Consolidated Financial Statements

Fission Uranium Corp.

For the Year Ended
June 30, 2015

September 3, 2015

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, 2015 and June 30, 2014 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended June 30, 2015 and June 30, 2014, 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 audit. We conducted our audit 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.

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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, 2015 and June 30, 2014 and its financial performance and cash flows for the years ended June 30, 2015 and June 30, 2014 in accordance with International Financial Reporting Standards.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Fission Uranium Corp.

Consolidated Financial Statements

For the Year Ended
June 30, 2015

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Fission Uranium Corp.

Consolidated statements of financial position
(Expressed in Canadian dollars)

	Note	**June 30 2015**	June 30 2014
		$	$
Assets			
Current assets			
Cash and cash equivalents		**24,773,556**	28,908,384
Short-term investments		**2,250**	15,000
Amounts receivable	5	**393,339**	658,244
Prepaid expenses		**234,602**	182,555
		25,403,747	29,764,183
Investment in Fission 3.0 Corp.	6	**3,040,535**	-
Property and equipment	7	**187,248**	242,682
Exploration and evaluation assets	8	**243,461,489**	210,020,459
Total Assets		**272,093,019**	240,027,324
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	**1,911,369**	3,312,827
Flow-through share premium liability	10(b)	**4,402,200**	-
		6,313,569	3,312,827
Deferred tax liability	13	**914,834**	-
Total Liabilities		**7,228,403**	3,312,827
Shareholders' Equity			
Share capital	10	**333,328,259**	297,123,549
Other capital reserves	10	**18,810,691**	16,990,702
Deficit		**(87,274,334)**	(77,399,754)
		264,864,616	236,714,497
Total Liabilities and Shareholders' Equity		**272,093,019**	240,027,324

Subsequent events (Note 16)

Approved by the board and authorized for issue on September 3, 2015.

"Frank Estergaard"
Director

"William Marsh"
Director

Fission Uranium Corp.

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

	Note	**Year Ended June 30 2015**	Year Ended June 30 2014
		$	$
Expenses			
Business development		**951,652**	924,111
Consulting and directors fees		**1,728,012**	1,503,045
Depreciation	7	**87,884**	86,430
Flow-through share tax		**3,893**	13,709
Office and administration		**951,223**	953,772
Professional fees		**471,805**	1,468,938
Public relations and communications		**1,093,073**	1,301,674
Share-based compensation	10(d)	**6,127,880**	9,666,837
Trade shows and conferences		**178,203**	338,515
Wages and benefits		**1,375,909**	1,747,758
		12,969,534	18,004,789
Other items - income/(expense)			
Exploration management fee income		**-**	437,200
Equipment rental income		**21,201**	71,106
Flow-through premium recovery		**4,321,125**	3,947,582
Foreign exchange loss		**(2,876)**	(11,889)
Gain/(loss) on investments		**(12,750)**	164,267
Interest and miscellaneous income		**309,583**	389,077
Exploration and evaluation write-down	8	**-**	(143,882)
Gain on de-consolidation of subsidiary	2	**-**	99,579
Gain on spin-off transaction	2	**-**	8,963,501
Share of loss from equity investment in Fission 3.0 Corp.	6	**(39,465)**	-
		4,596,818	13,916,541
Loss before income taxes		**(8,372,716)**	(4,088,248)
Deferred income tax expense	13	**(1,501,864)**	(662,312)
Net loss and comprehensive loss for the year		**(9,874,580)**	(4,750,560)
Basic and diluted loss per common share		**(0.03)**	(0.02)
Weighted average number of common shares outstanding		**367,018,059**	254,509,813

Fission Uranium Corp.

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

		Share capital		Other capital		**Total shareholders'**
	Note	Shares	Amount	reserves	Deficit	**equity**
			$	$	$	**$**
Balance, July 1, 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.	2 & 10(a)	159,883,655	169,476,674	-	-	**169,476,674**
Stock options issued for the acquisition of Alpha	2 & 10(d)	-	-	8,972,659	-	**8,972,659**
Warrants issued for the acquisition of Alpha	2	-	-	5,098,376	-	**5,098,376**
Flow-through common shares issued for cash	10(b)	8,581,700	12,872,550	-	-	**12,872,550**
Flow-through share premium	10(b)	-	(3,947,582)	-	-	**(3,947,582)**
Common shares issued for cash	10(b)	17,968,750	28,750,000	-	-	**28,750,000**
Share issuance costs	10(b)	-	(3,788,079)	1,055,324	-	**(2,732,755)**
Deferred income tax impact on share issuance costs		-	710,516	-	-	**710,516**
Transfer of net assets to Fission 3.0 Corp. pursuant to plan of arrangement	2	-	-	-	(17,454,000)	**(17,454,000)**
Exercise of stock options/warrants		15,980,769	13,733,940	(8,794,925)	-	**4,939,015**
Share-based compensation	10(d)	-	-	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**
Flow-through common shares issued for cash	10(b)	22,942,500	34,413,750	-	-	**34,413,750**
Flow-through share premium	10(b)	-	(8,723,325)	-	-	**(8,723,325)**
Share issuance costs	10(b)	-	(2,257,808)	-	-	**(2,257,808)**
Deferred income tax impact on share issuance costs		-	587,030	-	-	**587,030**
Exercise of stock options/warrants		10,986,161	12,185,063	(5,490,273)	-	**6,694,790**
Share-based compensation	10(d)	-	-	7,310,262	-	**7,310,262**
Net loss and comprehensive loss		-	-	-	(9,874,580)	**(9,874,580)**
Balance, June 30, 2015		**386,238,121**	**333,328,259**	**18,810,691**	**(87,274,334)**	**264,864,616**

Fission Uranium Corp.

Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year Ended June 30 2015	Year Ended June 30 2014
	$	$
Operating activities		
Net loss and comprehensive loss	**(9,874,580)**	(4,750,560)
Items not involving cash:		
Depreciation	**87,884**	86,430
Share-based compensation	**6,127,880**	9,666,837
Flow-through premium recovery	**(4,321,125)**	(3,947,582)
(Gain)/loss on investments	**12,750**	(164,267)
Exploration and evaluation write-down	**-**	143,882
Gain on de-consolidation of subsidiary	**-**	(99,579)
Gain on spin-off transaction	**-**	(8,963,501)
Share of equity loss from Fission 3.0 Corp.	**39,465**	-
Deferred income tax expense	**1,501,864**	662,312
	(6,425,862)	(7,366,028)
Changes in non-cash working capital items:		
Decrease in amounts receivable	**192,347**	1,983,584
Increase in prepaid expenses	**(52,047)**	(81,140)
Decrease in accounts payable and accrued liabilities	**(145,634)**	(599,156)
Cash flow used in operating activities	**(6,431,196)**	(6,062,740)
Investing activities		
Property and equipment additions	**(32,450)**	(98,423)
Exploration and evaluation asset additions	**(33,441,914)**	(32,597,497)
Exploration and evaluation asset cost recoveries	**-**	3,430,591
Purchase of investment in Fission 3.0 Corp.	**(3,080,000)**	-
Increase in short-term investments	**-**	(15,000)
Cash acquired on acquisition of Alpha Minerals Inc.	**-**	8,435,812
Cash flow used in investing activities	**(36,554,364)**	(20,844,517)
Financing activities		
Proceeds from the issuance of flow-through common shares net of share issuance costs	**32,155,942**	38,889,795
Proceeds from exercise of stock options/warrants	**6,694,790**	4,939,015
Cash paid to Fission 3.0 pursuant to the Fission Uranium Arrangement	**-**	(3,081,523)
Cash flow provided by financing activities	**38,850,732**	40,747,287
(Decrease)/increase in cash and cash equivalents during the year	**(4,134,828)**	13,840,030
Cash and cash equivalents, beginning of year	**28,908,384**	15,068,354
Cash and cash equivalents, end of year	**24,773,556**	28,908,384

Supplemental disclosure with respect to cash flows (Note 11)

1. Nature of operations

Fission Uranium Corp. (the "Company" or "Fission Uranium") was incorporated on February 13, 2013 under the laws of the Canada Business Corporations Act in connection with a court approved plan of arrangement to reorganize Fission Energy Corp. ("Fission Energy") which was completed on April 26, 2013 (the "Fission Energy Arrangement"). The Company's principal business activity is the acquisition and development of exploration and evaluation assets. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The Company's head office is located at 700 – 1620 Dickson Ave., Kelowna, BC, V1Y 9Y2 and it is listed on the Toronto Stock Exchange under the symbol FCU, on the U.S. OTCQX under the symbol FCUUF, and on the Frankfurt Stock Exchange under the symbol 2FU.

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

2. Alpha Minerals and Fission Uranium Arrangement Agreement

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

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

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

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

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

(Expressed in Canadian dollars)

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

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

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

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

	Stock Options	**Warrants**
Risk Free Interest Rate	1.09%	1.09%
Expected Life - Years	0.79	1.01
Annualised Volatility	65.32%	88.40%
Dividend Rate	0%	0%
Weighted average fair value per option/warrant	$0.73	$0.68

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

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

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

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

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

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

3. Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as at June 30, 2015. The consolidated financial statements were authorized for issue by the Board of Directors on September 3, 2015.

(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.

(c) Basis of consolidation

The Company consolidates subsidiaries when it is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

Subsequent to the Alpha Arrangement, Alpha was amalgamated with the Company. At June 30, 2015 the Company held no subsidiaries.

(d) Financial assets

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

A financial asset is classified at 'amortized cost' only if both of the following criteria are met: a) the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

3. Significant accounting policies (continued)

(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 are 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) Investments in associates

Entities over which the Company has significant influence but not control are associates. The Company accounts for its investments in associates by using the equity method with the investment initially recorded at cost. Subsequent to the acquisition date, the Company records its shares of the associates' profit or loss in net income or loss and its share of other comprehensive income/(loss) in other comprehensive income/(loss).

Transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Changes in the Company's interest in its associates resulting in dilution gains or losses are recorded in net income or loss.

The Company determines whether any objective evidence of impairment exists at each reporting date. If impaired, the carrying value of the investment is written down to its recoverable amount.

(h) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars. The financial statements for each of the Company's former 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.

3. Significant accounting policies (continued)

(h) Foreign currency translation (continued)

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.

Foreign operations

The assets and liabilities of former 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.

(i) 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%

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.

3. Significant accounting policies (continued)

(j) 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.

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

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

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

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

If any indication of impairment exists, an estimate of the exploration and evaluation asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs 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.

3. Significant accounting policies (continued)

(k) Financial liabilities

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

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

(l) 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 flow-through share tax expense until paid.

(m) 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.

3. Significant accounting policies (continued)

(m) Share-based payments (continued)

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 assets with a corresponding credit to other capital reserves in equity. Stock options granted with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

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

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

(n) Income taxes

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

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

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

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.

3. Significant accounting policies (continued)

(o) 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.

(p) 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.

(q) IFRS standards adopted

The Company has adopted the following new accounting policies and IFRS standards noted below:

IFRS 9, Financial Instruments

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

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

(i) Short-term investments previously classified as held for trading and measured at fair value through profit and loss continue to be recognized in a consistent manner. The Company has not made any elections to recognize fair value changes on any of its equity instruments through other comprehensive income.

(ii) All other financial instruments including cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities continue to be recognized at fair value on initial recognition and subsequently measured at amortized cost.

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

3. Significant accounting policies (continued)

(q) IFRS standards adopted (continued)

IFRS 9, Financial Instruments (continued)

Financial assets

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

A financial asset is classified at 'amortized cost' only if both of the following criteria are met: a) the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

Financial liabilities

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

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

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

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

No new or revised standards or amendments are expected to have a significant impact to the Company's financial statements.

(Expressed in Canadian dollars)

4. Key estimates and judgements

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

Exploration and evaluation assets

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

(i) Determination of whether any impairment indicators exist at each reporting date giving consideration to factors such as budgeted expenditures on the PLS property, assessment of the right to explore in the specific area and evaluation of any data which would indicate that the carrying amount of exploration and evaluation assets is not recoverable; and

(ii) Assessing when the commercial viability and technical feasibility of the project has been determined, at which point the asset is reclassified to property and equipment.

5. Amounts receivable

	June 30 2015	June 30 2014
	$	$
GST receivable	**266,638**	396,893
Due from provincial governments	**-**	72,558
Loans receivable	**-**	14,967
Other receivables	**126,701**	173,826
	393,339	658,244

The Company does not have any significant balances that are past due. 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.

(Expressed in Canadian dollars)

6. Investment in Fission 3.0

On February 23, 2015 the Company completed a private placement with Fission 3.0 pursuant to which the Company purchased 22,000,000 common shares (the "Purchased Shares") of Fission 3.0 at a price of $0.14 per share for a total cost of $3,080,000.

The Company has a 12.36% interest in Fission 3.0, a company incorporated in Canada, whose principal business activity is the acquisition, exploration and development of uranium resource properties in Canada and Peru. The Company, through a combination of this shareholding and its common directors and management, exercises significant influence over Fission 3.0 and accounts for the investment using the equity method.

Due to the fact that Fission 3.0's financial statements for the year ended June 30, 2015 are not yet publically available, the Company recognized its proportionate share of Fission 3.0's loss from the date of acquisition to March 31, 2015 in the Company's year ended June 30, 2015.

Details of the investment in Fission 3.0 are as follows:

	$
Balance July 1, 2014	-
Purchase of 22,000,000 common shares @ $0.14 (1)	3,080,000
Share of Fission 3.0's loss for the period ended March 31, 2015 (2)	(38,911)
Reversal of gains from intercompany services	(554)
Balance June 30, 2015	**3,040,535**

(1) The trading price of Fission 3.0 on June 30, 2015 was $0.11. The quoted market value of the investment in Fission 3.0 was $2,420,000.

(2) Since the investment in Fission 3.0 was purchased on February 23, 2015, the share of Fission 3.0's loss is only calculated from the date of acquisition to March 31, 2015.

Fission 3.0's summary financial information is as follows:

	Date of Acquisition to March 31 2015
	$
Comprehensive loss for the period	**(314,811)**

	March 31 2015
	$
Current assets	**5,857,401**
Property and equipment	**15,248**
Exploration and evaluation assets	**6,027,262**
Total Assets	**11,899,911**
Current liabilities	**94,613**
Deferred tax liability	**1,323,868**
Total Liabilities	**1,418,481**

(Expressed in Canadian dollars)

7. 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, 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
Additions	11,472	-	-	20,978	-	-	32,450
As at June 30, 2015	**193,198**	**32,492**	**101,186**	**150,651**	**24,478**	**-**	**502,005**

Accumulated Depreciation							
As at July 1, 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
Depreciation	30,934	2,807	18,662	35,481	-	-	87,884
As at June 30, 2015	**105,008**	**31,817**	**65,124**	**88,330**	**24,478**	**-**	**314,757**

Net Book Value							
As at June 30, 2014	107,652	3,482	54,724	76,824	-	-	242,682
As at June 30, 2015	**88,190**	**675**	**36,062**	**62,321**	**-**	**-**	**187,248**

(Expressed in Canadian dollars)

8. Exploration and evaluation assets

Year ended
June 30, 2015

Patterson Lake South Property	Total
	$
Acquisition costs	
Balance, beginning and end of year	**176,501,858**
Exploration costs	
Balance, beginning of year	**33,518,601**
Incurred during the year	
Geology mapping/sampling	**703,920**
Geophysics airborne	**25,929**
Geophysics ground	**1,383,057**
Drilling	**29,686,455**
Land retention and permitting	**47,014**
Reporting	**55,397**
Environmental	**109,297**
Safety	**226,348**
Community relations	**731**
General	**20,500**
Share-based compensation	**1,182,382**
Additions	**33,441,030**
Balance, end of year	**66,959,631**
Total	**243,461,489**

(Expressed in Canadian dollars)

8. Exploration and evaluation assets (continued)

Year Ended
June 30, 2014

	North Shore Property	Beaver River Property	Clearwater West Property	Manitou Falls Property	Patterson Lake North Property	Patterson Lake South Property	Thompson Lake Property	Peru Properties	Total
	$	$	$	$	$	$	$	$	$
Acquisition costs									
Balance, beginning of year	-	11,154	9,517	3,410	-	69,796	1,742	-	95,619
Acquired through Alpha 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)

8. Exploration and evaluation assets (continued)

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

Patterson Lake South, Canada

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

9. Accounts payable and accrued liabilities

Maturity dates < 6 months	**June 30 2015**	June 30 2014
	$	$
Trade payables	**1,562,041**	2,686,827
Accrued liabilities	**349,328**	626,000
	1,911,369	3,312,827

10. Share capital and other capital reserves

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

(a) Alpha Arrangement

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

10. Share capital and other capital reserves (continued)

(b) *Private Placements*

December 9, 2013

The Company completed a private placement of 8,581,700 flow-through common shares at $1.50 per share for aggregate gross proceeds of $12,872,550. The Company paid agents' commissions of $723,148 plus $217,695 of expenses and issued 482,099 broker warrants with an attributed fair 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. A flow-through share premium liability of $3,947,582 was recognized and was reported as a reduction to share capital. The flow-through share premium liability was taken into other income when the renunciation documents were filed.

April 1, 2014

The Company completed a private placement of 17,968,750 special warrants ("Special Warrants"), at a price of $1.60 per Special Warrant, for gross proceeds of $28,750,000. The Company paid agents' commissions of $1,437,500 plus $354,412 of expenses and issued 898,439 broker warrants with an attributed fair 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 dividend 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.

September 23, 2014

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

April 29, 2015

The Company completed a private placement of 13,340,000 flow-through common shares at a price of $1.50 per share, for gross proceeds of $20,010,000. The Company paid agents' commissions of $990,435 plus $349,499 of expenses. A flow-through share premium liability of $4,402,200 was recognized and was reported as a reduction to share capital. The flow-through share premium liability will be taken into other income when the renunciation documents are filed.

(Expressed in Canadian dollars)

10. Share capital and other capital reserves (continued)

(c) *Stock options and warrants*

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

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

	Stock options		Warrants	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
		$		$
Balance July 1, 2013	14,608,011	0.6181	4,027,763	0.3542
Granted	17,320,000	1.3804	1,380,538	1.5651
Issued through Alpha Arrangment	12,263,523	0.3611	7,451,657	0.6013
Exercised (1)	(11,607,360)	0.3276	(4,373,409)	0.2388
Expired	(433,841)	0.9310	(34,350)	0.1496
Forfeited	(487,500)	0.6820	-	-
Outstanding, June 30, 2014	31,662,833	1.0155	8,452,199	0.8120
Granted	8,000,000	1.0000	-	-
Exercised (1)	(3,914,500)	0.5089	(7,071,661)	0.6650
Expired	(1,042,500)	1.3997	-	-
Forfeited	(1,127,500)	1.3906	-	-
Outstanding, June 30, 2015	**33,578,333**	**1.0464**	**1,380,538**	**1.5651**

(1) The weighted average share price of the stock options exercised during the year ended June 30, 2015 was $0.9950 (June 30, 2014 - $1.2726). The weighted average share price of the warrants exercised during the year ended June 30, 2015 was $1.1874 (June 30, 2014 - $1.2473).

(Expressed in Canadian dollars)

10. Share capital and other capital reserves (continued)

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

As at June 30, 2015, incentive stock options and share purchase warrants were outstanding as follows:

Stock options

Number outstanding	Exercise price	Number of vested options	Expiry date
	$		
836,667	0.2505 (1)	836,667	December 31, 2017
950,000	0.3862 (1)	950,000	December 30, 2015
536,666	0.3862 (1)	536,666	January 12, 2017
8,215,000	0.6820 (1)	8,215,000	June 1, 2016
8,000,000	1.0000	4,000,000	December 15, 2019
1,000,000	1.1000	750,000	December 15, 2015
7,270,000	1.2000	5,452,500	January 21, 2019
400,000	1.2920 (1)	400,000	August 15, 2016
300,000	1.3100	225,000	February 25, 2019
6,070,000	1.6500	3,035,000	April 4, 2019
33,578,333		**24,400,833**	

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

Warrants

Number outstanding	Exercise price	Number of vested warrants	Expiry date
	$		
482,099	1.5000	482,099	December 9, 2015
898,439	1.6000	898,439	April 1, 2016
1,380,538		**1,380,538**	

(d) *Share-based compensation*

During the year ended June 30, 2015, the Company granted 8,000,000 options (June 30, 2014 – 17,320,000). Pursuant to the vesting of options previously granted, during the year ended June 30, 2015 share-based compensation of $6,127,880 (June 30, 2014 - $8,487,430) was recognized in the statements of loss and comprehensive loss and $1,182,382 (June 30, 2014 - $1,684,632) was recognized in exploration and evaluation assets. The total amount was also recorded as other capital reserves in the statements of changes in equity. All options are recorded at fair value using the Black-Scholes option pricing model.

(Expressed in Canadian dollars)

10. Share capital and other capital reserves (continued)

(d) Share-based compensation (continued)

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 had a fair value of $8,972,659 of which $7,793,252 formed a part of the acquisition consideration (note 2) and $1,179,407 was recognized in the statements of loss and 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.

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

	June 30 2015	June 30 2014
Risk Free Interest Rate	**1.04%**	1.23%
Expected Life - Years	**2.92**	2.80
Estimated Forfeiture Rate	**3.45%**	8.23%
Annualised Volatility	**59.03%**	99.88%
Dividend Rate	**N/A**	N/A
Weighted average fair value per option	**$0.26**	$0.84

11. Supplemental disclosure with respect to cash flows

	June 30 2015	June 30 2014
	$	$
Cash and cash equivalents		
Cash	**613,556**	4,128,384
Redeemable Term Deposits	**24,160,000**	24,780,000
	24,773,556	28,908,384

There were no cash payments for interest and income taxes during the year ended June 30, 2015, and June 30, 2014. During the year ended June 30, 2015 the Company received $272,580 (June 30, 2014 - $208,620) in interest income.

Significant non-cash transactions for the year ended June 30, 2015 included:

(a) Incurring $1,556,906 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;

(b) Recognizing $1,182,382 of share-based payments in exploration and evaluation assets;

(c) Reclassifying $5,490,273 from other capital reserves to share capital on the exercise of stock options and warrants;

(d) Reclassifying $8,723,325 from share capital to flow-through share premium liability for the flow-through share premium liability recognized, 4,321,125 of which was taken into other income when the renunciation documents were filed; and

(e) Reclassifying $587,030 from share issuance costs to deferred tax liability to record the impact of deferred taxes on share issuance costs.

(Expressed in Canadian dollars)

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

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;

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

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

(c) Reclassifying $3,947,582 from share capital to flow-through share premium liability for the flow-through premium liability recognized, which was taken into other income when the renunciation documents were filed;

(d) Reclassifying $1,055,324 from share capital to other capital reserves for warrants issued as finder's fees; and

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

12. Related party transactions

The Company has identified the CEO, President and COO, CFO, VP Exploration, and the Company's directors as its key management personnel. The compensation costs for key management personnel are as follows:

	Year Ended June 30	
	2015	2014
	$	$
Compensation Costs		
Wages and consulting fees paid or accrued to key management personnel and companies controlled by key management personnel	**2,365,567**	2,670,255
Share-based compensation for vesting of options granted to key management personnel	**3,995,752**	5,525,087
	6,361,319	8,195,342

	Year Ended June 30	
	2015	2014
	$	$
Amounts Received or Receivable		
Exploration and administrative services billed to Fission 3.0 Corp. a company with common directors and management	**412,787**	176,455

(Expressed in Canadian dollars)

12. Related party transactions (continued)

Included in accounts payable at June 30, 2015 is $21,797 (June 30, 2014 - $191,003) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at June 30, 2015 is $23,001 (June 30, 2014 - $7,371) for exploration and administrative services and expense recoveries due from Fission 3.0.

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

13. Income taxes

A reconciliation of current income taxes at statutory rates (June 30, 2015 – 26%, June 30, 2014 – 26%) with the reported taxes is as follows:

	June 30 2015	June 30 2014
	$	$
Loss before income taxes	**(8,372,716)**	(4,088,248)
Expected income tax recovery	**(2,176,906)**	(1,062,945)
Tax impact of rate change	**-**	(5,771)
Permanent differences	**1,633,384**	(626,604)
Net change in benefits of tax attributes previously not recognized	**(555,999)**	(1,706,923)
Change in estimate	**(20,097)**	(447,737)
Renunciation of flow-through expenditures	**3,744,975**	5,538,663
Flow-through premium recovery	**(1,123,493)**	(1,026,371)
Deferred income tax expense	**1,501,864**	662,312

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

	June 30 2015	June 30 2014
	$	$
Deferred income tax assets (liabilites)		
Equipment	**2,558**	3,516
Exploration and evaluation assets	**(9,626,279)**	(6,436,967)
Non-capital losses	**7,419,662**	5,306,027
Share issuance cost	**1,289,225**	1,085,860
Other	**-**	41,564
Net deferred income tax liability	**(914,834)**	-

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.

13. Income taxes (continued)

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 $28,537,162 of recognized non-capital losses which, if unutilized, will expire between 2025 and 2035. 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, 2015 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 sufficient evidence that the Company will generate sufficient future taxable income to enable offset.

At June 30, 2015 the Company did not recognize $1,512,954 (June 30, 2014 - $1,519,136) of unused investment tax credits which will expire between 2023 and 2033. At June 30, 2015 the Company did not recognize deductible temporary differences in exploration and evaluation assets of $Nil (June 30, 2014 - $2,176,124). In addition, at June 30, 2015 the Company did not recognize deferred tax assets on unrealized capital losses in short-term investments of $12,750 (June 30, 2014 - $Nil) and in investment in Fission 3.0 Corp. of $62,578 (June 30, 2014 - $Nil) because it does not anticipate future capital gains to utilize these assets.

14. Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue exploration and development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants.

Changes in the equity accounts of the Company are disclosed in the statements of changes in equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash, cash equivalents, and short-term investments. The issuance of common shares requires approval of the Board of Directors.

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

(Expressed in Canadian dollars)

15. 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 carried at fair value, with the unrealized gain or loss recorded in the statements of loss and comprehensive loss.

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

(a) Credit risk

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

The primary sources of credit risk for the Company arise from:

(i) Cash and cash equivalents; and

(ii) Amounts receivable.

The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At June 30, 2015, 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 2015	June 30 2014
	$	$
Cash and cash equivalents	**24,773,556**	28,908,384
Amounts receivable	**393,339**	658,244
	25,166,895	29,566,628

(Expressed in Canadian dollars)

15. Financial instruments and risk management (continued)

(b) Liquidity risk

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

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

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

	Maturity Dates	**June 30 2015**	June 30 2014
		$	$
Accounts payable and accrued liabilities	< 6 months	**1,911,369**	3,312,827

16. Subsequent events

Subsequent to June 30, 2015:

(a) On July 27, 2015, Fission Uranium entered into a definitive arrangement agreement with Denison Mines Corp. ("Denison"), pursuant to which, Denison will acquire all of the issued and outstanding common shares of Fission Uranium by way of a court approved plan of arrangement (the "2015 Denison Arrangement").

Under the terms of the 2015 Denison Arrangement, Fission Uranium common shareholders will receive 1.26 common shares of Denison and a cash payment of $0.0001 per share for each common share of Fission Uranium held (the "Exchange Ratio"). Any outstanding Fission Uranium stock options will be exchanged for stock options of Denison adjusted in accordance with the Exchange Ratio. The Fission Uranium warrants will be adjusted in accordance with their terms such that the number of Denison shares received upon exercise and their respective exercise prices reflect the Exchange Ratio.

The 2015 Denison Arrangement, expected to be completed on or about October 19, 2015, will be subject to regulatory and Denison and Fission Uranium shareholder approval. Denison shareholders will also be asked to approve a 2-for-1 share consolidation that will take place shortly after the closing of the 2015 Denison Arrangement and a name change to "Denison Energy Corp." Each company has agreed to pay the other party a termination fee of $14 million in certain circumstances.