

**ASX QUARTERLY REPORT
FOR PERIOD ENDED 30TH SEPTEMBER 2012**

SUMMARY

MT THIRSTY PROJECT (WA)

Mt Thirsty Co-Ni-Mn Oxide Resource

- **New 200kg oxide composite metallurgical sample prepared**
- **Latest Continuous Vat Leach (CVL) test work programme completed**
- **Consultants report expected end of October**

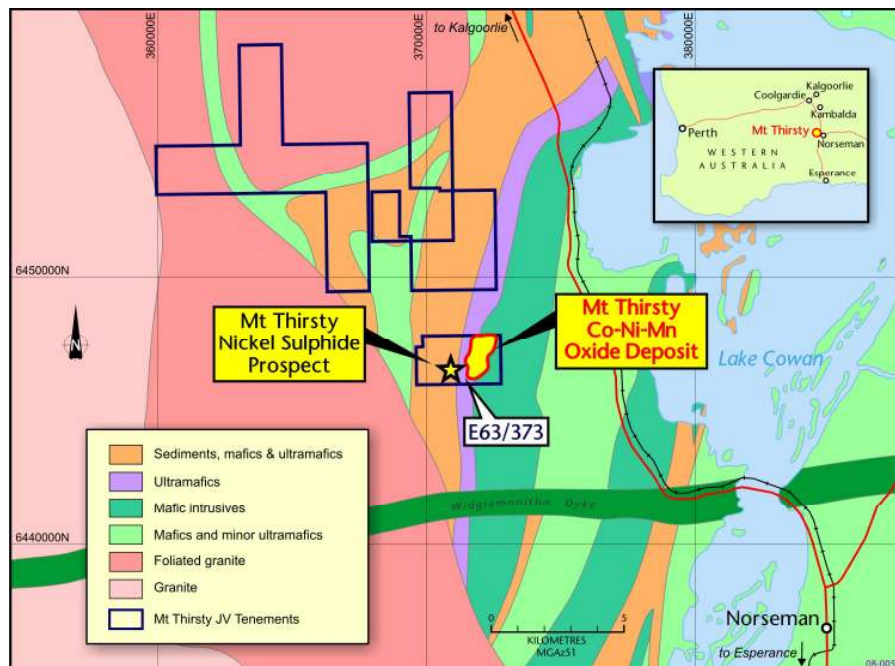


Figure 1: Mt Thirsty Project Location and Regional Geology

MT THIRSTY COBALT -NICKEL -MANGANESE PROJECT (Fission 50%)

The Mt Thirsty Cobalt –Nickel -Manganese oxide project covering an area of 47km² 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 cobalt supplier. Metallurgical test work indicates that high recoveries of cobalt, nickel and manganese can be achieved through low temperature atmospheric leaching.

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. Intersections of nickel sulphides were made by the joint venture in 2010.

Mt Thirsty Cobalt-Nickel-Manganese Oxide Deposit

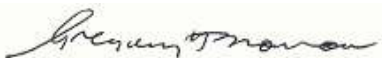
Metallurgical Test Work

Due to the expected high capital cost of the current Mt Thirsty flow sheet design, Perth consultants RMDSTEM were commissioned to undertake a preliminary evaluation of the viability of leaching Mt Thirsty oxide with sodium metabisulphite (SMBS) via the proprietary INNOVAT continuous vat leaching process. INNOVAT processing would require considerably lower capital expenditure and operating costs than for the previously developed flow sheet design. Cost benefits of the INNOVAT process could potentially far outweigh the considerably lower Ni recoveries achieved. It has also been proposed that Co and Ni could be precipitated from the pregnant INNOVAT leach liquor as sulphides using NaHS or as mixed hydroxides using MgO.

Results from the test work carried out so far indicate that Mt Thirsty oxide material is amenable to the INNOVAT process.

Further metallurgical testwork was conducted during the quarter on a 200kg bulk sample composited from air core samples drilled in the previous quarter. This work involved SMBS optimisation bottle roll tests to determine optimum reagent consumption. Other tests included attrition, fines separation tests and a fines kinetic study to determine optimal leach residence time.

The testwork has recently been completed and the consultant's report is expected by the end of October. Further more detailed work will be conducted pending a positive report.



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 September 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to September (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(4)	(4)
(b) development	-	-
(c) production	-	-
(d) administration	(157)	(157)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(159)	(159)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(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	-	-
1.13 Total operating and investing cash flows (carried forward)	(159)	(159)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(159)	(159)
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		(159)	(159)
1.20	Cash at beginning of quarter/year to date	347	347
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	188	188

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	119
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.
Consulting fees were paid during the quarter to a company of which Mr GT Le Page and Mr JB Richardson are directors.

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	20
4.2 Development	-
4.3 Production	-
4.4 Administration	80
Total	100

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	188	347
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	188	347

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>	3,000,000 888,888 500,000	NIL NIL NIL	<i>Exercise price</i> 13.75 cents 12 cents 19 cents	<i>Expiry date</i> 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: 29 October 2012

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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