Financial Statements

Fission Uranium Corp.

For the Six Month Transitional Fiscal Year Ended December 31, 2016 and the Year Ended June 30, 2016

March 3, 2017

Independent Auditor's Report

To the Shareholders of Fission Uranium Corp.

We have audited the accompanying financial statements of Fission Uranium Corp., which comprise the statements of financial position as at December 31, 2016 and June 30, 2016 and the statements of loss and comprehensive loss, changes in equity and cash flows for the six month period ended December 31, 2016 and for the year ended June 30, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Fission Uranium Corp. as at December 31, 2016 and June 30, 2016 and its financial performance and its cash flows for the six month period ended December 31, 2016 and for the year ended June 30, 2016 in accordance with International Financial Reporting Standards.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

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Fission Uranium Corp.

Financial Statements

For the Six Month Transitional
Fiscal Year Ended December 31, 2016
and the Year Ended June 30, 2016

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Fission Uranium Corp.

Statements of financial position
(Expressed in Canadian dollars)

	Note	**December 31 2016**	June 30 2016
		$	$
Assets			
Current assets			
Cash and cash equivalents		**50,248,379**	71,989,592
Amounts receivable	4	**160,455**	182,406
Prepaid expenses		**153,401**	534,195
		50,562,235	72,706,193
Investments	5	**10,080,318**	-
Investment in Fission 3.0 Corp.	6	**2,697,490**	2,876,183
Property and equipment	7	**341,862**	378,305
Exploration and evaluation assets	8	**274,028,654**	265,041,196
Total Assets		**337,710,559**	341,001,877
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**475,311**	975,550
		475,311	975,550
Deferred income tax liability	12	**1,966,119**	2,709,102
Total Liabilities		**2,441,430**	3,684,652
Shareholders' Equity			
Share capital	9	**412,568,231**	412,466,585
Other capital reserves	9	**23,429,231**	22,462,976
Deficit		**(100,728,333)**	(97,612,336)
		335,269,129	337,317,225
Total Liabilities and Shareholders' Equity		**337,710,559**	341,001,877

Subsequent events (Note 15)

Approved by the Board of Directors and authorized for issue on March 2, 2017.

"Frank Estergaard"

Director

"William Marsh"

Director

Fission Uranium Corp.

Statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	Note	**Six Months Ended December 31 2016**	Year Ended June 30 2016
		$	$
Expenses			
Business development		**229,687**	787,930
Consulting and directors fees		**859,347**	1,933,602
Depreciation	7	**72,298**	103,300
Office and administration		**431,422**	841,232
Professional fees		**250,228**	1,551,084
Public relations and communications		**805,496**	2,269,040
Share-based compensation	9(c)	**799,460**	3,066,792
Trade shows and conferences		**164,262**	267,474
Wages and benefits		**445,688**	991,481
		4,057,888	11,811,935
Other items - income/(expense)			
Flow-through premium recovery		**-**	4,402,200
Foreign exchange loss		**(9,166)**	(10,916)
Interest and miscellaneous income		**387,395**	274,867
Loss on disposal of property and equipment	7	**(628)**	(3,611)
Share of loss from equity investment in Fission 3.0 Corp.	6	**(178,693)**	(164,352)
		198,908	4,498,188
Loss before income taxes		**(3,858,980)**	(7,313,747)
Deferred income tax recovery/(expense)	12	**742,983**	(3,024,255)
Net loss and comprehensive loss for the period		**(3,115,997)**	(10,338,002)
Basic and diluted loss per common share		**(0.01)**	(0.02)
Weighted average number of common shares outstanding		**484,030,485**	428,070,034

Fission Uranium Corp.

Statements of changes in equity
(Expressed in Canadian dollars)

	Note	Share capital		Other capital		Total
		Shares	Amount	reserves	Deficit	**shareholders' equity**
			$	$	$	**$**
Balance, July 1, 2015		386,238,121	333,328,259	18,810,691	(87,274,334)	**264,864,616**
Common shares issued for cash	9(a)	96,736,540	82,226,059	-	-	**82,226,059**
Share issuance costs	9(a)	-	(4,730,720)	-	-	**(4,730,720)**
Deferred income tax impact on share issuance costs		-	1,229,987	-	-	**1,229,987**
Exercise of stock options		950,000	413,000	(46,110)	-	**366,890**
Share-based compensation	9(c)	-	-	3,698,395	-	**3,698,395**
Net loss and comprehensive loss		-	-	-	(10,338,002)	**(10,338,002)**
Balance, June 30, 2016		483,924,661	412,466,585	22,462,976	(97,612,336)	**337,317,225**
Exercise of stock options		263,333	101,646	(8,993)	-	**92,653**
Share-based compensation	9(c)	-	-	975,248	-	**975,248**
Net loss and comprehensive loss		-	-	-	(3,115,997)	**(3,115,997)**
Balance, December 31, 2016		**484,187,994**	**412,568,231**	**23,429,231**	**(100,728,333)**	**335,269,129**

Fission Uranium Corp.

Statements of cash flows
(Expressed in Canadian dollars)

	Note	Six Months Ended December 31 2016	Year Ended June 30 2016
		$	$
Operating activities			
Net loss and comprehensive loss		**(3,115,997)**	(10,338,002)
Items not involving cash:			
Depreciation	7	**72,298**	103,300
Share-based compensation	9(c)	**799,460**	3,066,792
Flow-through premium recovery		**-**	(4,402,200)
(Gain)/loss on short-term investments		**(5,915)**	2,250
Accrued interest on investments	5	**(80,318)**	-
Loss on disposal of property and equipment	7	**628**	3,611
Share of loss from equity investment in Fission 3.0 Corp.	6	**178,693**	164,352
Deferred income tax (recovery)/expense	12	**(742,983)**	3,024,255
		(2,894,134)	(8,375,642)
Changes in non-cash working capital items:			
Decrease in amounts receivable		**21,951**	210,933
Decrease (increase) in prepaid expenses		**380,794**	(299,593)
Increase (decrease) in accounts payable and accrued liabilities		**9,233**	(165,987)
Cash flow used in operating activities		**(2,482,156)**	(8,630,289)
Investing activities			
Purchase of investments	5	**(10,000,000)**	-
Property and equipment additions	7	**(32,754)**	(297,968)
Exploration and evaluation asset additions		**(9,324,871)**	(21,717,936)
Proceeds from disposition of short-term investments		**5,915**	-
Cash flow used in investing activities		**(19,351,710)**	(22,015,904)
Financing activities			
Proceeds from the issuance of common shares net of share issuance costs		**-**	77,495,339
Proceeds from exercise of stock options		**92,653**	366,890
Cash flow provided by financing activities		**92,653**	77,862,229
(Decrease)/increase in cash and cash equivalents during the period		**(21,741,213)**	47,216,036
Cash and cash equivalents, beginning of period		**71,989,592**	24,773,556
Cash and cash equivalents, end of period		**50,248,379**	71,989,592

Supplemental disclosure with respect to cash flows (Note 10)

1. Nature of operations and change in year end

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 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 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.

The Company has changed its fiscal year end from June 30 to December 31 in order to better align the Company's financial disclosure with one of its largest shareholders for operational and administrative efficiency. The change in fiscal year end is effective December 31, 2016 and so the transitional fiscal period is for the six month period ended December 31, 2016. The amounts presented in these financial statements are not entirely comparable, since the six month transitional fiscal year ended December 31, 2016 is a six month period and the comparative information is for the full twelve month fiscal year ended June 30, 2016.

2. Significant accounting policies

(a) *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as at December 31, 2016. These financial statements were authorized for issue by the Board of Directors on March 2, 2017.

(b) *Basis of presentation*

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

(c) *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, amounts receivable and investments at amortized cost for subsequent measurement purposes.

2. Significant accounting policies (continued)

(d) 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.

Guaranteed Investment Certificates ("GIC's") which do not meet the definition of cash and cash equivalents are accounted for as investments and classified as current or non-current based on the related contractual maturity dates.

(e) 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.

(f) Foreign currency translation

Transactions and balances

These financial statements are presented in Canadian dollars. 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.

The functional currency of the Company is the Canadian Dollar.

2. Significant accounting policies (continued)

(g) 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:

- Equipment and machinery 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.

(h) 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.

2. Significant accounting policies (continued)

(h) Exploration and evaluation assets (continued)

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

(i) Financial liabilities

Financial liabilities include accounts payable and accrued liabilities and are initially recorded at fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

(j) Flow-through shares

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

2. Significant accounting policies (continued)

(k) 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 income 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 income tax purposes, or iii) the services rendered are similar to those rendered by employees.

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

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

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

(l) Income taxes

Current income 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 income 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 and the amounts used for income tax purposes. Deferred income 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.

2. Significant accounting policies (continued)

(l) Income taxes (continued)

Deferred income 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 income 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 income 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.

(m) 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.

(n) 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.

(o) New standards, amendments and interpretations not yet effective

The IASB issued a number of new standards and amendments to standards and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2017.

<u>Accounting standards effective January 1, 2019</u>

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases, which will replace *IAS 17, Leases*. The standard provides a single lease accounting model, which requires all leases, including financing and operating leases, to be reported on the statement of financial position, unless the term is less than 12 months or the underlying asset has a low value. The Company has not yet considered the potential impact of the adoption of IFRS 16.

3. 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 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.

(Expressed in Canadian dollars)

3. Key estimates and judgements (continued)

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 Patterson Lake South ("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.

4. Amounts receivable

	December 31 2016	June 30 2016
	$	$
GST receivable	**105,470**	142,007
Other receivables	**54,985**	40,399
	160,455	182,406

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.

5. Investments

	December 31 2016	June 30 2016
	$	$
GIC's	**10,000,000**	-
Interest earned on GIC's	**80,318**	-
	10,080,318	-

The Company purchased two $5,000,000 fixed rate GIC's with a term of 2 years from a Canadian financial institution. The GIC's bear interest at a 1.68% annual rate and mature on July 9, 2018 and July 11, 2018.

(Expressed in Canadian dollars)

6. Investment in Fission 3.0

On February 23, 2015 the Company completed a private placement with Fission 3.0 Corp. ("Fission 3.0") pursuant to which the Company purchased 22,000,000 common 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, has 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 are typically not publicly available at the time the Company files its financial statements, the share of Fission 3.0's results are recognized using a reporting period which is three months prior to that of the Company. For the six month period ended December 31, 2016, the Company recognized its proportionate share of Fission 3.0's loss for the six month period ended September 30, 2016.

Details of the investment in Fission 3.0 are as follows:

	$
Balance July 1, 2015	3,040,535
Share of Fission 3.0's loss for the twelve months ended March 31, 2016	(154,776)
Reversal of intercompany services	(9,576)
Balance June 30, 2016	2,876,183
Share of Fission 3.0's loss for the six months ended September 30, 2016	(173,896)
Reversal of intercompany services	(4,797)
Balance December 31, 2016	**2,697,490**

The trading price of Fission 3.0's common shares on December 31, 2016 was $0.065 (June 30, 2016 - $0.085). The quoted market value of the investment in Fission 3.0 on December 31, 2016 was $1,430,000 (June 30, 2016 - $1,870,000).

Fission 3.0's summary financial information is as follows:

	Six months ended September 30 2016	Twelve months ended March 31 2016
	$	$
Comprehensive loss for the period	**1,406,925**	1,252,235

	September 30 2016	June 30 2016
	$	$
Current assets	**1,515,899**	1,928,260
Property and equipment	**38,045**	40,571
Exploration and evaluation assets	**7,329,352**	8,462,549
Total Assets	**8,883,296**	10,431,380
Current liabilities	**254,621**	55,762
Deferred income tax liability	**607,053**	1,066,189
Total Liabilities	**861,674**	1,121,951

(Expressed in Canadian dollars)

7. Property and equipment

Property and equipment consists of the following:

Cost	Equipment & Machinery	Vehicles	Office Equipment	Computer Hardware	Computer Software	Total
	$	$	$	$	$	$
As at July 1, 2015	193,198	32,492	101,186	150,651	24,478	502,005
Additions	287,490	-	-	10,478	-	297,968
Disposals	(5,615)	-	(10,797)	(25,296)	-	(41,708)
As at June 30, 2016	475,073	32,492	90,389	135,833	24,478	758,265
Additions	-	-	1,743	30,166	4,574	36,483
Disposals	(2,522)	-	-	(4,731)	-	(7,253)
As at December 31, 2016	**472,551**	**32,492**	**92,132**	**161,268**	**29,052**	**787,495**
Accumulated Depreciation						
As at July 1, 2015	105,008	31,817	65,124	88,330	24,478	314,757
Depreciation	51,414	516	18,060	33,310	-	103,300
Disposals	(3,296)	-	(10,797)	(24,004)	-	(38,097)
As at June 30, 2016	153,126	32,333	72,387	97,636	24,478	379,960
Depreciation	44,408	159	9,059	17,526	1,146	72,298
Disposals	(1,952)	-	-	(4,673)	-	(6,625)
As at December 31, 2016	**195,582**	**32,492**	**81,446**	**110,489**	**25,624**	**445,633**
Net Book Value						
As at June 30, 2016	321,947	159	18,002	38,197	-	378,305
As at December 31, 2016	**276,969**	**-**	**10,686**	**50,779**	**3,428**	**341,862**

(Expressed in Canadian dollars)

8. Exploration and evaluation assets

	Six months ended December 31 2016	Year ended June 30 2016
Patterson Lake South Property		
	$	$
Acquisition costs		
Balance, beginning and end	**176,501,858**	176,501,858
Exploration costs		
Balance, beginning	**88,539,338**	66,959,631
Incurred during		
Geology mapping/sampling	**26,370**	123,861
Geophysics airborne	**46,367**	188,241
Geophysics ground	**330,803**	348,007
Drilling	**7,736,870**	19,965,869
Land retention and permitting	**21,632**	63,659
Reporting	**32,596**	53,996
Environmental	**494,973**	117,609
Safety	**24,909**	30,652
Community relations	**87,716**	36,160
General	**9,434**	20,050
Share-based compensation	**175,788**	631,603
Additions	**8,987,458**	21,579,707
Balance, end	**97,526,796**	88,539,338
Total	**274,028,654**	265,041,196

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.

On January 11, 2016 the Company executed an offtake agreement with CGN Mining Company Limited ("CGN Mining"). Under the terms of the offtake agreement, CGN Mining will purchase 20% of annual U_3O_8 production and will have an option to purchase up to an additional 15% of U_3O_8 production from the PLS property, after commencement of commercial production.

9. Share capital and other capital reserves

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

(a) *Private placements*

January 26, 2016

The Company completed a private placement with CGN Mining of 96,736,540 common shares at a price of $0.85 per share, for gross proceeds of $82,226,059 equal to 19.99% of the issued and outstanding shares of the Company upon closing. The Company paid agents' commissions of $4,111,303 plus expenses of $619,417.

(Expressed in Canadian dollars)

9. Share capital and other capital reserves (continued)

(b) *Stock options and warrants*

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

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, 2015	33,578,333	1.0464	1,380,538	1.5651
Granted	16,350,000	0.8500	-	-
Exercised (1)	(950,000)	0.3862	-	-
Expired	(9,371,667)	0.7367	(1,380,538)	1.5651
Forfeited	(23,333)	1.0000	-	-
Outstanding, June 30, 2016	39,583,333	1.0545	-	-
Exercised (1)	(263,333)	0.3518	-	-
Expired	(400,000)	1.2920	-	-
Outstanding, December 31, 2016	**38,920,000**	**1.0568**	**-**	**-**

(1) The weighted average share price of stock options exercised during the six month period ended December 31, 2016 was $0.6035 (Year ended June 30, 2016 - $0.6435).

As at December 31, 2016, incentive stock options were outstanding as follows:

Stock options			
Number outstanding	Exercise price	Number of vested options	Expiry date
	$		
770,000	0.2505	770,000	December 31, 2017
340,000	0.3862	340,000	January 12, 2017
16,350,000	0.8500	8,175,000	February 5, 2021
7,930,000	1.0000	7,930,000	December 15, 2019
7,210,000	1.2000	7,210,000	January 21, 2019
300,000	1.3100	300,000	February 25, 2019
6,020,000	1.6500	6,020,000	April 4, 2019
38,920,000		**30,745,000**	

(Expressed in Canadian dollars)

9. Share capital and other capital reserves (continued)

(c) Share-based compensation

All options are recorded at fair value using the Black-Scholes option pricing model. There were no stock options granted during the six month period ended December 31, 2016 (Year ended June 30, 2016 – 16,350,000). Pursuant to the vesting schedule of options granted, during the six month period ended December 31, 2016 share-based compensation of $799,460 (Year ended June 30, 2016 - $3,066,792) was recognized in the statements of loss and comprehensive loss and $175,788 (Year ended June 30, 2016 - $631,603) was recognized in exploration and evaluation assets. The total amount of $975,248 (Year ended June 30, 2016 - $3,698,395) was also recorded as other capital reserves in the statements of changes in equity.

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

	December 31 2016	June 30 2016
Risk Free Interest Rate	**N/A**	0.38%
Expected Life - Years	**N/A**	2.92
Estimated Forfeiture Rate	**N/A**	6.10%
Annualised Volatility	**N/A**	55.80%
Dividend Rate	**N/A**	N/A
Weighted average fair value per option	**N/A**	$0.24

10. Supplemental disclosure with respect to cash flows

	December 31 2016	June 30 2016
	$	$
Cash and cash equivalents		
Cash	**44,573,379**	68,329,592
Redeemable term deposits	**5,675,000**	3,660,000
	50,248,379	71,989,592

There were no cash payments for interest and income taxes during the six month period ended December 31, 2016, and the year ended June 30, 2016. During the six month period ended December 31, 2016 the Company received $309,214 (Year ended June 30, 2016 - $320,732) in interest income.

Significant non-cash transactions for the six month period ended December 31, 2016 included:

(a) Incurring $273,873 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;

(b) Recognizing $175,788 of share-based payments in exploration and evaluation assets;

(c) Reclassifying $8,993 from other capital reserves to share capital on the exercise of stock options; and

(d) Incurring $3,729 for property and equipment through accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

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

Significant non-cash transactions for the year ended June 30, 2016 included:

(a) Incurring $787,074 of exploration and evaluation related expenditures through accounts payable and accrued liabilities;

(b) Recognizing $631,603 of share-based payments in exploration and evaluation assets;

(c) Reclassifying $46,110 from other capital reserves to share capital on the exercise of stock options; and

(d) Reclassifying $1,229,987 from share issuance costs to deferred income tax liability to record the impact of deferred income taxes on share issuance costs.

11. 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.

	Six months ended December 31 2016	Year ended June 30 2016
	$	$
Compensation Costs		
Wages, consulting and directors fees paid or accrued to key management personnel and companies controlled by key management personnel	**1,287,353**	2,347,531
Share-based compensation pursuant to the vesting schedule of options granted to key management personnel	**605,341**	2,198,670
	1,892,694	4,546,201

	Six months ended December 31 2016	Year ended June 30 2016
	$	$
Exploration and administrative services billed to Fission 3.0 Corp., a company over which Fission Uranium has significant influence	**79,824**	318,987

Included in accounts payable at December 31, 2016 is $13,448 (June 30, 2016 - $31,141) for wages payable and consulting fees due to key management personnel and companies controlled by key management personnel.

Included in amounts receivable at December 31, 2016 is $2,499 (June 30, 2016 - $9,409) for exploration and administrative services and expense recoveries due from Fission 3.0.

Transactions with CGN Mining, which is deemed to be a related party as it accounts for its investment in the Company as an investment in associate, have been disclosed in notes 8 and 9.

These transactions were in the normal course of operations.

(Expressed in Canadian dollars)

12. Income taxes

A reconciliation of current income taxes at statutory rates (December 31, 2016 – 26%, June 30, 2016 – 26%) with the reported taxes is as follows:

	Six months ended December 31 2016	Year ended June 30 2016
	$	$
Loss before income taxes	**(3,858,980)**	(7,313,747)
Expected income tax recovery	**(1,003,334)**	(1,901,574)
Permanent differences	**237,890**	846,141
Net change in benefits of tax attributes previously not recognized	**22,461**	21,660
Renunciation of flow-through expenditures	**-**	5,202,600
Flow-through premium recovery	**-**	(1,144,572)
Deferred income tax (recovery)/expense	**(742,983)**	3,024,255

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

	December 31 2016	June 30 2016
	$	$
Deferred income tax assets (liabilites)		
Property and equipment	**6,282**	3,724
Exploration and evaluation assets	**(15,107,462)**	(14,848,474)
Non-capital losses	**11,553,750**	10,240,745
Share issuance costs	**1,581,311**	1,894,903
Net deferred income tax liabilities	**(1,966,119)**	(2,709,102)

The deferred income 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 income 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 $44,437,501 of recognized non-capital losses which, if unutilized, will expire between 2025 and 2036. The income 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 December 31, 2016 the Company did not recognize $1,512,954 (June 30, 2016 - $1,512,954) of unused investment tax credits which will expire between 2023 and 2033. In addition, at December 31, 2016 the Company did not recognize deferred income tax assets on capital losses of $9,085 (June 30, 2016 - $Nil), and deductible temporary differences from the investment in Fission 3.0 of $405,624 (June 30, 2016 - $226,931) and others of $Nil (June 30, 2016 - $15,000) because it does not anticipate future capital gains to utilize these assets.

13. 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 and stock options.

Changes in the equity accounts of the Company are disclosed in the statements of changes in equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. 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.

14. Financial instruments and risk management

International Financial Reporting Standards 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, investments 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. For investments with fixed rates of interest, the carrying value is considered to be a reasonable approximation of fair value due to insignificant movements in risk-free interest rates during the period.

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.

(Expressed in Canadian dollars)

14. Financial instruments and risk management (continued)

(a) Credit risk (continued)

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

(i) Cash and cash equivalents;

(ii) Amounts receivable; and

(iii) Investments

The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At December 31, 2016, 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:

	December 31 2016	June 30 2016
	$	$
Cash and cash equivalents	**50,248,379**	71,989,592
Amounts receivable	**160,455**	182,406
Investments	**10,080,318**	-
	60,489,152	72,171,998

(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 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	**December 31 2016**	June 30 2016
		$	$
Accounts payable and accrued liabilities	< 6 months	**475,311**	975,550

15. Subsequent events

Subsequent to December 31, 2016:

(a) 410,000 stock options were exercised with a weighted average exercise price of $0.3630 and a weighted average share price of $0.6976.

(b) The Company granted 9,940,000 stock options to directors, officers, employees and consultants exercisable at $0.85 per share expiring on January 16, 2022.