

**FISSION ENERGY CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited – Prepared by Management)**

**MARCH 31, 2008**

## **Unaudited Interim Financial Statements**

### **Notice**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended March 31, 2008.

**FISSION ENERGY CORP.**  
**CONSOLIDATED BALANCE SHEET**  
(Unaudited – Prepared by Management)

March 31,  
2008

**ASSETS**

**Current**

Cash and equivalents	\$ 7,488,279
Investments	273,000
Receivables	1,690,559
Prepaid expenses	<u>14,875</u>
	9,466,713

**Equipment**

68,821

**Mineral property interests** (Note 4)

23,306,020

\$ 32,841,554

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ <u>2,148,758</u>
--	---------------------

**Future income taxes**

2,846,177

**Shareholders' equity**

Capital stock (Note 5)	27,416,579
Contributed surplus (Note 5)	984,027
Deficit	<u>(553,987)</u>

27,846,619

\$ 32,841,554

**Nature and continuance of operations** (Note 2)

**On behalf of the Board:**

“Ray Larson”

Director

“Dev Randhawa”

Director

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

**FISSION ENERGY CORP.**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT**  
(Unaudited – Prepared by Management)

	Three month period ended March 31, 2008	From inception on July 17, 2007 to March 31, 2008
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Advertising and promotion	\$ 454	\$ 10,412
Amortization	4,063	10,312
Business development	26,313	48,147
Consulting fees	222,970	431,710
Insurance	2,988	4,136
Office and miscellaneous	26,732	57,778
Professional fees	77,165	97,948
Regulatory fees	4,969	9,279
Rent	5,009	14,895
Shareholder communications	7,682	16,485
Stock-based compensation (Note 5)	321,736	729,506
Telephone	5,391	15,483
Trade shows and conferences	21,016	35,757
Transfer agent	1,859	11,345
Travel	56,342	73,751
Wages and benefits	<u>19,015</u>	<u>45,938</u>
<b>Loss before other items</b>	<b>(803,704)</b>	<b>(1,612,882)</b>
<b>OTHER ITEMS</b>		
Joint venture administrative income	195,668	195,668
Interest income	75,921	122,665
Foreign exchange loss	(627)	(1,086)
Unrealized loss on investments	<u>(207,000)</u>	<u>(407,000)</u>
	<u>63,962</u>	<u>(89,753)</u>
<b>Loss before income taxes</b>	<b>(739,742)</b>	<b>(1,702,635)</b>
<b>Future income tax recovery</b>	<b><u>1,051,055</u></b>	<b><u>1,148,648</u></b>
<b>Net income (loss) for the period</b>	<b>311,313</b>	<b>(553,987)</b>
<b>Deficit, beginning of period</b>	<b><u>(865,300)</u></b>	<b><u>-</u></b>
<b>Deficit, end of period</b>	<b>\$ (553,987)</b>	<b>\$ (553,987)</b>
<b>Basic and diluted income (loss) per common share</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>40,391,276</b>	<b>37,400,063</b>
<b>Weighted average number of diluted common shares outstanding</b>	<b>41,003,608</b>	<b>37,400,063</b>

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

**FISSION ENERGY CORP.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited – Prepared by Management)

	Three month period ended March 31, 2008	From inception on July 17, 2007 to March 31, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ 311,313	\$ (553,987)
Items not affecting cash:		
Amortization	4,063	10,312
Future income tax recovery	(1,051,055)	(1,148,648)
Unrealized loss on investments	207,000	407,000
Stock-based compensation	321,736	729,506
Changes in non-cash working capital items:		
Increase in receivables	(126,801)	(463,390)
Increase in prepaid expenses	(14,875)	(14,875)
Increase (decrease) in accounts payable and accrued liabilities	<u>(61,923)</u>	<u>165,490</u>
Cash used in operating activities	<u>(410,542)</u>	<u>(868,592)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mineral property costs	(70,764)	(97,383)
Deferred exploration costs	(2,075,700)	(5,818,439)
Mineral property cost recoveries	1,447,903	1,472,903
Equipment purchased	<u>(1,805)</u>	<u>(79,133)</u>
Cash used in investing activities	<u>(700,366)</u>	<u>(4,522,052)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of capital stock	1,000,000	13,093,000
Share issuance costs	(73,057)	(714,077)
Transfer of cash per plan of arrangement	<u>-</u>	<u>500,000</u>
Cash provided by financing activities	<u>926,943</u>	<u>12,878,923</u>
<b>Change in cash and equivalents during the period</b>	<b>(183,965)</b>	<b>7,488,279</b>
<b>Cash and equivalents, beginning of period</b>	<u><b>7,672,244</b></u>	<u><b>-</b></u>
<b>Cash and equivalents, end of period</b>	<u><b>\$ 7,488,279</b></u>	<u><b>\$ 7,488,279</b></u>

Supplemental disclosure with respect to cash flows (Note 6)

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

**FISSION ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
MARCH 31, 2008

---

---

**1. BASIS OF PRESENTATION**

The consolidated financial statements contained herein include the accounts of Fission Energy Corp. (the “Company”) and its wholly owned subsidiary, Minera Peruran S.A. Significant inter-company balances and transactions are eliminated on consolidation.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries will be included and presented on a comparative and consistent basis where available showing the figures for the corresponding period. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

**2. NATURE AND CONTINUANCE OF OPERATIONS**

The Company was formed on July 17, 2007 under the laws of the Canada Business Corporations Act as a result of a plan of arrangement undertaken to reorganize Strathmore Minerals Corp. (“Strathmore”) (Note 3). The Company's principal business activity is the acquisition and exploration of mineral property interests. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties, including acquisition costs and related exploration costs, are 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.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments to assets and liabilities should the Company be unable to continue in existence.

**3. PLAN OF ARRANGEMENT**

On June 19, 2007 the shareholders of Strathmore approved a plan of arrangement (“the arrangement”) to reorganize the Canadian and Peruvian mineral property interests. The effective date of the transaction was July 17, 2007.

Under the terms of the arrangement, all of Strathmore’s Canadian and Peruvian mineral property interests with a cost base of \$18,117,002 and \$500,000 in cash were transferred to the Company. A future tax liability has been recorded in the amount of \$1,640,443 relating to the difference between the cost base and the elected values for tax purposes. Under the terms of the arrangement, Strathmore’s shareholders as at the share distribution record date of July 13, 2007 received one new common share in the capital of Strathmore (a “Strathmore New Share”) and one-third of one common share in the capital of Fission Energy (a “Fission Energy Share”) for each Strathmore common share (“Strathmore Share”) for a total of 24,168,911 shares issued.

**FISSION ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
**MARCH 31, 2008**

**4. MINERAL PROPERTY INTERESTS**

<b>From inception on July 17, 2007 to March 31, 2008</b>	Athabasca Property	Fort McLeod Property	Caribou Mountain Property	Zoo Bay Property	Duddridge Lake Property	Waterbury Lake Property	Patterson Lake Property	Davy Lake Property	Dieter Lake Property	Staked Canadian Properties	Staked Peru Mineral Properties	Total
<b>Acquisition costs:</b>												
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquired through plan of arrangement	3,099,249	1,421,483	-	-	495,719	1,939,539	2,139,180	5,354,845	1,854,220	1,214,697	598,070	18,117,002
Additions	-	-	211,625	434,000	-	-	-	-	994	70,764	-	717,383
Recovery	(630,000)	-	-	-	(150,000)	(126,276)	-	-	-	(25,000)	-	(931,276)
Balance, end of period	<u>2,469,249</u>	<u>1,421,483</u>	<u>211,625</u>	<u>434,000</u>	<u>345,719</u>	<u>1,813,263</u>	<u>2,139,180</u>	<u>5,354,845</u>	<u>1,855,214</u>	<u>1,260,461</u>	<u>598,070</u>	<u>17,903,109</u>
<b>Exploration costs:</b>												
Balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-	-
Incurred during the period:												
Access	-	-	-	-	-	-	-	-	-	-	-	-
Drilling	95,303	-	-	-	355,128	519,939	824,674	650	-	-	-	1,795,694
Engineering	-	-	-	-	-	-	-	208,209	-	-	120,806	329,015
Environmental	-	-	-	-	-	-	50	-	-	-	8,899	8,949
Equipment & vehicle rental	201,305	-	-	1,976	270,425	80,492	78,244	219,903	1,422	-	-	853,767
Facilities/Construction	326	-	-	-	-	-	31	29,532	-	-	-	29,889
Geology	258,730	17,880	98	56,136	126,859	351,256	-	1,378,847	118,166	191	42,450	2,350,613
Geophysics	289,726	-	-	19,607	5,720	69,075	200,500	83,222	101,462	50	-	769,362
General expenses	2,161	2,093	-	-	8,203	7,962	5,848	4,386	7,070	517	31,025	69,265
Health & safety	-	-	-	-	-	-	-	-	-	-	28,822	28,822
Property fees	-	-	-	-	-	-	-	-	101,592	-	-	101,592
Permitting/Regulatory	13,292	3,457	-	-	4,749	11,918	8,016	23,580	9,649	1,200	41,147	117,008
Personnel	138,384	831	539	550	170,172	134,638	76,574	525,300	33,745	1,952	71,003	1,153,688
Travel	14,371	65	-	5	41,384	17,464	4,101	83,869	14,939	1	17,844	194,043
	1,013,598	24,326	637	78,274	982,640	1,192,744	1,198,038	2,557,498	388,045	3,911	361,996	7,801,707
Cost recoveries	(595,311)	-	-	-	(718,617)	(1,062,484)	(22,384)	-	-	-	-	(2,398,796)
Balance, end of period	<u>418,287</u>	<u>24,326</u>	<u>637</u>	<u>78,274</u>	<u>264,023</u>	<u>130,260</u>	<u>1,175,654</u>	<u>2,557,498</u>	<u>388,045</u>	<u>3,911</u>	<u>361,996</u>	<u>5,402,911</u>
<b>Total costs</b>	<b>\$ 2,887,536</b>	<b>\$ 1,445,809</b>	<b>\$ 212,262</b>	<b>\$ 512,274</b>	<b>\$ 609,742</b>	<b>\$ 1,943,523</b>	<b>\$ 3,314,834</b>	<b>\$ 7,912,343</b>	<b>\$ 2,243,259</b>	<b>\$ 1,264,372</b>	<b>\$ 960,066</b>	<b>\$23,306,020</b>

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

**4. MINERAL PROPERTY INTERESTS (cont'd...)**

**Athabasca property, Canada**

The Company acquired a 100% interest in a uranium property located in Alberta, Canada, as part of a plan of arrangement with Strathmore (Note 3). The property is subject to a 0.75% net smelter returns royalty on certain mineral production and a 4% gross over riding royalty on any diamond production from the property.

On July 24, 2007, the Company completed an option agreement with Tribune Resources Corp (“Tribune”). Tribune will have the right to acquire 60% interest in the Company’s north shore portion of the property.

Under the terms of the Option Agreement, Tribune may earn a 60% undivided interest in the North Shore portion of the property by issuing 600,000 common shares, which may be subject to hold periods from four months to one year, and incurring expenditures of \$10 million over six years. The Company has received 600,000 shares valued at \$630,000. If Tribune earns the 60% interest, the Company may buy back an 11% interest for \$10,000,000. Tribune’s interest in the property will be subject to a net smelter royalty extracted from it. The rate of the royalty will vary depending on the market price of yellowcake.

**Fort McLeod property, Canada**

The Company acquired a 100% interest in certain claims located in Alberta, Canada as part of a plan of arrangement with Strathmore (Note 3).

**Caribou Mountain and Zoo Bay properties, Canada**

On November 30, 2007 the Company acquired an option for a 100% interest in the Caribou Mountain and Zoo Bay claims located in Alberta, Canada. The company issued a total of 700,000 shares for the Caribou Mountain property and 300,000 shares for the Zoo Bay property. The 700,000 shares issued are subject to a 3 year escrow agreement. The shares will be released in stages over a 3 year period. The Company has incurred additional costs in the amount of \$25,625 to complete the acquisition.

**Duddridge Lake property, Canada**

The Company acquired a 100% interest in certain claims located in north central Saskatchewan, Canada as part of a plan of arrangement with Strathmore (Note 3).

On July 17, 2007, the Company completed an option agreement with Great Bear Uranium Corp. (“Great Bear”). To earn its interest, Great Bear must fund \$6,000,000 in exploration expenditures, make payments totalling \$400,000 and issue 400,000 shares to Strathmore, as follows:

**FISSION ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
**MARCH 31, 2008**

**4. MINERAL PROPERTY INTERESTS (cont'd...)**

**Dudridge Lake property, Canada (cont'd...)**

	Cash	Common Shares of the Optionee	Minimum exploration commitments	Percent Interest earned by Optionee
On signing	\$150,000 plus additional staking costs up to \$100,000	200,000		
By Mar 31 2008	\$150,000	200,000	\$750,000	
By Mar 31 2009			\$1,000,000	
By Mar 31 2010			\$1,000,000	35 % Interest earned
By Mar 31 2011			\$1,250,000	51 % interest earned
By Dec 31 2013			\$2,000,000	60% earned
Total	\$400,000	400,000	\$6,000,000	

**Waterbury Lake property, Canada**

The Company acquired a 100% interest in certain claims located in Saskatchewan, Canada as part of a plan of arrangement with Strathmore (Note 3).

On January 30, 2008 the Company completed an earn-in agreement with a group led by Korea Electric Power Corporation (“KEPCO”), under the newly created Korea Waterbury Uranium Limited Partnership (the “Waterbury Consortium”). Pursuant to the earn-in agreement, the Company has granted the Waterbury Consortium the exclusive right to earn up to a 50% interest in the Waterbury Lake property by funding \$14,000,000 of expenditures by the third anniversary. Pursuant to the earn-in agreement, the Waterbury Consortium may:

- earn an initial 20% interest in the Waterbury Lake Property by subscribing for, on a private placement basis, 1,000,000 common shares of the Company at a price of \$1.00 (which has been completed) and by incurring, on or prior to the first anniversary of the execution date, exploration costs in the amount of \$5,500,000.
- earn an additional 15% (for an aggregate 35% interest) by incurring, on or prior to the second anniversary, additional exploration costs in the amount of \$4,000,000; and
- earn an additional 15% (for an aggregate 50% interest) by incurring, on or prior to the third anniversary of , additional exploration costs in the amount of \$4,500,000

In addition, the Company shall be the operator of the project and the Company shall retain an overriding royalty interest in the property of 2% of net smelter returns in yellowcake.

If the Waterbury Consortium earns the 50% interest, the Company may buy back an 10% interest for \$6,000,000.

**Patterson Lake property, Canada**

The Company acquired a 100% interest in certain claims located in Saskatchewan, Canada as part of a plan of arrangement with Strathmore (Note 3).

On January 21, 2008 the Company entered into a joint venture exploration agreement with ESO Uranium Corporation (“ESO”) to include claims jointly staked in late 2007 on the southern extension of Fission’s 100% owned Patterson Lake claims and ESO’s Hook Lake property. The 50%-50% exploration project will now be known as the Patterson Lake South Joint Venture.

**FISSION ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
MARCH 31, 2008

---

---

**4. MINERAL PROPERTY INTERESTS (cont'd...)**

**Dieter Lake property, Canada**

The Company acquired a 100% interest in certain claims located in Quebec as part of a plan of arrangement with Strathmore (Note 3). An additional 66,667 shares will be issued in the event a resource of more than 60 million pounds containing U<sub>3</sub>O<sub>8</sub> (Uranium) is confirmed at the property.

**Staked properties, Canada (cont'd...)**

The Company acquired a 100% interest in the following uranium properties: Comstock located in British Columbia, Hall Lake, Murphy Lake and Torwalt Lake located in north-central Saskatchewan as part of a plan of arrangement with Strathmore (Note 3).

On December 17, 2007 the Company completed an option agreement with Hillcrest Resources Ltd. ("Hillcrest"), to explore and develop Fission's Torwalt Lake Property

Fission has granted Hillcrest the exclusive right to earn-in a total 60% undivided interest in the Torwalt Lake exploration project, pursuant to the following terms

- Hillcrest has paid \$25,000 on signing this agreement;
- Hillcrest shall make a second payment of \$25,000 on the first anniversary;
- Hillcrest shall incur a minimum of \$150,000 in exploration expenditures on or before the first anniversary of the effective date;
- Hillcrest shall earn a 15% undivided interest after incurring an additional \$250,000 in exploration expenditures on or before the second anniversary of the effective date;
- Hillcrest shall have earned a 30% total undivided interest after incurring an additional \$350,000 in exploration expenditures on or before the third anniversary;
- Hillcrest shall have earned a 60% total undivided interest after incurring an additional \$500,000 in exploration expenditures on or before the fourth anniversary.
- The Company retains a 2% net smelter return on all future production.

**Staked properties, Peru**

The Company acquired a 100% interest in certain uranium properties located in Peru as part of a plan of arrangement with Strathmore (Note 3).

**FISSION ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
**MARCH 31, 2008**

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited number of common shares, without par value			
Issued			
As at July 17, 2007	-	\$ -	\$ -
Granted per plan of arrangement (Note 3)	24,168,911	17,026,559	-
Private placements	16,833,143	13,093,000	-
For mineral properties	1,000,000	620,000	-
Stock-based compensation – options granted	-	-	729,506
Agents' warrants	-	-	254,521
Share issue costs	-	(968,598)	-
Tax benefits renounced to flow through share subscribers	-	(2,354,382)	-
As March 31, 2008	42,002,054	\$ 27,416,579	\$ 984,027

**Private Placements**

On November 15, 2007, the Company completed a brokered private placement of common and flow-through shares. The Company issued 6,572,000 common shares at a price of \$0.70 per share, and 8,415,000 flow-through shares at a price of \$0.82 per share for aggregate gross proceeds of \$11,500,700. The Company paid agent's commissions of \$537,610, plus \$52,000 of expenses and issued 700,600 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at a price of \$0.70 for a period of 18 months following the closing date of the private placement. The broker warrants were valued at \$254,521 using the Black-Scholes option pricing model.

On December 20, 2007, the Company completed a non-brokered private placement of 846,143 common shares at \$0.70 per share for total proceeds of \$592,300.

On March 11, 2008, the Company completed a non-brokered private placement of 1,000,000 common shares at \$1.00 per share for total proceeds of \$1,000,000.

**Stock options and warrants**

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less an applicable discount. The options can be granted for a maximum term of 5 years.

Pursuant to the plan of arrangement described in Note 3, all Strathmore warrant holders as at the completion date of Strathmore's spin-out transaction are entitled to receive a one third share of the Company for each warrant exercised. The exercise price will be split between Strathmore and the Company on the same ratio that the fair market value of the Spin-Out Assets has to the fair market value of all assets of Strathmore.

**FISSION ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
MARCH 31, 2008

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**Stock options and warrants (cont'd...)**

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, July 17, 2007	-	\$ -	-	\$ -
Granted per plan of arrangement	180,442	0.86	-	-
Granted	700,600	0.70	3,210,000	0.82
Expired/cancelled	-	-	(10,000)	0.85
Outstanding March 31, 2008	881,042	0.73	3,200,000	0.82
Number currently exercisable	881,042	\$ 0.73	1,208,333	\$ 0.81

As at March 31, 2008, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
<b>Warrants</b>	170,442	\$ 0.86	May 9, 2008 (subsequently expired)
	<u>700,600</u>	0.70	May 14, 2009
	881,042		
<b>Options</b>	2,250,000	0.80	August 12, 2012
	100,000	0.80	November 14, 2012
	500,000	0.85	November 29, 2012
	150,000	0.85	March 7, 2013
	150,000	1.00	March 14, 2013
	<u>50,000</u>	1.05	March 31, 2013
	3,200,000		

**FISSION ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
MARCH 31, 2008

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**Stock options and warrants (cont'd...)**

**Stock-based compensation**

During the period ended March 31, 2008, the Company granted 3,210,000 options to employees, consultants and directors. Pursuant to the vesting of options issued, total stock-based compensation recognized in the statement of operations during the period ended March 31, 2008 was \$729,506. This amount was also recorded as contributed surplus on the balance sheet. All options are recorded at fair value using the Black-Scholes option pricing model.

The following assumptions were used for the valuation of stock options and warrants:

From Inception on July 17, 2007 to March 31, 2008	2008
Risk-free interest rate	2.81 – 2.92%
Expected life	4.92 years
Annualized volatility	100%
Dividend rate	0.00%

**6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

From Inception on July 17, 2007 to March 31, 2008	2008
Cash paid during the period for interest	\$ -

Significant non-cash transactions from inception to March 31, 2008 included:

- a) Receiving marketable securities for mineral properties valued at \$630,000.
- b) Receiving marketable securities pursuant to the plan of arrangement with Strathmore valued at \$50,000.
- c) Issuing 24,168,911 common shares valued at \$17,026,559 pursuant to the plan of arrangement with Strathmore (Note 3).
- d) Issuing 1,000,000 common shares valued at \$620,000 for mineral property acquisition
- e) Recording a future tax liability from the plan of arrangement in the amount of \$1,640,443 resulting in a charge to capital stock
- f) Renouncing flow through expenditures of \$6,900,300 resulting in a charge to capital stock of \$2,354,382.
- g) Incurring mineral property expenditures of \$1,983,268 through accounts payable and accrued liabilities.

**FISSION ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
**MARCH 31, 2008**

**7. RELATED PARTY TRANSACTIONS**

The Company paid or accrued the following amounts to related parties:

From Inception on July 17, 2007 To March 31, 2008	Three month period ended March 31, 2008	From Inception on July 17, 2007 to March 31, 2008
Consulting fees	\$ 100,500	\$ 236,166
General and administrative	\$ 53,862	\$ 53862
Deferred exploration	\$ 1,264,220	\$ 1,264,220

Included in accounts payable is \$1,222,015 for consulting, general and administrative and deferred exploration fees to directors, officers and companies controlled by directors.

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.

Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

**8. FINANCIAL INSTRUMENTS**

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash equivalents as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

**9. SEGMENTED INFORMATION**

The Company primarily operates in one reportable operating segment, being the exploration of mineral property interests and considers its loss from operations from inception on July 17, 2007 to March 31, 2008, to relate to this segment.

The Company has mineral property interests located in Canada and Peru and conducts administrative activities from Canada. The total amount of capital assets attributable to Canada is \$22,395,052 Peru is \$979,789.

## **FISSION ENERGY CORP.**

### **FORM 51-102F2 MANAGEMENT'S DISCUSSION & ANALYSIS FROM INCEPTION ON JULY 17, 2007 TO MARCH 31, 2008**

The following discussion and analysis, prepared as of May 23, 2008, should be read in conjunction with the results of operations and financial position of Fission Energy Corp. (the "Company") from inception on July 17, 2007 to March 31, 2008.

#### **Forward Looking Statements**

Statements in this report that are not historical based facts are forward looking statements involving know and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward looking statements.

#### **Description of Business**

Fission Energy Corp. (the "Company") is a junior resource issuer primarily engaged in the acquisition, exploration, and development of uranium resource properties primarily in Canada. In addition, the Company holds a uranium property in the Macusani District of Peru. Fission Energy Corp. was created as a result of a plan of arrangement undertaken to reorganize Strathmore Minerals Corp. ("Strathmore") into two separate operating companies. The Board of Directors and Management for Strathmore Minerals Corp have continued on to serve with Fission Energy Corp. Fission began trading as a new public company on July 25, 2007, under the symbol FIS.V (TSX Venture Exchange). Management believes that the exploration and development of uranium properties presents an opportunity for the following reasons:

- Increased worldwide energy demand
- Increased demand for uranium.
- Uranium Demand/Supply Imbalance, resulting in significantly higher uranium prices
- Potential for increased demand from developing countries as they construct new nuclear power plants
- Many of Fission Energy's properties are located in Saskatchewan's Athabasca Basin, home of the world's richest uranium deposits in the world.

This increased demand and higher prices have stimulated new exploration and development of both new and previously explored uranium properties. In Saskatchewan, the entire Athabasca Basin and areas beyond have been staked by mining exploration companies, including Fission Energy, which controls over 809,000 hectares (~2 million acres) of prospective exploration lands.

#### **Performance Summary and Update**

The Company's primary objective is to locate, evaluate and acquire uranium properties and to finance their exploration and potential development through equity financing, by way of joint venture, option agreements or other means. At the time of writing, the long-term uranium contract price was US \$90 /lb. and the spot price was US \$60/lb. The following is a summary of significant events and transactions that occurred during the period:

Most of the uranium properties currently held by Fission Energy Corp were originally staked or acquired by Strathmore Minerals Corp. after 2003, with the exception of the Macusani Property in Peru, which was acquired in 1997. Most of the properties are located in Saskatchewan's Athabasca Basin. Fission continues to hold one of the largest portfolios of early stage exploration properties in the Basin. Other properties outside the Athabasca Basin include Dieter Lake in Quebec, the Fort McLeod property in southern Alberta, and the Caribou Mountains project in Northern Alberta, which was acquired just prior to the December 31, 2007 quarter end. While Management believes its properties have the potential for hosting an economic uranium deposit, exploration carries considerable risk and there is no guarantee that an economic mineral deposit will be discovered. A list of the Company's uranium exploration projects is shown in the table below.

## Performance Summary and Update (Cont'd...)

PROJECT	LOCATION	OWNERSHIP
Dieter Lake	Quebec, Canada	100 % Fission Energy Corp.
Waterbury Lake	Athabasca Basin, SK	J.V – KEPCO
Davy Lake	Athabasca Basin, SK	100% Fission Energy Corp.
Patterson Lake	Athabasca Basin, SK	100% Fission Energy Corp.
Patterson Lake South	Athabasca Basin, SK	J V – ESO Uranium Corp
Duddridge Lake	Athabasca Basin, SK	J V - Great Bear Resources
Torwalt Lake	Athabasca Basin, SK	J V- Hillcrest Resource
Zoo Bay	Athabasca Basin, SK	100% Fission Energy
Athabasca North Shore	Athabasca Basin, AB	J V - Tribune Resources
Athabasca South Shore	Athabasca Basin, AB	100% Fission Energy Corp.
Caribou Mountains	Caribou Mountains, Northern AB	100% Fission Energy Corp
Fort McLeod	Southwestern AB	100 % Fission Energy Corp.
Macusani	Peru, South America	100 % Fission Energy Corp.

### Plan of Arrangement

On June 19, 2007 the shareholders of Strathmore approved the terms of the arrangement, (“the arrangement”) to reorganize the Canadian and Peruvian mineral property interests. The effective date of the transaction was July 17, 2007

Under the terms of the arrangement, all of Strathmore’s Canadian and Peruvian mineral property interests with a cost base of \$18,117,002 and \$500,000 in cash were transferred to the Company. A future tax liability has been recorded in the amount of \$1,640,443 relating to the difference between the cost base and the elected values for tax purposes. Under the terms of the arrangement, Strathmore’s shareholders as at the share distribution record date of July 13, 2007 received one new common share in the capital of Strathmore (a “Strathmore New Share”) and one-third of one common share in the capital of Fission Energy (a “Fission Energy Share”) for each Strathmore common share (“Strathmore Share”) for a total of 24,168,911 shares.

### Private Placements

On November 15, 2007, Fission Energy Corp completed a brokered private placement of common and flow-through shares. The Company issued 6,572,000 common shares at a price of \$0.70 per share, and 8,415,000 flow-through shares at a price of \$0.82 per share for aggregate gross proceeds of \$11,500,700. The Company paid agent’s commissions of \$537,610, plus \$52,000 of expenses and issued 700,600 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at a price of \$0.70 for a period of 18 months following the closing date of the private placement. The broker warrants were valued at \$254,521 using the Black-Scholes option pricing model.

On December 20, 2007 the Company completed a non-brokered private placement of 846,143 common shares at \$0.70 per share for total proceeds of \$592,300.

On March 11, 2008, the Company completed a non-brokered private placement of 1,000,000 common shares at \$1.00 per share for total proceeds of \$1,000,000.

### Management Changes

On October 12, 2007, Mr. Ross McElroy, a registered professional geologist in Saskatchewan, Alberta, and NWT/Nunavut, was appointed Vice-President of Exploration. Mr. McElroy brings over 20 years professional experience on all types of mineral projects from grass roots exploration, to mine development and production.

During the quarter ending March 31, 2008, Mr. Jody Dahrouge, P. Geol. was appointed President and Chief Operating Officer, replacing David Miller, who retains his position on Fission's Board of Directors. Mr. Dahrouge was granted options to purchase up to 150,000 common shares at \$0.85 per share for a period of five years expiring on March 7, 2013.

### Uranium Resources Summary by Property

The following table updates the Company's uranium resources as of December 31, 2007. Additions and changes are dependent on future successful exploration results. The table includes NI 43-101 compliant (Measured and Indicated, and Inferred), and historical resources as defined by the results of exploration completed by previous mining companies. The discussion following the table revisits previously released information and adds the new historical resources where appropriate.

Location	Previous Operator	Resource Classification	Tonnage	Grade % U <sub>3</sub> O <sub>8</sub>	Lbs/U <sub>3</sub> O <sub>8</sub>
Dieter Lake, Quebec	Uranerz	NI 43-101: Inferred	19,312,816 tonnes	0.057	24,424,306
Duddridge Lake, Sask.	Noranda	NI 43-101: Inferred	227,880 tonnes	0.105	487,663

*The technical information in this table has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed by Jody Dahrouge, P. Geol., a qualified person under National Instrument 43-101. However, a qualified person has not completed sufficient work to classify these historic mineral resources as current mineral resources; and is not treating the historic resources as current. Hence, they should not be relied upon. It should be noted that mineral resources, which are not mineral reserves do not have demonstrated economic viability.*

### Athabasca North Shore Properties

In July 2007, Fission Energy completed an option agreement with Tribune Uranium Corp whereby Tribune has the right to acquire a 60% interest in the Company's North Shore Athabasca Property. Tribune has issued 600,000 common shares to Fission and is required to spend \$10 million in exploration over 6 years. Fission is operator, and retains an 11% buyback interest in the project. During the quarter ending March 31, 2008, a VTEM airborne magnetic and EM survey was undertaken as follow-up to an airborne magnetic and VLF survey completed during the fall of 2007. A 1,000m drill program is planned subsequent to quarter end.

### Caribou Mountains & Zoo Bay Uranium Properties

On December 3, 2007 the Company acquired the Caribou Mountains and Zoo Bay Uranium properties. The Caribou Mountains Property comprises 41 Metallic and industrial Mineral Permits totaling ~337,000 hectares ((932,000 acres) in Northern Alberta, while the Zoo Bay claims total 12,140 hectares (~30,000 acres) along the northeast margin of the Athabasca Basin.

## Duddridge Lake

At the beginning of the quarter, crews were mobilized to the Duddridge Lake Property located at the southern fringe of the Athabasca basin. This project is joint ventured with Great Bear Uranium Corp., who can earn a 60% by spending \$6 million in exploration over 5 years. This agreement was completed when Fission Energy was part of Strathmore Minerals Corp. Exploration is focusing on the area of known mineralization. A 15-20 hole drill program totaling 1,000 meters commenced in January, 2008. Fission Energy is the operator.

## Waterbury Lake

On October 4, 2007, Fission Energy entered into a non-binding Memorandum of Understanding with Korea Electric Power (KEPCO) for the joint exploration and development of the Waterbury Lake project in the eastern part of the basin. The Waterbury Lake Property comprises 41, 280 hectares and virtually surrounds the AREVA-Denison Midwest Uranium Deposit scheduled to begin production in 2010-11.

During the quarter ending March 31, 2008, an agreement with a Korean consortium led by KEPCO was signed whereas the consortium can earn up to a 50% interest in the Waterbury Lake project pursuant to the terms of that agreement. Prior to the closing of this agreement, Fission completed an 8 hole first phase winter exploration drill program totaling 2,219m on its eastern claim. Significant radioactivity was encountered in three of the eight holes. Samples were systematically collected from the drill core to evaluate clay alteration minerals utilizing spectral analysis and XRD analysis. In addition, separate drill core samples were forwarded for assay by SRC Analytical Laboratories based in Saskatoon.

On February 27, 2008, the Company announced hole WAT-007 intersected a mineralized zone from 181.67 to 185.27 m. The drill hole assayed 0.10%  $U_3O_8$  over 3.6 meters, including 0.30%  $U_3O_8$  over 1.1 meters with peaks up to 0.99%  $U_3O_8$  over 0.30 m. Shortly after these results were disclosed, Hathor Exploration announced a significant uranium discovery near its northern claim boundary with Fission Energy. On March 3, 2008, Hathor announced its discovery hole intersected 5.29%  $U_3O_8$  over 11.9m. The discovery, now known as the "Roughrider Zone", may extend onto Fission's Waterbury Lake northern claim.

Subsequent to the quarter ending March 31, 2008, it was learned that Hathor Exploration attempted to stake additional ground in the vicinity of the "Roughrider Zone" that overlapped onto Fission's northern Waterbury Lake claim. Fission filed an objection with the Saskatchewan Ministry of Energy and Resources. This provincial government agency upheld Fission's filing, and the Company retained its key ground near the "Roughrider Zone". However, the Ministry denied the Company a small fractional claim located to the southwest of the discovery. This fractional claim was granted to Hathor Exploration, subject to corrected deficiencies. Fission's spring exploration program, initiated after the end of the quarter, will focus on the area near the "Roughrider Zone" This program has been given priority over drilling on the Company's eastern claim, which was suspended due to spring break-up conditions. The Fission /Waterbury Consortium has budgeted C\$5.5 million for exploration in 2008.

### Patterson Lake

In 2007, the Company completed a five hole drill program totaling 1406m at its Patterson Lake property located approximately 30km south of the advanced UEX-AREVA Joint Venture exploration and development project in the southwestern part of the Athabasca Basin. The drilling tested two conductors. Assays were received during the quarter resulting in the discovery of significant alteration, geochemical anomalies, and structures commonly associated with unconformity type Uranium deposits in the Athabasca Basin. The Company is very encouraged by these results and plans are underway for an expanded exploration program, planned for calendar 2008. During the quarter, Fission completed a MEGATEM airborne geophysical survey and commenced a 5,000m drill program.

### Patterson Lake South

During the quarter ending March 31, 2008, Fission and ESO Energy Corp entered into a joint venture exploration agreement to include claims jointly staked in late 2007 on the southern extension of the Company's 100% owned Patterson Lake claims. In December, a 162 line-km MEGATEM Magnetic-EM Airborne Survey was completed over what is now defined as the Patterson Lake South project. The results of this MEGATEM survey are being processed by Fugro Airborne Surveys, and will form the basis for developing ground targets for further work planned by the Joint Venture in 2008.

### Davy Lake

At Davy Lake, where a 51 km contiguous conductor was identified in 2006, summer geophysical programs were carried out to further identify and prioritize drill targets. No work was carried out during the quarter. Additional ground geophysics, followed by a phase 1 drill program, is planned 2008.

### Dieter Lake

An all weather camp was established by Strathmore Minerals at Dieter Lake in 2006 and is available to Fission for future exploration. The Company is planning a 5,000m drill program to be completed during the summer of 2008.

### Torwalt Lake

On December 17, 2007, Fission completed an option agreement with Hillcrest Resources Ltd. to explore for uranium at the Company's Torwalt lake property, located approximately 10 km east of the Waterbury lake project. Hillcrest can earn up to a 60% interest in the project, pursuant to the terms of the agreement. Torwalt Lake is an early stage uranium exploration project.

### Peru

Management is reviewing alternatives for this property.

## MINERAL PROPERTY INTERESTS

<b>From Inception on July 17, 2007 to March 31, 2008</b>	Athabasca Property	Fort McLeod Property	Caribou Mountain Property	Zoo Bay Property	Duddridge Lake Property	Waterbury Lake Property	Patterson Lake Property	Davy Lake Property	Dieter Lake Property	Staked Canadian Properties	Staked Peru Mineral Properties	Total
<b>Acquisition costs:</b>												
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquired through plan of arrangement	3,099,249	1,421,483	-	-	495,719	1,939,539	2,139,180	5,354,845	1,854,220	1,214,697	598,070	18,117,002
Additions	-	-	211,625	434,000	-	-	-	-	994	70,764	-	717,383
Recovery	(630,000)	-	-	-	(150,000)	(126,276)	-	-	-	(25,000)	-	(931,276)
Balance, end of period	<u>2,469,249</u>	<u>1,421,483</u>	<u>211,625</u>	<u>434,000</u>	<u>345,719</u>	<u>1,813,263</u>	<u>2,139,180</u>	<u>5,354,845</u>	<u>1,855,214</u>	<u>1,260,461</u>	<u>598,070</u>	<u>17,903,109</u>
<b>Exploration costs:</b>												
Balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-	-
Incurred during the period:												
Access	-	-	-	-	-	-	-	-	-	-	-	-
Drilling	95,303	-	-	-	355,128	519,939	824,674	650	-	-	-	1,795,694
Engineering	-	-	-	-	-	-	-	208,209	-	-	120,806	329,015
Environmental	-	-	-	-	-	-	50	-	-	-	8,899	8,949
Equipment & vehicle rental	201,305	-	-	1,976	270,425	80,492	78,244	219,903	1,422	-	-	853,767
Facilities/Construction	326	-	-	-	-	-	31	29,532	-	-	-	29,889
Geology	258,730	17,880	98	56,136	126,859	351,256	-	1,378,847	118,166	191	42,450	2,350,613
Geophysics	289,726	-	-	19,607	5,720	69,075	200,500	83,222	101,462	50	-	769,362
General expenses	2,161	2,093	-	-	8,203	7,962	5,848	4,386	7,070	517	31,025	69,265
Health & safety	-	-	-	-	-	-	-	-	-	-	28,822	28,822
Property fees	-	-	-	-	-	-	-	-	101,592	-	-	101,592
Permitting/Regulatory	13,292	3,457	-	-	4,749	11,918	8,016	23,580	9,649	1,200	41,147	117,008
Personnel	138,384	831	539	550	170,172	134,638	76,574	525,300	33,745	1,952	71,003	1,153,688
Travel	14,371	65	-	5	41,384	17,464	4,101	83,869	14,939	1	17,844	194,043
	<u>1,013,598</u>	<u>24,326</u>	<u>637</u>	<u>78,274</u>	<u>982,640</u>	<u>1,192,744</u>	<u>1,198,038</u>	<u>2,557,498</u>	<u>388,045</u>	<u>3,911</u>	<u>361,996</u>	<u>7,801,707</u>
Cost recoveries	(595,311)	-	-	-	(718,617)	(1,062,484)	(22,384)	-	-	-	-	(2,398,796)
Balance, end of period	<u>418,287</u>	<u>24,326</u>	<u>637</u>	<u>78,274</u>	<u>264,023</u>	<u>130,260</u>	<u>1,175,654</u>	<u>2,557,498</u>	<u>388,045</u>	<u>3,911</u>	<u>361,996</u>	<u>5,402,911</u>
<b>Total costs</b>	<b>\$ 2,887,536</b>	<b>\$ 1,445,809</b>	<b>\$ 212,262</b>	<b>\$ 512,274</b>	<b>\$ 609,742</b>	<b>\$ 1,943,523</b>	<b>\$ 3,314,834</b>	<b>\$ 7,912,343</b>	<b>\$ 2,243,259</b>	<b>\$ 1,264,372</b>	<b>\$ 960,066</b>	<b>\$23,306,020</b>

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

## Results of Operations

General and administrative expenses totaled \$1,612,882 from inception to March 31, 2008. Major expenses included consulting fees of \$431,710 and stock based compensation of \$729,506 relating to the granting of incentive stock options to directors, officers, employees and certain consultants.

## Summary of Quarterly Results

		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
2007/2008	Net Income (loss)	(536,996)	(328,304)	311,313	
	Net Income (loss) per share	(.02)	(.012)	0.01	

## Liquidity and Capital resources

The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties, including acquisition costs and related exploration costs, are 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. The Company expects to rely upon equity financing as its primary source of funding.

The financial statements have been prepared on a going concern basis 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 continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

## Related Party Transactions

From inception on July 17, 2007 to March 31, 2008, the Company entered into the following transactions involving related parties:

- a) Paid or accrued management consulting fees in the amount of \$68,000 and Directors fees of \$15,500 to a company controlled by Devinder Randhawa, the Chairman and Chief Executive Officer for services provided to the Company.
- b) Paid or accrued management consulting fees in the amount of \$40,500 to a company controlled by an officer, Steven Khan, for services provided to the Company.
- c) Paid or accrued management consulting fees in the amount of \$16,000 and Directors fees of \$15,500 to David Miller, the President and Chief Operating Officer for services provided to the Company.
- d) Paid or accrued management consulting fees in the amount of \$29,500 to Patrick Groening, the Chief Financial Officer for services provided to the Company.
- e) Paid or accrued general, administrative, and exploration costs of \$1,318,081 to companies controlled by Jody Dahrouge, the president of the Company.
- f) Paid or accrued Directors fees in the amount of \$17,250 to Mike Halverson.
- g) Paid or accrued Directors fees in the amount of \$17,250 to Dieter Krewedl.
- h) Paid or accrued Directors fees in the amount of \$16,666 to Ray Larson.

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.

Amounts due to related parties are due to directors and companies controlled by directors and are unsecured, non-interest bearing and have no specific repayment terms.

## **Outstanding Share Data**

As at May 23, 2008, the Company has 42,002,054 common shares issued and outstanding. The Company also has 3,200,000 incentive stock options with exercise prices ranging from \$0.80 to \$1.05 per share, 180,442 share purchase warrants for an exercise price of \$0.86 per share and 700,600 share purchase warrants for an exercise price of \$0.70 per share

## **Financial instruments**

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash equivalents as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

## **New and Upcoming Accounting Pronouncements**

### Assessing Going Concern

The AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

### Financial Instruments

The AcSB issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB issued CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

## **New and Upcoming Accounting Pronouncements\_(Cont'd...)**

### Capital Disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

### Accounting Changes

The AcSB issued CICA Handbook Section 1506. The main features of this new standard are (a) voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information; (b) changes in accounting policy are applied retrospectively unless doing so is impracticable (as defined in the section); (c) prior period errors are corrected retrospectively; and (d) new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors. This new standard is effective for fiscal years beginning on or after January 1, 2007.