	December 30, 2015
536,666	0.3862 ⁽¹⁾	536,666	January 12, 2017
313,000	0.6177 ⁽²⁾	313,000	December 6, 2014
486,625	0.6387 ⁽²⁾	486,625	December 6, 2014
1,001,875	0.6387 ⁽²⁾	1,001,875	January 14, 2015
8,225,000	0.6820 ⁽¹⁾	8,225,000	June 1, 2016
1,000,000	1.1000	500,000	December 15, 2015
1,140,000	1.2000	285,000	January 14, 2015
7,430,000	1.2000	1,857,500	January 21, 2019
450,000	1.2920 ⁽¹⁾	450,000	August 15, 2016
300,000	1.3100	75,000	February 25, 2019
800,000	1.6500	200,000	January 14, 2015
6,200,000	1.6500	1,550,000	April 4, 2019
30,527,333		18,124,833	

(1) Fission Uranium option exercise prices were reduced by \$0.048 pursuant to the Fission Uranium Arrangement.

(2) Replacement options for previously issued Alpha options.

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8. Share capital and other capital reserves (continued)

(c) Stock options and warrants (continued)

Warrants			
Number outstanding	Exercise price	Number of vested warrants	Expiry date
	\$		
1,965,000	0.3028 ⁽¹⁾	1,965,000	January 21, 2015
337,774	0.7085 ⁽²⁾	337,774	April 25, 2015
4,748,887	0.8133 ⁽²⁾	4,748,887	April 25, 2015
482,099	1.5000	482,099	December 9, 2015
898,439	1.6000	898,439	April 1, 2016
8,432,199		8,432,199	

(1) Upon exercise the original Fission Uranium exercise price of \$0.3528 will be allocated as follows: i) \$0.3028 to Fission Uranium warrants; and ii) \$0.05 to Fission 3.0 warrants. These warrants must be exercised in conjunction with the exercise of Fission 3.0 warrants.

(2) Alpha warrants issued through the Alpha Arrangement.

(d) Share-based compensation

During the three month period ended September 30, 2014, the Company did not grant any options (September 30, 2013 – 450,000). Pursuant to the vesting of options previously granted, during the three month period ended September 30, 2014 share-based compensation of \$2,068,068 (September 30, 2013 – \$919,388) was recognized in the statements of comprehensive loss and \$395,254 (September 30, 2013 – \$272,665) was recognized in exploration and evaluation assets. The total amount was also recorded as other capital reserves in the statements of changes in equity. All options are recorded at fair value using the Black-Scholes option pricing model.

During the year ended June 30, 2014, the Company issued 12,263,523 options to former option holders of Alpha as part of the Alpha Arrangement. The options have a fair value of \$8,972,659 of which \$7,793,252 formed part of the acquisition consideration (note 2) and \$1,179,407 was recognized in the statements of comprehensive loss representing the excess in fair value of the replacement options which were fully vested on the date of grant. The total amount was also recorded as other capital reserves in the statements of changes in equity.

The following assumptions were used for the valuation of share-based compensation for vesting of options previously granted:

	September 30 2014	September 30 2013
Risk Free Interest Rate	1.15%	1.22%
Expected Life - Years	1.94	2.00
Annualised Volatility	89.94%	97.77%
Dividend Rate	0.00%	0.00%

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2014

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

9. Supplemental disclosure with respect to cash flows

	September 30 2014	June 30 2014
	\$	\$
Cash and cash equivalents		
Cash	17,117,951	4,128,384
Redeemable Term Deposits	12,280,000	24,780,000
	29,397,951	28,908,384

There were no cash payments for interest and income taxes during the three month period ended September 30, 2014, and September 30, 2013. During the three month period ended September 30, 2014 the Company received \$87,417 (September 30, 2013 - \$18,900) in interest income.

Significant non-cash transactions for the three month period ended September 30, 2014 included:

- (a) Incurring \$3,679,438 of exploration and evaluation assets through accounts payable and accrued liabilities;
- (b) Recognizing \$395,254 of share-based payments in exploration and evaluation assets;
- (c) Reclassifying \$659,911 from other capital reserves to share capital on the exercise of stock options and warrants; and
- (d) Reclassifying \$4,321,125 from share capital to flow-through share premium liability for the flow-through share premium liability recognized.

Significant non-cash transactions for the three month period ended September 30, 2013 included:

- (a) Incurring \$3,920,765 of exploration and evaluation assets through accounts payable and accrued liabilities;
- (b) Recognizing \$272,665 of share-based payments in exploration and evaluation assets; and
- (c) Reclassifying \$60,969 from other capital reserves to share capital on the exercise of stock options and warrants.

Fission Uranium Corp.

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10. Related party transactions

The Company identified directors and certain senior management as its key management personnel. The compensation costs for key management personnel are as follows:

	Three months ended	
	September 30	
	2014	2013
	\$	\$
Compensation Costs		
Wages and consulting fees paid or accrued to key management personnel and companies controlled by key management personnel	333,626	227,024
Directors fees	52,500	63,150
Share-based compensation for vesting of options previously granted to certain senior management	477,967	286,039
Share-based compensation for vesting of options previously granted to directors	729,411	384,805
	1,593,504	961,018

	Three months ended	
	September 30	
	2014	2013
	\$	\$
Amounts Received or Receivable		
Exploration and administrative services billed to Fission 3.0 Corp. a company with common directors and management	118,589	-

Share based payments represent the fair value calculations of options in accordance with *IFRS 2 Share-based Payments* granted to key management personnel.

Included in accounts payable at September 30, 2014 is \$163,955 (June 30, 2014 - \$191,003) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at September 30, 2014 is \$41,632 (June 30, 2014 - \$7,371) for exploration and administrative services and expense recoveries due from Fission 3.0.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. Segmented information

The Company primarily operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets located in Canada.

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

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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 share purchase 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, acquire or dispose of assets or adjust the amount of cash, cash equivalents, and short-term investments. The issuance of common shares requires approval of the Board of Directors.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets and updates them as necessary depending on various factors, including capital deployment and general industry conditions. The Company anticipates continuing to access equity markets to fund continued exploration and development of its exploration and evaluation assets and the future growth of the business.

13. Financial instruments and risk management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, 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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. The fair value of short-term investments represents their quoted market price.

Short-term investments are designated as held for trading and therefore carried at fair value, with the unrealized gain or loss recorded in the statements of comprehensive loss.

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

Fission Uranium Corp.

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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:

- (i) Cash and cash equivalents; and
- (ii) Amounts receivable.

The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At September 30, 2014, the Company has no financial assets that are past due or impaired due to credit risk defaults.

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

	September 30 2014	June 30 2014
	\$	\$
Cash and cash equivalents	29,397,951	28,908,384
Amounts receivable	814,999	658,244
	30,212,950	29,566,628

(b) Liquidity risk

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

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13. Financial instruments and risk management (continued)

(b) Liquidity risk (continued)

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

	Maturity Dates	September 30 2014	June 30 2014
		\$	\$
Accounts payable and accrued liabilities	< 6 months	4,465,056	3,312,827

14. Contingencies

(a) July 29, 2013 Civil Claim and November 8, 2013 Counterclaim

On November 8, 2013, the Company received a counterclaim filed in the Supreme Court of British Columbia wherein it is named as a defendant by way of counterclaim to the Company's civil claim filed against Jody Dahrouge, Debbie Dahrouge, 877384 Alberta Ltd. and Dahrouge Geological Consulting Ltd. on July 29, 2013. The counterclaim alleges, among other things, that the Company slandered title to the properties at issue in the civil claim filed by the Company; and the Company interfered with Dahrouge Geological Consulting Ltd. contractual relations. The Company believes that the counterclaim is without merit and intends to vigorously defend itself. Fission 3.0 Corp. has agreed to indemnify the Company for any losses incurred by the Company arising out of the counterclaim.

No amount has been accrued in these financial statements in respect of the claim or counterclaim as the outcome is not determinable at this time. Any recovery or costs ultimately awarded to or assessed against the Company in respect of this claim and counterclaim will be recorded in the period in which actual determination of the recovery or liability, if any, is made.

(b) February 5, 2014 Notice of Civil Claim

On February 5, 2014, the Company received notice of a civil claim filed in the Supreme Court of British Columbia wherein it is named as a defendant. The claim was made by Mr. Jody Dahrouge, a former director of Fission Energy Corp. with whom the Company is engaged in separate, ongoing litigation (note 14(a) above). The claim alleges that an officer of the Company defamed Mr. Dahrouge in statements made in a magazine interview given in December 2013. The Company believes that the claim is without merit and intends to vigorously defend itself.

No amount has been accrued in these financial statements in respect of the claim as the outcome is not determinable at this time. Any costs ultimately assessed against the Company in respect of this claim will be recorded in the period in which actual determination of the liability, if any, is made.

Fission Uranium Corp.

Notes to the condensed consolidated interim financial statements

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15. Subsequent events

Subsequent to September 30, 2014:

- (a) 2,011,200 stock options were exercised with a weighted average exercise price of \$0.4778 and weighted average share price of \$0.8720; and
- (b) 548,887 warrants were exercised with a weighted average exercise price of \$0.4276 and a weighted average share price of \$0.8885.