

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

## Part I Reporting Issuer

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
FISSION ENERGY CORP.		N/A - CDN	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
David Cates	416-979-1991	dcates@denisonmines.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
595 Bay St., Suite 402		Toronto, ON M5G 2C2, Canada	
<b>8</b> Date of action		<b>9</b> Classification and description	
April 26, 2013		Capital reorganization and distribution of shares of subsidiary in arrangement with Denison	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
338125	N/A	FIS - TSX VENTURE	N/A

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ►  
-> SEE ATTACHED

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ►  
-> SEE ATTACHED

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ►  
-> SEE ATTACHED

**Part II Organizational Action** (continued)**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►

-&gt; IRC section 301(c) and 316

**18** Can any resulting loss be recognized? ►

-&gt; N/A

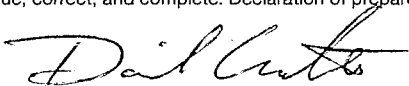
**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ►

-&gt; Reportable tax year ending December 31, 2013

**Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►



Date ►

06/06/2013

Print your name ► David Cates

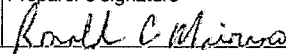
Title ► V.P. Finance &amp; Tax, C.F.O.

**Paid  
Preparer  
Use Only**

Print/Type preparer's name

Ronald C. Maiorano

Preparer's signature



Date

06/06/2013

Check ☐ if  
self-employed

PTIN

P01067285

Firm's name ► KPMG LLP

Firm's EIN ►

98-0173533

Firm's address ► 333 BAY STREET, SUITE 4600, TORONTO, ON M5H 2S5, CANADA

Phone no.

416-777-8500

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

**FISSION ENERGY CORP.**

**FORM 8937 ATTACHMENT**

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Part II

Line 14

Denison Mines Corp. ("Denison") and Fission Energy Corp. ("Fission") entered into an Arrangement Agreement ("the Arrangement") on March 7, 2013. As part of the Arrangement, Fission carried out certain transactions, prior to April 26, 2013, whereby certain assets were contributed to Fission Uranium Corp. ("Fission Uranium"), a wholly owned subsidiary of Fission. On April 26, 2013 (the "Effective Date") Fission carried out a share capital reorganization (the "Reorganization"), whereby the shareholders of Fission exchanged each Fission common share for (a) one Fission Class A Share ("Class A Share") and (b) one common share of Fission Uranium. Shortly after the completion of the Reorganization, and pursuant to the Arrangement, each Class A Share was then transferred to Denison (the "Acquisition") in exchange for (a) 0.355 of a common share of Denison, and (b) CDN\$0.0001 of cash.

Line 15

REORGANIZATION TRANSACTION:

The distribution of Fission Uranium shares carried out as part of the Reorganization transaction (as described above) will result in a reduction in the basis of each Class A Share received as part of the same Reorganization. A U.S. shareholder's adjusted tax basis in a Class A Share will be equal to the U.S. shareholder's adjusted tax basis in a Fission share (trading as "FIS" on the TSX Venture Exchange) immediately before the Reorganization, reduced by the lesser of (1) a shareholder's adjusted tax basis in a Fission share immediately before the Reorganization, and (2) USD\$0.52.

IF YOU HELD THE SHARES OF FISSION AS PFIC SHARES, YOU SHOULD REVIEW THE ADDITIONAL DISCLOSURE PROVIDED IN THE MANAGEMENT INFORMATION CIRCULAR, DATED MARCH 22, 2013, PROVIDED TO FISSION SHAREHOLDERS AND AVAILABLE ON FISSION'S PROFILE ON [WWW.SEDAR.COM](http://WWW.SEDAR.COM). YOU ARE ALSO URGED TO CONSULT YOUR OWN TAX ADVISOR FOR MORE INFORMATION.

ACQUISITION TRANSACTION:

The exchange of Class A Shares for Denison shares and cash is not expected to qualify as a reorganization for U.S. Federal income tax purposes. As a result, a U.S. shareholder will recognize a capital gain on the exchange equal to the amount by which the aggregate fair

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market value, at the time of the exchange, of the Denison shares and cash received exceeds the U.S. shareholder's adjusted tax basis in the Fission Class A Share. A U.S. shareholder's adjusted tax basis in the Denison shares received in the exchange will be equal to their fair market value at the time of the exchange. The fair market value of a common share of Denison is estimated to be USD\$1.24.

IF YOU HELD THE SHARES OF FISSION AS PFIC SHARES, YOU SHOULD REVIEW THE ADDITIONAL DISCLOSURE PROVIDED IN THE MANAGEMENT INFORMATION CIRCULAR, DATED MARCH 22, 2013, PROVIDED TO FISSION SHAREHOLDERS AND AVAILABLE ON FISSION'S PROFILE ON [WWW.SEDAR.COM](http://WWW.SEDAR.COM). YOU ARE ALSO URGED TO CONSULT YOUR OWN TAX ADVISOR FOR MORE INFORMATION.

Line 16

REORGANIZATION TRANSACTION:

Fission believes that it will not have current earnings and profits for the taxable year during which the Arrangement closed, nor will it have a positive balance of current plus accumulated earnings and profits at the end of the taxable year during which the Arrangement closed. As a result, the distribution of the Fission Uranium shares to Fission shareholders should not constitute a dividend. Pursuant to IRC § 301, the distribution should be treated (1) first, as a tax free return of capital to the extent of the shareholder's tax basis in the Denison shares, and (2) thereafter, as a gain from the sale or exchange of such Denison Shares.

A tax free return of capital will result in a reduction of the shareholder's adjusted basis in its Fission shares. The amount of the reduction will be the lesser of (1) the shareholder's adjusted basis in the Fission shares, and (2) the fair market value of the Fission Uranium shares distributed to the shareholder.

On the effective date, each share of Fission (Trading as "FIS" on the TSX Venture Exchange) is estimated to have a fair market value of CAD\$0.9815 - capturing the fair market value of both a Class A Shares and a shares of Fission Uranium. The fair market value of each share of Fission is based on the 20-day volume weighted average trading price on the TSX Venture Exchange from March 29, 2013 to April 25, 2013.

**FISSION ENERGY CORP.**

**FORM 8937 ATTACHMENT**

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The fair market value of each Class A Share is estimated to be CDN\$0.4490. This fair market value was determined as 0.355 multiplied by the fair market value of a Denison common share on the effective date (as described below under the "Acquisition Transaction"), of CDN\$1.2644, plus CDN\$0.0001.

Taken together, the fair market value of each Fission Uranium share was determined to be CDN\$0.5325, being the excess of the fair market value of a Fission share (CDN\$0.9815), over the fair market value of a Class A Share (Cdn\$0.4490). According to the Bank of Canada, the noon exchange rate on the effective date was 1CAD = 0.9833USD. As a result, the fair market value of each Fission Uranium share distributed to Fission shareholders is equal to USD\$0.52 [CDN\$0.5325 \* 0.9833].

**ACQUISITION TRANSACTION:**

The fair market value of each Denison common share on the effective date is estimated to be CDN\$1.2644. According to the Bank of Canada, the noon exchange rate on the effective date was 1CAD = 0.9833USD. As a result, the fair market value of each Denison share received in exchange for Class A Shares is equal to USD\$1.24 [CDN\$1.2644 \* 0.9833].