

**ASX QUARTERLY REPORT
FOR PERIOD ENDED 30TH JUNE 2011**

SUMMARY

MT THIRSTY PROJECT (WA)

Nickel Sulphide Exploration

- **Diamond drilling indicates nickel sulphides truncated at depth by thick pegmatite intrusion**
- **Further 4km of untested footwall contact**

Mt Thirsty Co-Ni-Mn Oxide Resource

- **Negotiations progressing with Native Title holders towards grant of Mining Lease**

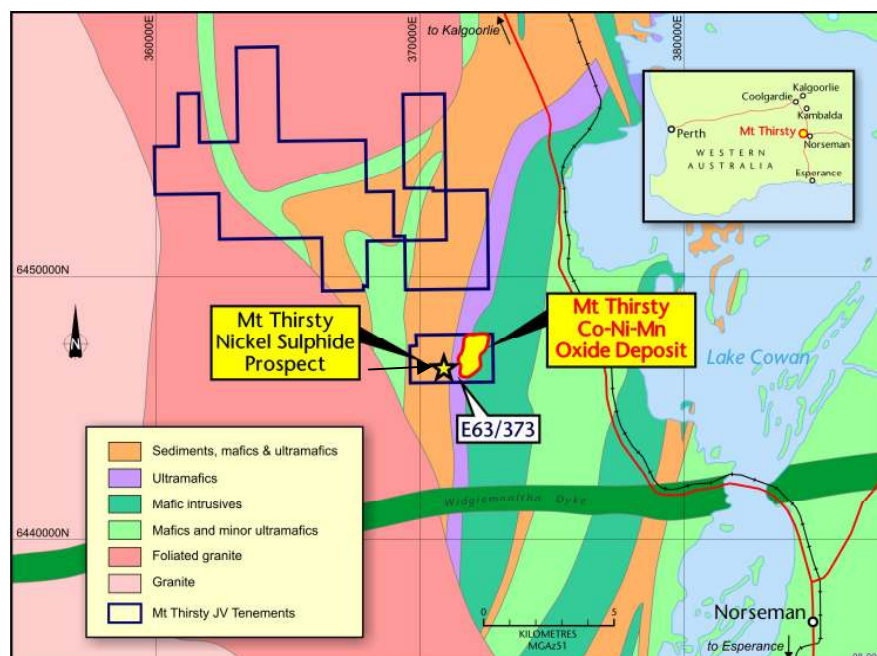


Figure 1: Mt Thirsty Project Location and Regional Geology.

MT THIRSTY Co -Ni -Mn PROJECT (Fission 50%)

The Mt Thirsty Cobalt –Nickel -Manganese oxide project covering an area of 58km² is located 20km north-northwest of Norseman in the southern goldfields of Western Australia, a well endowed nickel terrain (see Figure 1). Fission through its wholly owned subsidiary Meteore Metals Limited owns 50% of the project in joint venture with Barra Resources Limited. The Mt Thirsty deposit has the potential to emerge as a significant world cobalt supplier. Metallurgical testwork indicates that high recoveries of cobalt, nickel and manganese can be achieved through low temperature atmospheric leaching. Based on the current flowsheet design, approximately 27,000 tonnes of mixed sulphide precipitate (containing 2,700t Co & 10,000t Ni) and 33,000 tonnes of manganese carbonate could be produced annually from Mt Thirsty.

Mt Thirsty has a JORC compliant Indicated Resource of 16.6 million tonnes at 0.14% Cobalt, 0.60% Nickel and 0.98% Manganese and a JORC compliant Inferred Resource of 15.3 million tonnes at 0.11% Cobalt, 0.51% Nickel and 0.73% Manganese over a length of 1.6 kilometres and a width of up to 850 metres.

As well as the Cobalt-Nickel–Manganese oxide resource, the Mt Thirsty joint venture tenements have potential for nickel sulphide mineralisation at greater depth within the same ultramafic sequence which hosts the near surface oxide deposit. A nickel sulphide discovery was made by the joint venture in 2010.

Nickel Sulphide Exploration

A very thick sequence of originally olivine-rich, cumulate - textured ultramafic rocks has been intersected in holes drilled at Mt Thirsty. These rocks contain variable amounts of disseminated, vein and stringer-style sulphide mineralisation. The primary exploration target at Mt Thirsty is nickel sulphides associated with basal lava channel embayments located on ultramafic-basalt (footwall) contacts similar to those in the Kambalda region.

In May last year RC hole **MTRC015** intersected a thick zone of nickel sulphides assaying **3.4% nickel over 6m** from a down hole depth of 201 metres, adjacent to an ultramafic contact within an interpreted lava channel embayment. Follow up RC drilling returned nickel sulphide intersections o, **2m at 5.9% Ni, 2m at 3.5% Ni and 1m at 4.0% Ni** in holes MTAC 20, 22 & 30 respectively (refer Figure 2).

During the quarter one diamond hole (MTDD028) was drilled from the bottom of previous RC hole MTRC010 (GDA94 Z51, 6446472N 371050E) from 204m to a depth of 474.8m. Hole MTRC010 was originally inclined at 60° to the west but had steepened to 68° at the bottom. The diamond hole was aimed at testing the down plunge extension of the nickel sulphide mineralisation discovered in 2010 as well as a deeper footwall position. A geological interpretation indicated that the nickel sulphide mineralisation discovered previously most likely occupies a “hanging wall” position and that potential still exists at depth for stronger nickel sulphide mineralisation at the footwall contact.

MTDD028 intersected a thick pegmatite intrusion from 276m to the bottom of the hole. This pegmatite is interpreted as being relatively flat lying suggesting that a significant down plunge portion of any nickel sulphide mineralisation would have been stoped out by the pegmatite intrusion over a vertical thickness in excess of 220m from ~200m below surface (refer Figure 2).

A down hole EM survey did not detect any conductors (ie. sulphide mineralisation) but is only likely to detect any strong conductors present within a 50 to 100m radius around the hole.

Further drill testing of this prospect would have to be aimed at extensions of the mineralisation below the thick pegmatite intrusion at greater than 400m vertical depth.

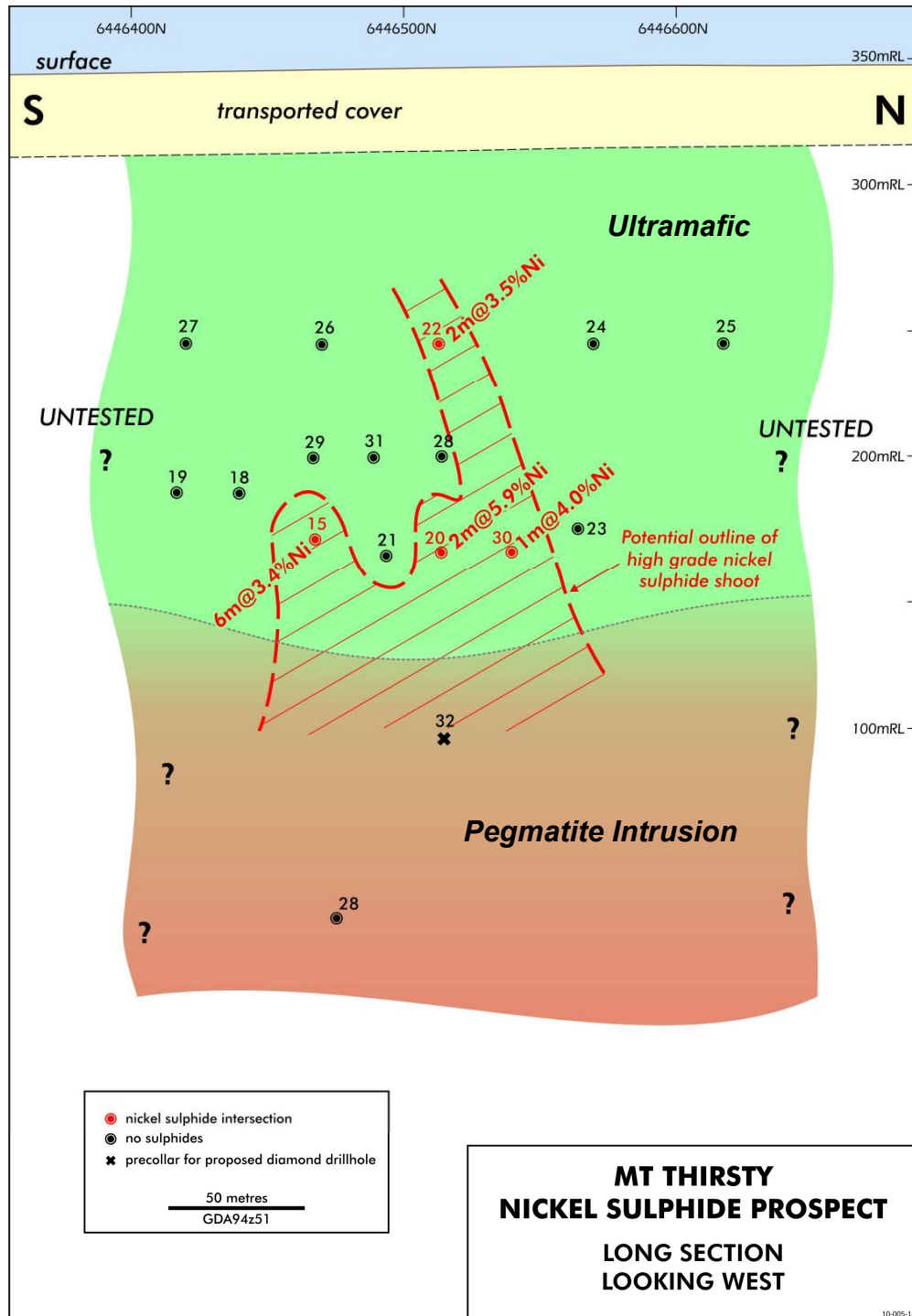


Figure 2: Longitudinal Section Showing Nickel Sulphide Intersections and Interpreted Pegmatite Intrusion (Red)

There is a further 4km of untested footwall contact in E63/1267, a Mt Thirsty Joint Venture tenement 2km to the north of E63/373 (Figure 3). Considering that nickel sulphides have been discovered in the vicinity of this contact in E63/373 the continuation of this contact into E63/1267 is a high priority target for nickel sulphides at shallow depth which can be easily tested by a surface EM survey. In addition, this area is further from the granite contact and is less likely to be disrupted by pegmatite intrusions.

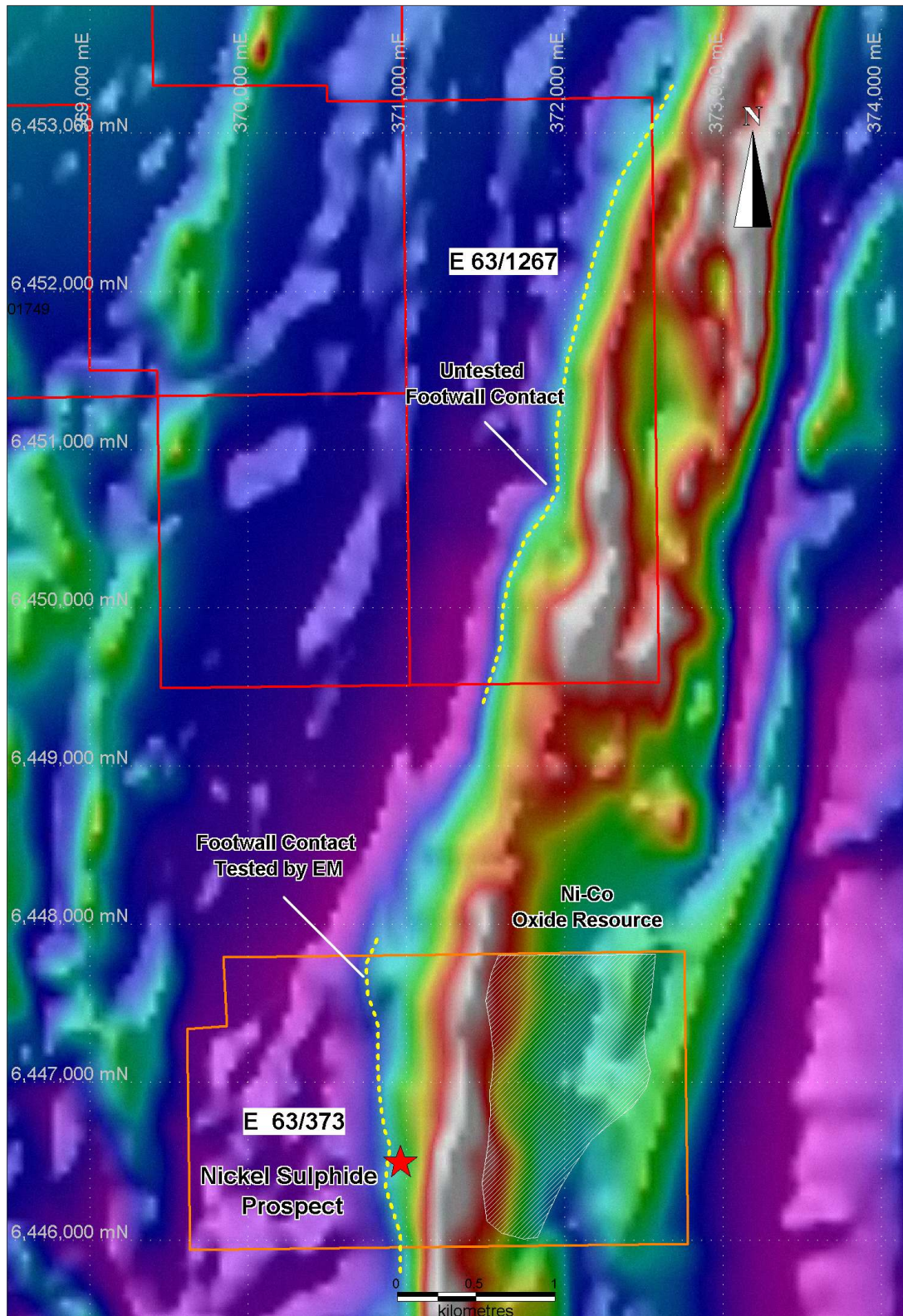


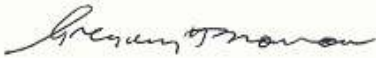
Figure 3: Location of Mt Thirsty JV tenements and Nickel Sulphide Prospect on TMI Airborne Magnetic Image. Interpreted Location of Footwall Contact shown in yellow.

Mt Thirsty Cobalt-Nickel Oxide Deposit*Mining Lease*

Negotiations are progressing with the Native Title holders concerning a compensation package that will pave the way towards grant of Mining Lease covering the Mt Thirsty cobalt - nickel oxide deposit.

Feasibility Study

The Mt Thirsty Joint Venture partners are seeking a joint venture partner that would help to fund a feasibility study and enter into a suitable off-take agreement for the Ni, Co and Mn that will be produced.



Greg Solomon
Executive Chairman

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

The information in this announcement, insofar as it relates to Mineral Exploration activities, is based on information compiled by Michael J. Glasson and Robert N Smith, who are members of the Australian Institute of Geoscientists, both of whom have more than five years experience in the field of activity being reported on. Mr Glasson and Mr Smith are consultants. Mr Glasson and Mr Smith have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Glasson and Mr Smith consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

It should not be assumed that the reported Exploration Results will result, with further exploration, in the definition of a Mineral Resource.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

FISSION ENERGY LTD

ABN

49 119 057 457

Quarter ended ("current quarter")

30 JUNE 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to June (12 months) \$A'000
1.1 Receipts from product sales and related debtors	18	52
1.2 Payments for (a) exploration & evaluation	(116)	(941)
(b) development	-	-
(c) production	-	-
(d) administration	(131)	(610)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	40
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	389
Net Operating Cash Flows	(221)	(1,070)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1)
1.9 Proceeds from sale of: (a) prospects	-	350
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	349
1.13 Total operating and investing cash flows (carried forward)	(221)	(721)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(221)	(721)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(221)	(721)
1.20	Cash at beginning of quarter/year to date	851	1,351
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	630	630

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	111
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Management Fees, as per agreement, were paid during the quarter to a company of which Mr GH Solomon and Mr DH Solomon are directors.
Directors Fees paid during the period.
Legal Fees were paid during the quarter to a firm of which Mr GH Solomon and Mr DH Solomon are partners.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	125
Total	175

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	630	851
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	630	851

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	126,930,258	126,930,258		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	NOT APPLICABLE			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	511,508 3,000,000 888,888 500,000	NIL NIL NIL NIL	<i>Exercise price</i> 20 cents 13.75 cents 12 cents 19 cents	<i>Expiry date</i> 16 April 2012 20 Nov 2012 12 Feb 2013 26 May 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	NOT APPLICABLE			
7.12 Unsecured notes <i>(totals only)</i>	NOT APPLICABLE			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 21 July 2011

Print name: Aaron Gates

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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