Consolidated Financial Statements

Fission Uranium Corp.

For the Year Ended
June 30, 2014

October 20, 2014

Independent Auditor's Report

To the Shareholders of Fission Uranium Corp.

We have audited the accompanying consolidated financial statements of Fission Uranium Corp., which comprise the consolidated statements of financial position as at June 30, 2014 and June 30, 2013 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended June 30, 2014 and June 30, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fission Uranium Corp. as at June 30, 2014 and June 30, 2013 and its financial performance and cash flows for the years ended June 30, 2014 and June 30, 2013 in accordance with International Financial Reporting Standards.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants

Fission Uranium Corp.

Consolidated Financial Statements

For the Year Ended
June 30, 2014

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Fission Uranium Corp.

Consolidated statements of financial position
(Expressed in Canadian dollars)

	Note	**June 30 2014**	June 30 2013
		$	$
Assets			
Current assets			
Cash and cash equivalents		**28,908,384**	15,068,354
Short-term investments	6	**15,000**	601,800
Amounts receivable	7	**658,244**	2,550,144
Prepaid expenses		**182,555**	101,415
		29,764,183	18,321,713
Property and equipment	8	**242,682**	246,308
Exploration and evaluation assets	9	**210,020,459**	10,041,838
Total Assets		**240,027,324**	28,609,859
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	**3,312,827**	2,338,172
Deferred tax liability	14	**-**	1,664,145
Total Liabilities		**3,312,827**	4,002,317
Shareholders' Equity			
Share capital	11	**297,123,549**	79,315,530
Other capital reserves	11	**16,990,702**	487,206
Deficit		**(77,399,754)**	(55,195,194)
		236,714,497	24,607,542
Total Liabilities and Shareholders' Equity		**240,027,324**	28,609,859

Contingencies (Note 18)
Subsequent events (Note 19)

Approved by the board and authorized for issue on October 20, 2014.

"Frank Estergaard"
Director

"William Marsh"
Director

Fission Uranium Corp.

Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Note	**Year Ended June 30 2014**	Year Ended June 30 2013
		$	$
Expenses			
Business development		**924,111**	408,023
Consulting and directors fees		**1,503,045**	1,538,223
Depreciation	8	**86,430**	65,288
Flow-through share tax		**13,709**	-
Office and administration		**953,772**	597,053
Professional fees		**1,468,938**	972,461
Public relations and communications		**1,301,674**	558,111
Share-based compensation	11(e)	**9,666,837**	924,087
Trade shows and conferences		**338,515**	176,764
Wages and benefits		**1,747,758**	1,383,438
		18,004,789	6,623,448
Other items - income/(expense)			
Exploration management fee income		**437,200**	400,247
Expense recovery		**-**	166,757
Flow-through premium recovery		**3,947,582**	-
Foreign exchange loss		**(11,889)**	(8,821)
Interest and miscellaneous income		**389,077**	46,893
Rental income		**71,106**	13,597
Gain on investments		**164,267**	177,311
Exploration and evaluation write-down	9	**(143,882)**	(274,941)
Gain on spin-off transaction	3	**8,963,501**	-
Gain on de-consolidation of subsidiary	3	**99,579**	-
		13,916,541	521,043
Loss before income taxes		**(4,088,248)**	(6,102,405)
Deferred income tax expense	14	**(662,312)**	(345,718)
Net loss and comprehensive loss for the year		**(4,750,560)**	(6,448,123)
Basic and diluted loss per common share		**(0.02)**	(0.04)
Weighted average number of common shares outstanding		**254,509,813**	149,469,474

Fission Uranium Corp.

Consolidated statements of changes in equity
(Expressed in Canadian dollars)

		Share capital				
	Note	Shares	Amount	Other capital reserves	Deficit	**Total shareholders' equity**
			$	$	$	**$**
Balance, July 1, 2012		-	-	14,074,664	(10,010,503)	**4,064,161**
Funding and expenses paid by Fission Energy		-	-	7,543,276	-	**7,543,276**
Assets contributed by Fission Energy pursuant to the Fission Energy Arrangement	2	-	-	18,779,700	-	**18,779,700**
Adjustment for shares issued in connection with the Fission Energy Arrangement	2	-	-	38,736,568	(38,736,568)	**-**
Shares issued pursuant to the Fission Energy Arrangement	2 & 11(a)	149,445,871	79,134,208	(79,134,208)	-	**-**
Exercise of stock options/warrants		448,715	181,322	-	-	**181,322**
Share-based compensation	11(e)	-	-	487,206	-	**487,206**
Net loss and comprehensive loss		-	-	-	(6,448,123)	**(6,448,123)**
Balance, June 30, 2013		149,894,586	79,315,530	487,206	(55,195,194)	**24,607,542**
Common shares issued for the acquisition of Alpha Minerals Inc.	3 & 11(b)	159,883,655	169,476,674	-	-	**169,476,674**
Stock options issued for the acquisition of Alpha	3 & 11(e)	-	-	8,972,659	-	**8,972,659**
Warrants issued for the acquisition of Alpha	3	-	-	5,098,376	-	**5,098,376**
Flow-through common shares issued for cash	11(c)	8,581,700	12,872,550	-	-	**12,872,550**
Flow-through share premium		-	(3,947,582)	-	-	**(3,947,582)**
Common shares issued for cash	11(c)	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	3	-	-	-	(17,454,000)	**(17,454,000)**
Deferred income tax impact on share issuance costs		-	710,516	-	-	**710,516**
Exercise of stock options/warrants		15,980,769	13,733,940	(8,794,925)	-	**4,939,015**
Share-based compensation	11(e)	-	-	10,172,062	-	**10,172,062**
Net loss and comprehensive loss		-	-	-	(4,750,560)	**(4,750,560)**
Balance, June 30, 2014		**352,309,460**	**297,123,549**	**16,990,702**	**(77,399,754)**	**236,714,497**

Fission Uranium Corp.

Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year Ended June 30 2014	Year Ended June 30 2013
	$	$
Operating activities		
Net loss and comprehensive loss	**(4,750,560)**	(6,448,123)
Items not involving cash:		
Depreciation	**86,430**	65,288
Share-based compensation	**9,666,837**	924,087
Flow-through premium recovery	**(3,947,582)**	-
Gain on investments	**(164,267)**	(177,311)
Exploration and evaluation write-down	**143,882**	274,941
Gain on spin-off transaction	**(8,963,501)**	-
Gain on de-consolidation of subsidiary	**(99,579)**	-
Deferred income tax expense	**662,312**	345,718
	(7,366,028)	(5,015,400)
Changes in non-cash working capital items:		
Decrease (increase) in amounts receivable	**1,983,584**	(2,424,299)
Increase in prepaid expenses	**(81,140)**	(46,783)
(Decrease) increase in accounts payable and accrued liabilities	**(599,156)**	727,531
Cash flow used in operating activities	**(6,062,740)**	(6,758,951)
Investing activities		
Property and equipment additions	**(98,423)**	(100,593)
Exploration and evaluation asset additions	**(32,597,497)**	(9,470,009)
Exploration and evaluation asset cost recoveries	**3,430,591**	5,403,894
Increase in short-term investments	**(15,000)**	-
Cash acquired on acquisition of Alpha Minerals Corp.	**8,435,812**	-
Cash flow used in investing activities	**(20,844,517)**	(4,166,708)
Financing activities		
Proceeds from the issuance of common shares and flow-through common shares net of share issuance costs	**38,889,795**	-
Proceeds from exercise of stock options/warrants	**4,939,015**	181,322
Funding received from Fission Energy for operations	**-**	8,294,546
Cash received pursuant to the Fission Energy Arrangement	**-**	17,518,145
Cash paid to Fission 3.0 pursuant to the Fission Uranium Arrangement	**(3,081,523)**	-
Cash flow provided by financing activities	**40,747,287**	25,994,013
Increase in cash and cash equivalents during the year	**13,840,030**	15,068,354
Cash and cash equivalents, beginning of year	**15,068,354**	-
Cash and cash equivalents, end of year	**28,908,384**	15,068,354

Supplemental disclosure with respect to cash flows (Note 12)

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 (see note 2). 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. Fission Energy Arrangement Agreement

On April 26, 2013, Fission Energy and Denison Mines Corp. ("Denison") completed an Arrangement Agreement (the "Fission Energy Agreement") pursuant to which Denison acquired all of the issued and outstanding shares of Fission Energy with Fission Energy spinning out certain assets into Fission Uranium by way of a court approved plan of arrangement (the "Fission Energy Arrangement").

Pursuant to the Fission Energy Agreement, Denison acquired a portfolio of uranium exploration projects including Fission Energy's 60% interest in the Waterbury Lake uranium project, as well as Fission Energy's exploration interests in all other properties in the eastern part of the Athabasca Basin, its interest in two joint ventures in Namibia plus its assets in Quebec and Nunavut (together, the "Assets"). Assets spun-out to Fission Uranium primarily consisted of the Patterson Lake North ("PLN"), Patterson Lake South ("PLS"), Clearwater West, North Shore, and Peru properties (together "the Property") and $17,518,145 in cash.

The consideration received by the shareholders of Fission Energy consisted of 0.355 of a common share of Denison, a nominal cash payment of $0.0001 per share and 1 common share of Fission Uranium for each common share of Fission Energy held. Fission Energy's outstanding options and warrants were adjusted in accordance with their terms such that the number of Denison shares and Fission Uranium shares received upon exercise and their respective exercise prices reflect the exchange ratio described above.

These financial statements have been prepared on a continuity of interest basis of accounting after the spin-out. Prior to the spin-out, these financial statements have been prepared on a carve-out basis.

(Expressed in Canadian dollars)

2. Fission Energy Arrangement Agreement (continued)

The carrying value of the net assets contributed (note 4(b)) pursuant to the Fission Energy Arrangement consisted of the following:

	$
Assets	
Cash	17,518,145
Short-term investments	24,489
Amounts receivable	1,628,690
Prepaid expenses	54,632
Property and equipment	174,129
Exploration and evaluation assets	10,047,622
Total Assets	**29,447,707**
Liabilities	
Accounts payable and accrued liabilities	(38,293)
Deferred tax liability	(2,406,224)
Total Liabilities	**(2,444,517)**
Carrying Value	**27,003,190**
Accumulated losses (see below)	13,394,450
Subtotal	40,397,640
Shares issued pursuant to the Fission Energy Arrangement	(79,134,208)
Adjustment for shares issued in connection with the Fission Energy Arrangement	**(38,736,568)**

An adjustment of $38,736,568 was made through accumulated deficit to reconcile i) the allocated Fission Energy income and expenses which cumulatively amounted to $13,394,450 up to the close of the Fission Energy Arrangement; and ii) the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the common shares issued in connection with the closing of the Fission Energy Arrangement on April 26, 2013.

The consolidated statements of changes in equity includes an amount of $18,779,700 which represents the assets contributed on April 26, 2013 by Fission Energy pursuant to the Fission Energy Arrangement. The amount primarily includes the cash and working capital items transferred to Fission Uranium as part of the spin-out. Other assets have been reflected in these financial statements at earlier dates in accordance with the continuity of interest basis of accounting.

3. 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 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.

(Expressed in Canadian dollars)

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

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. 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.

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 shares @ $1.06	169,476,674
2,142,100 Alpha options replaced by options	
to purchase 12,263,523 Fission shares	7,793,252
1,301,600 Alpha warrants replaced by warrants	
to purchase 7,451,657 Fission 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.

(Expressed in Canadian dollars)

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

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)**

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.

4. Significant accounting policies

(a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICSs") as at June 30, 2014. The consolidated financial statements were authorized for issue by the board of directors on October 20, 2014.

(b) *Basis of presentation*

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

As the shareholders of Fission Energy continued to hold their respective interests in Fission Uranium; there was no resultant change of control in either the Company, or the assets and business acquired. The Fission Energy Arrangement has thus been determined to be a capital reorganization, and is excluded from the scope of *IFRS 3 (R), Business Combinations.*

4. Significant accounting policies (continued)

(b) Basis of presentation (continued)

Prior to the date of the spin-out, these consolidated financial statements reflect the assets, liabilities, operations and cash flows of Fission Uranium on a 'carve-out' basis from the financial statements and accounting records of Fission Energy.

Under the continuity of interest basis of accounting the assets and liabilities transferred are recorded at their pre-combination carrying values adjusted for any tax elections. The statements of comprehensive loss include the allocated income and expenses from the acquired business. The income and expenses, where possible, have been allocated directly from Fission Energy and all remaining income and expenses have been allocated on a pro-rata basis based on the level of exploration and evaluation activities for the period up to April 26, 2013. The carve-out entity did not operate as a separate legal entity and as such, the financial statements may not be indicative of the financial performance of the carved-out entity on a standalone basis and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the carve-out entity operated as an independent entity during the years presented.

The cash and other working capital balances of Fission Energy prior to the Fission Energy Arrangement have not been allocated to the historical carved-out financial statements of Fission Uranium as these amounts were managed centrally by Fission Energy. Accordingly it was not practicable to allocate these amounts between the property spun-out to Fission Uranium and the assets retained by Fission Energy until the date of the Fission Energy Agreement.

At the date of the spin-out, assets and liabilities transferred are recorded at their carrying values.

(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 June 30, 2014 the Company held no subsidiaries.

(d) Financial assets

All financial assets are initially recorded at fair value and designated upon initial recognition into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets are recognized as FVTPL on initial recognition if they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent short-term profit-taking or when the financial assets are acquired principally for resale in the short term. Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

4. Significant accounting policies (continued)

(d) Financial assets (continued)

The Company has classified its short-term investments as FVTPL. Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. The Company's cash and cash equivalents and amounts receivable are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. At June 30, 2014, and June 30, 2013, the Company has not classified any financial assets as available for sale.

(e) Cash and cash equivalents

Cash and cash equivalents consist of deposits in banks and redeemable term deposits that are readily convertible to cash. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset backed deposits/investments.

(f) Short-term investments

Marketable securities are recorded at their fair market value on the date of acquisition and are classified as FVTPL. The carrying value of the securities is adjusted at each subsequent reporting period to the fair value (based upon the market price and the Bank of Canada quoted exchange rate if applicable) with the resulting unrealized gains or losses included in profit or loss for the period. Transaction costs relating to the purchase of marketable securities are expensed directly to profit or loss.

(g) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars. The financial statements for each of the Company's subsidiaries were measured using the currency of the primary economic environment in which the subsidiary operated (the "functional currency"). Each entity in the Company determined its own functional currency and items included in the financial statements of each entity were measured using that functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in *IAS 21, The Effects of Changes in Foreign Exchange Rates*.

The functional currency of the Company is the Canadian Dollar.

Transactions and balances

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

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

4. Significant accounting policies (continued)

(g) Foreign currency translation (continued)

Foreign operations

The assets and liabilities of foreign operations were translated into Canadian dollars at the rate of exchange prevailing at the reporting date and income and expenses were translated at exchange rates prevailing at the dates of transactions. The exchange differences arising on the translation were recognized in other comprehensive loss. On disposal of a foreign operation, the component of other comprehensive loss relating to that particular foreign operation is recognized in profit or loss.

(h) Property and equipment

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

- Geological equipment 20%
- Vehicles 30%
- Office equipment 20%
- Computer hardware 30%
- Computer software 50%
- Building 4%

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

When an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment.

(i) Exploration and evaluation assets

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

The exploration and evaluation assets are capitalized until the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. Exploration and evaluation assets are then assessed for impairment and reclassified to mining property and development assets within property and equipment. If an exploration and evaluation property interest is abandoned, both the acquisition costs and the exploration and evaluation cost will be written off to operations in the period of abandonment.

4. Significant accounting policies (continued)

(i) Exploration and evaluation assets (continued)

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

(i) Whether the exploration on the exploration and evaluation assets has significantly changed, such that previously identified resource targets are no longer being pursued;

(ii) Whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; and

(iii) Whether remaining claim tenure terms are sufficient to conduct necessary studies or exploration work.

If any indication of impairment exists, an estimate of the exploration and evaluation assets' recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the exploration and evaluation property interest and their value in use. The fair value less costs to sell and the value in use is determined for an individual exploration and evaluation property interest, unless the exploration and evaluation property interest does not generate cash inflows that are largely independent of other exploration and evaluation property interests. If this is the case, the exploration and evaluation property interests are grouped together into cash generating units ("CGUs") for impairment purposes. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized in the period in which that determination was made in profit or loss.

(j) Financial liabilities

All financial liabilities are initially recorded at fair market value and designated upon initial recognition as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value. After initial recognition, other financial liabilities are 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 classified as other financial liabilities.

4. Significant accounting policies (continued)

(j) Financial liabilities (continued)

Derivatives, including separate embedded derivatives are also classified as FVTPL and recognized at fair value with changes in fair value recognized in profit and loss unless they are designated as effective hedging instruments. The Company has no liabilities or derivatives classified as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

(k) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Company's common shares and the issue price of the flow through share and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds after the end of the first year as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the "Look-back" Rule. When applicable, this tax is accrued as a financial expense until paid.

(l) Share-based payments

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

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

4. Significant accounting policies (continued)

(l) Share-based payments (continued)

The share-based awards issued to non-employees are generally measured on the fair value of goods or services received unless that fair value cannot be reliably measured. This fair value shall be measured at the date the entity obtains the goods or the counterparty renders service. If the fair value of goods or services received cannot be reliably measured, the fair value of the share-based payments to non-employees are periodically re-measured using the Black-Scholes option pricing model until the counterparty performance is complete.

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

(m) Income taxes

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

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

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

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

(n) Loss per share

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

4. Significant accounting policies (continued)

(o) Related party transactions

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

(p) IFRS standards adopted

The Company has adopted the following new and revised IFRS standards effective July 1, 2013.

IFRS 7, Financial Instruments: Disclosures

The amendments to disclosure requirements in IFRS 7 emphasize the interaction between quantitative and qualitative disclosures and the nature and extent of risks and amends credit risk disclosures. There was no impact on the Company's consolidated financial statements as a result of adopting this amendment.

IFRS 10, Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces *SIC-12, Consolidation-Special Purpose Entities* and parts of *IAS 27, Consolidated and Separate Financial Statements*. The Company has reviewed its consolidated subsidiary and determined that no changes in the consolidation status of its subsidiary were required as a result of adopting this standard.

IFRS 11, Joint Arrangements

In May 2011, the IASB issued *IFRS 11, Joint Arrangements*, which supersedes IAS 31, Interests in Joint Ventures and SIC 13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The standard requires the Company to classify its interest in a joint arrangement as a joint venture or joint operation. This standard eliminates the use of proportionate consolidation when accounting for joint ventures, as they are accounted for using the equity method, whereas joint operations are accounted for by recognizing the venturer's share of the assets, liabilities, revenue and expenses. The Company has reviewed its joint arrangements and has determined that no changes in the accounting for its joint arrangements were required as a result of adopting this standard.

4. Significant accounting policies (continued)

(p) IFRS standards adopted (continued)

IFRS 12, Disclosure of Interests in Other Entities

The IASB has issued *IFRS 12 Disclosure of Interests in Other Entities*, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. There was no significant impact on the Company's consolidated financial statements as a result of adopting this standard.

IFRS 13, Fair Value Measurement

IFRS 13, Fair Value Measurement sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. No changes were required to the valuation techniques used by the Company as a result of adopting this standard.

(q) 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, 2014.

<u>Accounting standards effective July 1, 2014</u>

IAS 36, Recoverable Amount Disclosures for Non-Financial Assets

In May 2013, the IASB issued an amendment to IAS 36. The amendment clarifies the disclosure requirements in respect of fair value less costs of disposal. The amendments require the disclosure of the recoverable amount of an asset or cash generating unit at the time an impairment loss has been recognized or reversed and detailed disclosure of how the associated fair value less costs of disposal has been determined. The Company does not anticipate a significant impact to its financial statements.

<u>Accounting standards effective July 1, 2018</u>

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. The Company does not anticipate a significant impact to its financial statements.

(Expressed in Canadian dollars)

5. Key estimates and judgements

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

Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditures 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.

6. Short-term investments

Short-term investments are recorded at fair value and are comprised of the following:

			Fair Market Value	
		Number of Shares	**June 30 2014**	June 30 2013
			$	$
Azincourt Uranium Inc.	(a)	-	**-**	586,667
Great Bear Resources Ltd.	(b)	-	**-**	8,000
Interconnect Ventures Corp.		50,000	**15,000**	-
Iron Tank Resources Corp.	(c)	-	**-**	533
Stratton Resources Inc.	(d)	-	**-**	6,600
			15,000	601,800

The Company has determined the fair value of its investments based on the level 1 quoted market prices at June 30, 2014 and June 30, 2013.

(a) 2,666,666 shares of Azincourt Uranium Inc. were spun-out to Fission 3.0 as part of the Fission Uranium Arrangement.

(b) 80,000 shares of Great Bear Resources Ltd. were spun-out to Fission 3.0 as part of the Fission Uranium Arrangement.

(c) 8,888 shares of Iron Tank Resources Corp. were spun-out to Fission 3.0 as part of the Fission Uranium Arrangement.

(d) 60,000 shares of Stratton Resources Corp. were spun-out to Fission 3.0 as part of the Fission Uranium Arrangement.

(Expressed in Canadian dollars)

7. Amounts receivable

	June 30 2014	June 30 2013
	$	$
GST receivable	**396,893**	795,495
Due from provincial governments	**72,558**	642,448
Loans receivable	**14,967**	841,160
Other receivables	**173,826**	271,041
	658,244	2,550,144

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. Loans receivable with a balance of $14,967 bear interest at 5% and were repaid by July 31, 2014.

(Expressed in Canadian dollars)

8. Property and equipment

Property and equipment consists of the following:

Cost	Geological Equipment	Vehicles	Office Equipment	Computer Hardware	Computer Software	Building	Total
	$	$	$	$	$	$	$
As at July 1, 2012	124,205	30,780	106,650	41,625	24,478	20,190	347,928
Additions	65,446	1,712	-	33,436	-	-	100,594
Disposals	(30,493)	-	-	-	-	-	(30,493)
As at June 30, 2013	159,158	32,492	106,650	75,061	24,478	20,190	418,029
Additions	27,015	-	10,219	61,189	-	-	98,423
Disposals	(4,447)	-	(15,683)	(6,577)	-	(20,190)	(46,897)
As at June 30, 2014	**181,726**	**32,492**	**101,186**	**129,673**	**24,478**	**-**	**469,555**
Accumulated Depreciation							
As at July 1, 2012	66,088	10,010	24,605	22,573	10,228	3,422	136,926
Depreciation	14,550	9,244	18,422	12,638	9,620	814	65,288
Disposals	(30,493)	-	-	-	-	-	(30,493)
As at June 30, 2013	50,145	19,254	43,027	35,211	19,848	4,236	171,721
Depreciation	28,376	9,756	19,118	24,215	4,630	335	86,430
Disposals	(4,447)	-	(15,683)	(6,577)	-	(4,571)	(31,278)
As at June 30, 2014	**74,074**	**29,010**	**46,462**	**52,849**	**24,478**	**-**	**226,873**
Net Book Value							
As at June 30, 2013	109,013	13,238	63,623	39,850	4,630	15,954	246,308
As at June 30, 2014	**107,652**	**3,482**	**54,724**	**76,824**	**-**	**-**	**242,682**

(Expressed in Canadian dollars)

9. Exploration and evaluation assets

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**
Incurred 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**

(Expressed in Canadian dollars)

9. Exploration and evaluation assets (continued)

Year Ended June 30, 2013

	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	-	-	-	-	177,702	69,796	-	-	**247,498**
Additions	-	11,154	9,517	3,410	-	-	1,742	-	**25,823**
Cost recoveries	-	-	-	-	(177,702)	-	-	-	**(177,702)**
Balance, end of year	-	11,154	9,517	3,410	-	69,796	1,742	-	**95,619**
Exploration costs									
Balance, beginning of year	-	-	-	-	3,570,394	1,455,834	-	-	**5,026,228**
Incurred during the year									
Geology mapping/sampling	1,312	150	4,299	200	109,505	218,950	350	18,609	**353,375**
Geophysics airborne	61	-	2,014	-	305,501	294,183	-	-	**601,759**
Geophysics ground	27	-	3,355	-	597,782	361,441	-	1,353	**963,958**
Drilling	-	-	-	-	195,982	6,832,796	-	16,032	**7,044,810**
Land retention and permitting	1,950	298	598	247	13,775	41,573	247	105,406	**164,094**
Reporting	-	52	650	-	23,370	35,091	-	567	**59,730**
Environmental	-	-	-	-	-	41,680	-	410	**42,090**
Safety	-	-	-	-	162	49,877	-	-	**50,039**
Community relations	-	-	-	-	-	1,233	-	41,152	**42,385**
General	-	-	-	-	5,880	405,837	-	77,558	**489,275**
Share-based compensation	114	-	4,096	434	15,952	73,982	-	13,854	**108,432**
Additions	3,464	500	15,012	881	1,267,909	8,356,643	597	274,941	**9,919,947**
Cost recoveries	-	-	-	-	(379,358)	(4,345,657)	-	-	**(4,725,015)**
Write-down	-	-	-	-	-	-	-	(274,941)	**(274,941)**
Balance, end of year	3,464	500	15,012	881	4,458,945	5,466,820	597	-	**9,946,219**
Total	**3,464**	**11,654**	**24,529**	**4,291**	**4,458,945**	**5,536,616**	**2,339**	**-**	**10,041,838**

9. Exploration and evaluation assets (continued)

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

(a) *North Shore Property, Canada*

The Company acquired a 100% interest in a property located in Alberta as part of the Fission Energy Arrangement (note 2).

On December 6, 2013, this property was spun-out to Fission 3.0 through the Fission Uranium Arrangement (note 3).

(b) *Beaver River Property, Canada*

In May 2013, the Company staked 6 claims at Beaver River, Saskatchewan.

On December 6, 2013, this property was spun-out to Fission 3.0 through the Fission Uranium Arrangement (note 3).

(c) *Clearwater West Property, Canada*

The Company acquired a 100% interest in various claims in Saskatchewan as part of the Fission Energy Arrangement (note 2).

On December 6, 2013, this property was spun-out to Fission 3.0 through the Fission Uranium Arrangement (note 3).

(d) *Manitou Falls Property, Canada*

In May 2013, the Company staked 1 claim at Manitou Falls, Saskatchewan.

On December 6, 2013, this property was spun-out to Fission 3.0 through the Fission Uranium Arrangement (note 3).

(e) *Patterson Lake North, Canada*

The Company acquired a 100% interest in various claims in Saskatchewan as part of the Fission Energy Arrangement (note 2).

On April 29, 2013 the Company entered into a property option and joint venture agreement with Azincourt Uranium Inc. ("Azincourt").

On December 6, 2013, PLN and the property option and joint venture agreement were spun-out to Fission 3.0 through the Fission Uranium Arrangement (note 3).

(f) *Patterson Lake South, Canada*

The Company acquired an interest in various claims in Saskatchewan as part of the Fission Energy Arrangement (note 2). As a result of the completion of the Alpha Arrangement (note 3), 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.

(Expressed in Canadian dollars)

9. Exploration and evaluation assets (continued)

(g) Thompson Lake Property, Canada

In May 2013, the Company staked 1 claim at Thompson Lake, Saskatchewan.

On December 6, 2013, this property was spun-out to Fission 3.0 through the Fission Uranium Arrangement (note 3).

(h) Macusani Properties, Peru

The Company acquired a 100% interest in certain properties located in Peru as part of the Fission Energy Arrangement (note 2). Ongoing administrative and claim maintenance costs for these properties were written-down in the amount of $143,882 for the year ended June 30, 2014 (June 30, 2013 - $274,941).

On December 6, 2013, these properties were spun-out to Fission 3.0 through the Fission Uranium Arrangement (note 3).

10. Accounts payable and accrued liabilities

Maturity dates < 6 months	**June 30 2014**	June 30 2013
	$	$
Trade payables	**2,686,827**	887,067
Due to joint venture participants	**-**	1,068,645
Accrued liabilities	**626,000**	382,460
	3,312,827	2,338,172

11. Share capital and other capital reserves

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

(a) Fission Energy Arrangement

Pursuant to the Fission Energy Arrangement (see note 2), on April 25, 2013, the Company issued 149,445,871 shares in exchange for the net assets received from Fission Energy. The balance of share capital immediately following the close of the Fission Energy Arrangement was $79,134,208. This amount was determined to be the value attributed to the net assets calculated in accordance with the Arrangement Agreement. Loss per share information in these consolidated financial statements has been presented as if the common shares issued in connection with the closing of the Fission Energy Arrangement had been issued and outstanding from the start of all periods presented.

11. Share capital and other capital reserves (continued)

(b) 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 3).

(c) 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 liability of $3,947,582 was recognized and was reported as a reduction to share capital. The flow-through 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.

(Expressed in Canadian dollars)

11. Share capital and other capital reserves (continued)

(d) 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 outstanding	Weighted average exercise price (1)	Number outstanding	Weighted average exercise price
		$		$
Balance July 1, 2012	-	-	-	-
Issued through Fission Energy Arrangement (note 2)	5,591,726	0.4250	4,227,763	0.3541
Granted	9,265,000	0.7300	-	-
Exercised (2)	(248,715)	0.4453	(200,000)	0.3528
Outstanding, June 30, 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 Arrangment	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**

(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 year ended June 30, 2014 was $1.2726 (June 30, 2013 - $0.7151). The weighted average share price of the warrants exercised during the year ended June 30, 2014 was $1.2473 (June 30, 2013 - $0.75).

(Expressed in Canadian dollars)

11. Share capital and other capital reserves (continued)

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

As at June 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
	$		
13,000	0.1203 (1)	13,000	August 6, 2014
114,500	0.1496 (2)	114,500	December 6, 2014
150,750	0.1496 (2)	150,750	March 1, 2017
343,500	0.2020 (2)	343,500	December 6, 2014
572,500	0.2020 (2)	572,500	December 14, 2017
35,000	0.2505 (1)	35,000	February 3, 2015
836,667	0.2505 (1)	836,667	December 31, 2017
13,750	0.3862 (1)	13,750	August 6, 2014
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
463,000	0.6177 (2)	463,000	December 6, 2014
1,059,125	0.6387 (2)	1,059,125	December 6, 2014
1,001,875	0.6387 (2)	1,001,875	April 12, 2018
8,225,000	0.6820 (1)	8,225,000	June 1, 2016
1,000,000	1.1000	250,000	December 15, 2015
8,570,000	1.2000	2,142,500	January 21, 2019
450,000	1.2920 (1)	450,000	August 15, 2016
300,000	1.3100	75,000	February 25, 2019
7,000,000	1.6500	-	April 4, 2019
31,662,833		**17,260,333**	

(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.

(Expressed in Canadian dollars)

11. Share capital and other capital reserves (continued)

(d) Stock options and warrants (continued)

Warrants

Number outstanding	Exercise price	Number of vested warrants	Expiry date
	$		
1,985,000	0.3028 (1)	1,985,000	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
8,452,199		**8,452,199**	

(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.

(e) Share-based compensation

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 3) 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.

During the year ended June 30, 2014, the Company granted 17,320,000 options (June 30, 2013 – 9,265,000). Pursuant to the granting and vesting of options issued, share-based compensation of $8,487,430 (June 30, 2013 - $454,630) during the year ended June 30, 2014 was recognized in profit or loss and share-based compensation of $1,684,632 (June 30, 2013 - $32,576) was recognized in exploration and evaluation assets. The total amount was also recorded as other capital reserves on the statement of financial position. All options are recorded at fair value using the Black-Scholes option pricing model.

Share-based compensation for the year ended June 30, 2013 includes allocated Fission Energy stock based compensation of $469,457 recognized in profit or loss and $75,856 recognized in exploration and evaluation assets pursuant to the continuity interest accounting.

(Expressed in Canadian dollars)

11. Share capital and other capital reserves (continued)

(e) Share-based compensation (continued)

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

	June 30 2014	June 30 2013
Risk Free Interest Rate	**1.17%**	1.09%
Expected Life - Years	**2.01**	2.00
Annualised Volatility	**85.57%**	107.22%
Dividend Rate	**0.00%**	0.00%

12. Supplemental disclosure with respect to cash flows

	June 30 2014	June 30 2013
	$	$
Cash and cash equivalents		
Cash	**4,128,384**	4,748,354
Redeemable Term Deposits	**24,780,000**	10,320,000
	28,908,384	15,068,354

There were no cash payments for interest and income taxes during the year ended June 30, 2014, and June 30, 2013. During the year ended June 30, 2014 the Company received $208,620 (June 30, 2013 - $22,022) in interest income on its redeemable term deposits and loans receivable.

Significant non-cash transactions for the year ended June 30, 2014 included:

(a) Incurring $2,812,730 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;

(b) Recognizing $72,558 of exploration and evaluation cost recoveries through amounts receivable;

(c) Recognizing $1,684,632 of share-based payments in exploration and evaluation assets;

(d) Reclassifying $8,794,925 from other capital reserves to share capital on the exercise of stock options and warrants;

(e) Reclassifying $3,947,582 from share capital to accrued liabilities for the flow-through premium liability recognized;

(f) Reclassifying $1,055,325 from share capital to other capital reserves for warrants issued as finder’s fees; and

(g) Reclassifying $710,516 from share issuance costs to deferred tax liability to record the impact of deferred taxes on share issuance costs.

(Expressed in Canadian dollars)

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

Significant non-cash transactions for the year ended June 30, 2013 included:

(a) Incurring $1,461,780 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;

(b) Recognizing $57,061 of exploration and evaluation cost recoveries through amounts receivable;

(c) Receiving 2,666,666 shares of Azincourt, valued at $586,667, representing the remaining $400,000 of the total $500,000 consideration required for the initial 10% interest in PLN with the difference recorded in the statement of comprehensive loss;

(d) Recognizing $108,432 of share-based payments in exploration and evaluation assets; and

(e) Issuance of 115,442,620 common shares with a fair market value of $61,654,356 for the net assets transferred pursuant to the Fission Energy Arrangement.

13. Related party transactions

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

	Year Ended June 30	
	2014	2013
	$	$
Compensation Costs		
Wages and consulting fees paid or accrued to key management personnel and companies controlled by key management personnel	**2,432,455**	1,301,825
Directors fees	**237,800**	44,333
Share-based payments for options granted to certain senior management	**2,116,904**	96,232
Share-based payments for options granted to directors	**3,408,183**	189,309
	8,195,342	1,631,699

	Year Ended June 30	
	2014	2013
	$	$
Amounts Received or Receivable		
Exploration and administrative services billed to Fission 3.0 Corp. a company with common directors and management	**176,455**	-

(Expressed in Canadian dollars)

13. Related party transactions (continued)

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

Due to the fact that Fission Uranium was not incorporated until February 13, 2013, and the Fission Energy Arrangement was not completed until April 26, 2013, there were no officers or directors included in key management personnel prior to that date. The compensation costs reported for key management personnel therefore only reflects compensation costs after April 26, 2013.

Included in accounts payable at June 30, 2014 is $191,003 (June 30, 2013 - $25,747) for wages payable and consulting fees owing to companies controlled by key management personnel.

Included in amounts receivable at June 30, 2014 is $Nil (June 30, 2013 - $457,560) for loans advanced to key management personnel. Also included in amounts receivable at June 30, 2014 is $7,371 (June 30, 2013 - $Nil) for exploration and administrative services owing 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.

14. Income taxes

A reconciliation of current income taxes at statutory rates (June 30, 2014 – 26%, June 30, 2013 – 25.25%) with the period income taxes is as follows:

	June 30 2014	June 30 2013
	$	$
Loss before income taxes	**4,088,248**	6,102,405
Expected income tax recovery	**(1,062,945)**	(1,540,857)
Tax impact of rate change	**(5,771)**	63,109
Permanent differences	**(626,604)**	101,133
Change in benefits of tax attributes not previously recognized	**(1,706,923)**	-
Allocation of expenditures on the carve-out	**-**	1,718,924
Change in estimate	**(447,737)**	-
Renunciation of flow-through expenditures	**5,538,663**	-
Flow-through premium recovery	**(1,026,371)**	-
Other	**-**	3,409
Deferred income tax expense	**662,312**	345,718

(Expressed in Canadian dollars)

14. Income taxes (continued)

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

	June 30 2014	June 30 2013
	$	$
Deferred income tax assets (liabilites)		
Equipment	**3,516**	2,572
Exploration and evaluation assets	**(6,436,967)**	(2,371,439)
Short-term investments	**-**	(22,164)
Non-capital losses	**5,306,027**	726,886
Share issuance cost	**1,085,860**	-
Other	**41,564**	-
Net deferred income tax liabilities	**-**	(1,664,145)

The deferred tax liability relating to the exploration and evaluation assets arose as a result of: i) the Company renounced certain deductions for Canadian exploration expenditures incurred on the Company's exploration and evaluation assets; and ii) the exploration and evaluation assets were deemed to have a lower tax basis as a result of the tax elections when transferred on completion of the Fission Energy Arrangement.

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

The Company has available approximately $20,407,796 of recognized non-capital losses which, if unutilized, will expire between 2025 and 2034. The tax benefits of any losses related to the periods prior to the Fission Energy Arrangement have not been recognized as these were not transferred to the Company.

At June 30, 2014 the Company has deductible temporary differences noted below available to offset future taxable income, but for which no deferred tax asset has been recognized. The Company is not recognizing these deferred tax assets because the Company has a history of losses and there is not yet adequately-convincing evidence that the Company will generate sufficient future taxable income to enable offset.

At June 30, 2014 the Company did not recognize $1,519,136 (June 30, 2013 - $Nil) of unused investment tax credits which will expire between 2023 and 2033. At June 30, 2014 the Company did not recognize $2,176,124 of deductible temporary differences in exploration and evaluation assets. In addition, at June 30, 2014, the Company did not recognize $Nil (June 30, 2013 - $766,000) of deductible temporary differences in exploration and evaluation assets located in Peru.

(Expressed in Canadian dollars)

15. Segmented information

The Company primarily operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets. Long-lived assets by geographic area are as follows:

	June 30, 2014		June 30, 2013	
	Canada	**Peru**	Canada	Peru
	$	**$**	$	$
Property and equipment	**242,682**	**-**	230,287	16,021
Exploration & evaluation assets	**210,020,459**	**-**	10,041,838	-
	210,263,141	**-**	10,272,125	16,021

16. 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 statement 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.

17. 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 on the statements of comprehensive loss.

(Expressed in Canadian dollars)

17. Financial instruments and risk management (continued)

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 would warrant such hedging activities.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will not discharge its obligations, resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk. Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to trade and other receivables 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 June 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:

	June 30 2014	June 30 2013
	$	$
Cash and cash equivalents	**28,908,384**	15,068,354
Amounts receivable	**658,244**	2,550,144
	29,566,628	17,618,498

(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.

(Expressed in Canadian dollars)

17. Financial instruments and risk management (continued)

(b) Liquidity risk (continued)

The Company's accounts payable and accrued liabilities arose as a result of exploration and development of its exploration and evaluation interests and other corporate expenses. Payment terms on these liabilities are typically 30 to 60 days from receipt of invoice and do not generally bear interest. The following table summarizes the remaining contractual maturities of the Company's financial liabilities.

	Maturity Dates	**June 30 2014**	June 30 2013
		$	$
Accounts payable and accrued liabilities	< 6 months	**3,312,827**	2,338,172

(c) Price risk

Price risk is the risk that the fair value for assets classified as held for trading and available for sale or future cash flows for assets or liabilities considered to be held to maturity, other financial liabilities and loans or receivables of a financial instrument will fluctuate because of changes in market conditions. The Company evaluates price risk on an ongoing basis and has established policies and procedures for mitigating its exposure to foreign exchange fluctuations. The Company is not exposed to interest rate risk, as it does not hold debt balances and is not charged interest on its accounts payable balances.

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

	Level	**June 30 2014**	June 30 2013
		$	$
Short-term investments	1	**15,000**	601,800

18. Contingencies

(a) 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.

18. Contingencies (continued)

(a) November 8, 2013 Counterclaim (continued)

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 18(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.

19. Subsequent events

Subsequent to June 30, 2014:

(a) 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 expenses;

(b) 1,621,750 stock options were exercised with a weighted average exercise price of $0.4163 and a weighted average share price of $1.1077; and

(c) 20,000 warrants were exercised with a weighted average exercise price of $0.3028 and a weighted average share price of $1.10.