

**ASX QUARTERLY REPORT
FOR PERIOD ENDED 31ST DECEMBER 2012**

SUMMARY

CAMBODIA

- **Fission conditionally agrees to acquire three Cambodian exploration licences highly prospective for gold and base metals**

MT THIRSTY PROJECT (WA)

Mt Thirsty Co-Ni-Mn Oxide Resource

- **Phase 3 Continuous Vat Leach (CVL) metallurgical testwork completed**
- **81% of Co recovered in 24 hours from coarse material indicating high Co recoveries are possible**
- **Tests indicate that cheaper SO₂ is the only realistic leaching agent to use rather than more expensive SMBS (sodium metabisulphite).**

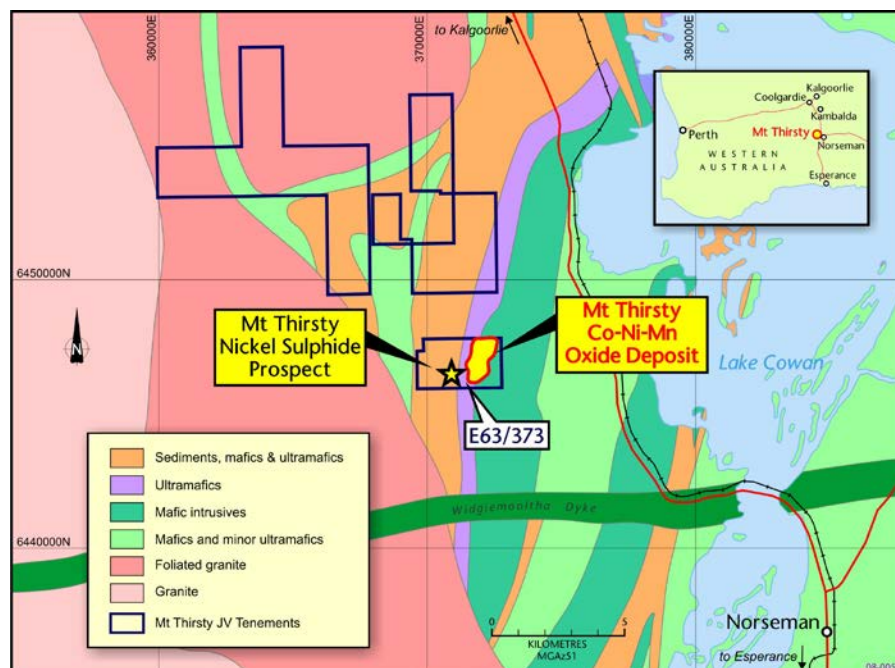


Figure 1: Mt Thirsty Project Location and Regional Geology

CAMBODIAN EXPLORATION LICENCES

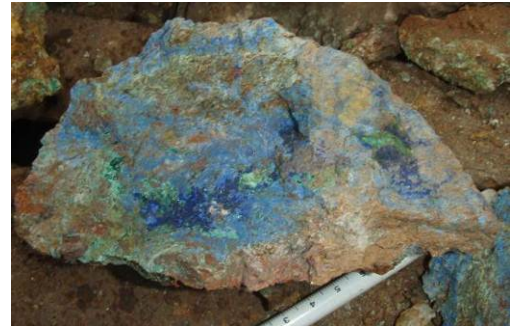
Fission has signed two conditional agreements with two Cambodian companies Angkor Thmorpich Resources Co Ltd (“ATR”) and Wild Bull Resources Co., Ltd (“WBR”) to acquire a 100% interest in three Exploration Licences (EL’s) covering a total area of 430km² in the largely unexplored north-western region of Cambodia.

Cambodia is considered one of the “last frontiers” for mineral explorers (refer Annexure 1 at the back of this report). High-grade copper assays have already been returned from the Dontret License with outcropping copper mineralisation also identified at Srayang.

The Consideration will be (a) 50 million Fission shares (35 Million to ATR and 15 million to WBR to acquire an option held by WBR), (b) a 0.50% Royalty (Cu, Au, Ag) payable to ATR , (c) a cash payment to ATR of US\$200,000), and (d) a further 85 million shares to be issued to ATR on the delineation of a commercially viable JORC Resource following a Definitive Feasibility Study on any of the three EL’s. The two agreements are conditional upon a number of conditions precedent including Fission and ATR shareholder approval.

Dontret License

On the Dontret License (202 km²), outcropping “skarn style” copper mineralisation has been identified returning grades of up to 8.6% Cu, 1.31% Zn and 25.6 g/t Ag. Shallow open cut mining has exposed mineralisation up to 20 metres wide, averaging 1.66% Cu over 8.47 metres and striking for over 100 metres. No modern exploration has been undertaken and mineralisation remains open in all directions. Exploration (mapping, sampling costeaning) to commence immediately and will initially target areas of known copper and gold mineralisation at both Dontret and Srayang.



Pailin License

The Pailin License (34km²) is situated west of the Dontret License in a similar geological terrain to Dontret. The tenement is considered prospective for base metals and gold.

Srayang License

The Sroyrang License (194km²) also contains outcropping copper mineralisation with associated alteration exposed in costeans and outcrop.

Location and Access

Dontret License

The Dontret License (Figure 1) is located in Ratanakmondol and Samlot Districts and covers an area of 202 square kilometres.

The exploration license agreement was approved on July 21, 2011 and is valid for two years. The tenement is located in Battambang Province (western Cambodia) approximately 250 km NW of Phnom Penh. The Dontret License is accessible through the National Road #5.

Pailin License

The Pailin License (Figure 1) was granted on 21 June 2011 and is located in the Phnum Kai area, Pailin City, Pailin Province. The Exploration License covers an area of approximately 34 square kilometres and is also accessible via the National Road #5.

Srayang License

The Srayang License (Figure 1) was granted on 21 June 2011 and is located in the Srayang area, Kuleaen District, Preah Vihear Province. The Exploration License covers an area of approximately 192 square kilometres.

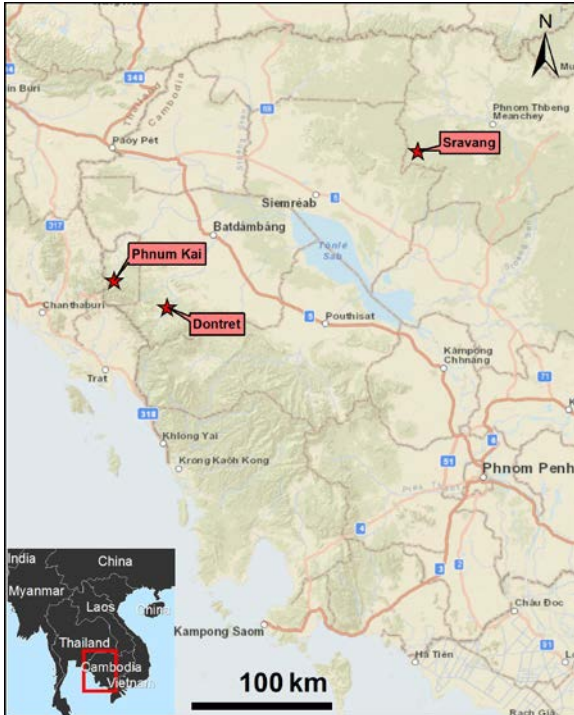
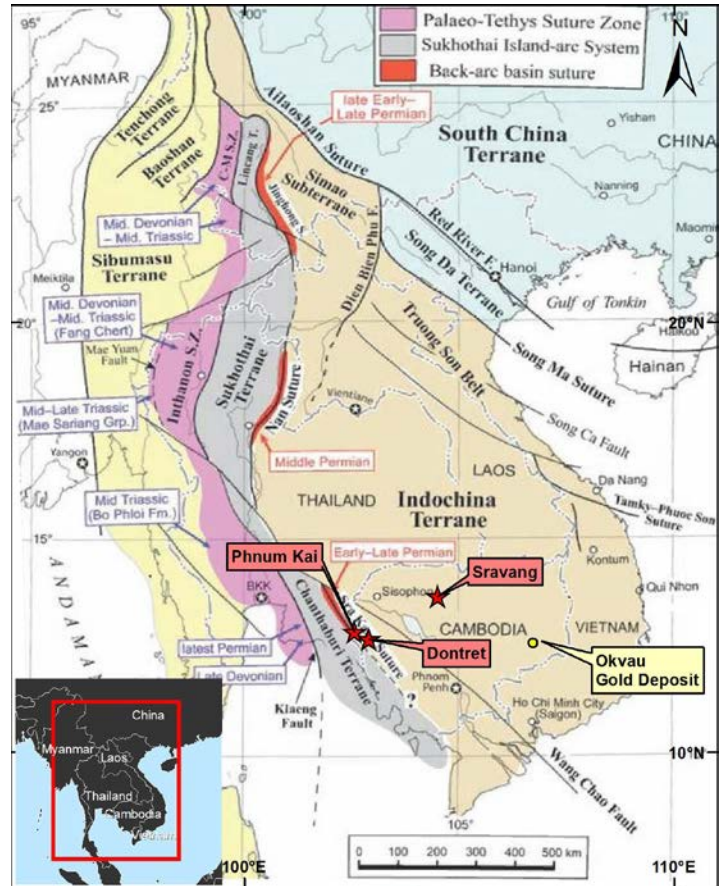


Figure 1 (above): Dontret, Srayang and Pailin tenement locations.

Figure 2 (right): Geological setting



Geological Setting

The Pailin and Dontret (Figure 2) licenses occupy the margin of a major regional lineament known as the Wang Chao Fault within the Chanihaburi Terrane.

It is likely that this fault has contributed towards the metamorphism and mineralisation of sediments including sandstones, limestones. This is supported by the presence of potential skarn style mineralisation at Dontret.

Geology - Dontret License

The topography of the Samlot District is generally flat to gently rolling. Rocks at the flat lying regions are mostly sediments and fine-medium grained undifferentiated sandstones and siltstones which show some degree of metamorphism (Figure 3). Limestone units are distributed on the northern, eastern and western part of the visited prospect area. The local topographic highs generally reflect silicified structures probably associated with mineral bearing fluids that made the altered rocks more resistant to weathering as compared with the unaltered host rocks.

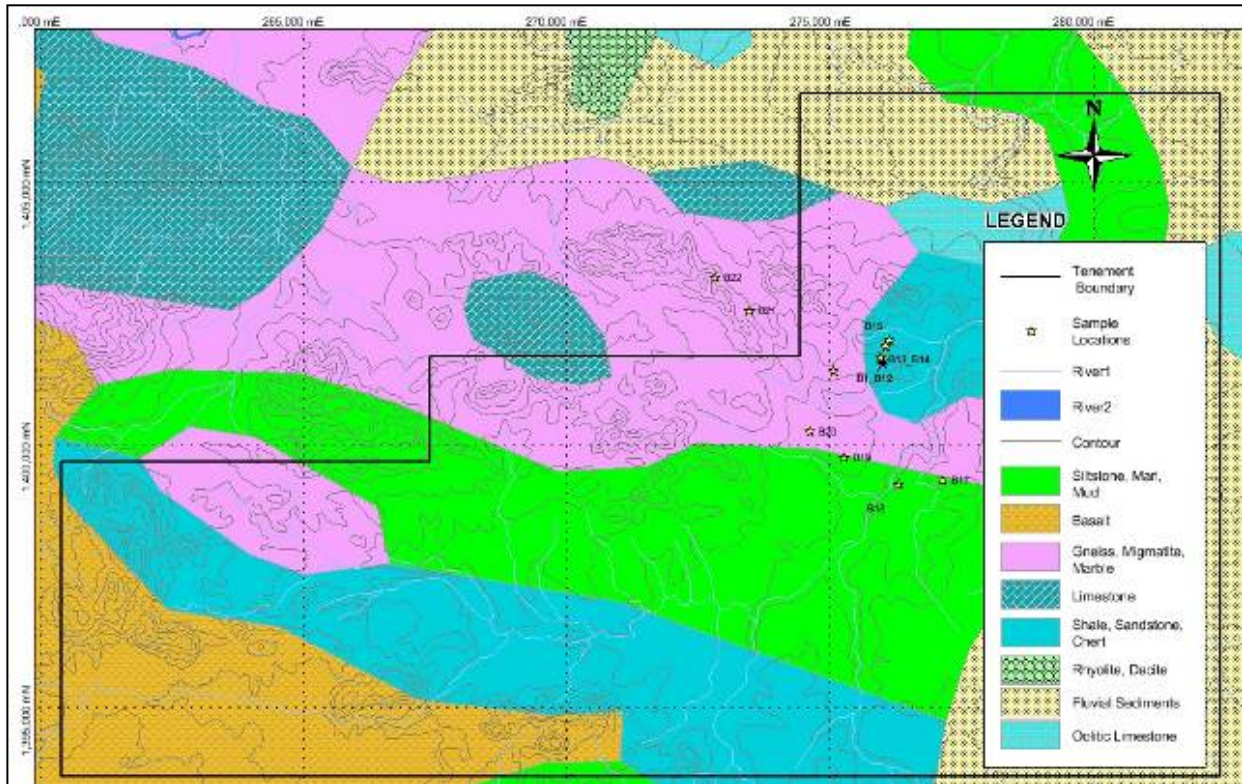


Figure 3: Regional Geology - Angkor Thmorpich Resources Tenement

Artisanal Mining - Dontret License



Local villagers discovered outcropping copper mineralisation (Figure 4) several years ago in an area previously covered in forest that has since been cleared for farming purposes.

In 2011, Artisanal miners established a pilot copper processing plant onsite to extract copper and silver producing approximately 5 tons of copper concentrate (95-98 % copper). Production ceased in early 2012 and around 400-500 tons of copper ore remain stockpiled (Figure 5, 6 & 7).

Figure 4: Initial discovery outcrop. Villagers notified ATR personnel of mineral-bearing outcrop - altered phyllite with patches of malachite and azurite. Site of small open-cut subsequently excavated by artisanal miners.



Figure 5: Solvent extraction vats for copper carbonate ore.

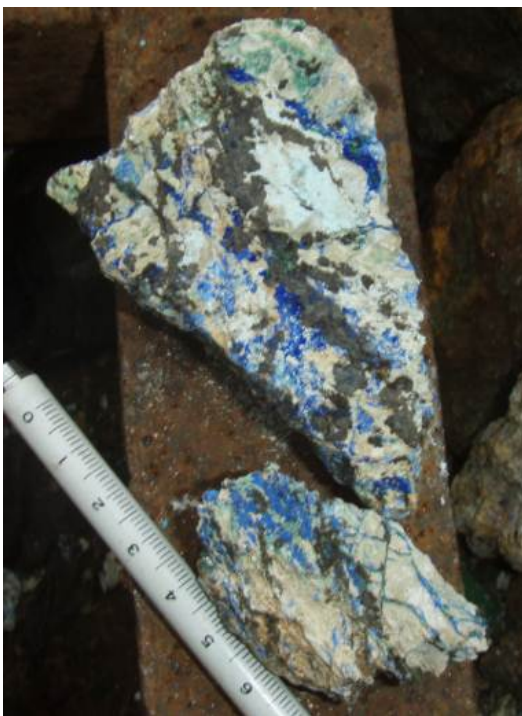


Figure 6: Copper carbonate ore, azurite and minor malachite, from ROM.



Figure 7: Sawn copper bar produced in processing plant.

Mineralisation - Dontret License



Copper mineralisation (Figure 8, 9) occurs in linear east-west striking shear zones that appear to be associated with silicified, linear and conical hills that extend for several hundred metres suggesting that copper mineralisation may be part of large fluidised alteration system with potential for repetitions of copper mineralisation.

Figure 8: Artisanal open cut excavations at the Dontret License.



The iron-rich copper mineralisation is likely to be responsive to an airborne magnetic survey which is planned in the near term.

Figure 9: Sample site B120, contact aplitic dyke and sample B119 which assayed 4.78% Cu, 0.14% Zn and 0.7ppm Ag per tonne over the 0.5 metre interval sampled. The dyke was sampled over 0.5 metres to assess disseminated mineralisation in the 'footwall'. The dyke contained 2.6 times more Cu than what was regarded as the main mineralised zone.



Figure 10: Linear hills on the Dontret License area that may represent iron enriched lithologies.

Magnetics/Radiometrics should be able to map hydrothermal fluid conduits and identify priority exploration target areas with responses similar to the main area of known copper mineralisation. The high concentration of Fe and Mn in the samples examined to date indicates potential skarn-style mineralisation.

The shear structure of the main mineralised body strike broadly east west, dips 75° north and hosts highly fractionated feldspar-quartz dykes/pegmatites, some at least 8 metres wide. The shear zone is potentially a deep tapping structure exploited by both felsic dykes and copper-bearing fluids.

Felsic dykes suggest there may be a blind pluton at depth, a potential source of the copper-bearing fluids. Some of these dykes are juxtaposed with the copper mineralised shear structure and indicate the mineralisation is probably of magmatic origin.

Two rock chip channel samples of dykes assayed 1.26% and 4.78% Cu per tonne and it is presumed their igneous texture is conducive to permeation by Cu-rich hydrothermal fluids.

Rock chip sampling of the main mineralised structure (Table 1) strikes (B115A – B115H) returned elevated Cu over at least 33.5 metres width with the principal mineralised zone returning 8.47 metres @ 1.66% Cu. The best result included B118A located 25 metres south of the main shear zone which returned 8.66% Cu, 1.31% Zn and 25.6 g/t Ag.

Copper mineralisation was also exposed in several places over 106 metres of strike, the limit of testing by the artisanal miners. The elevated structure hosting the copper mineralisation continues under cover to the east and consequently it is probable mineralisation will extend beyond that currently exposed along 106 metres of strike.

Table 1: Rock chip results from artisanal open cut workings in the Dontret License

		Cu %	Zn %	Ag ppm
B102	Primary	0.0005	0.0027	0.6
B106	Primary	0.0011	0.0022	<0.5
B107	Primary	0.0282	0.0129	<0.5
B115A	Primary	1.2606	0.0879	0.8
B115B	Primary	0.8426	0.2989	5.7
B115C	Primary	3.3385	0.6437	8.6
B115D	Primary	1.7567	0.2376	5.7
B115E	Primary	2.5792	0.2693	2.7
B115F	Primary	2.671	0.869	6.2
B115G	Primary	0.8147	0.319	3.6
B115H	Primary	0.1521	0.1016	<0.5
B114	Primary	8.6646	1.3058	25.6
B118A	Primary	0.7484	0.4158	0.9
B119	Primary	1.8377	0.1985	10.2
B120	Primary	4.7751	0.1427	0.7
B121A	Primary	0.3527	0.231	8
B121B	Primary	0.2145	0.0488	6
B131A	Primary	0.0209	0.0042	<0.5
B131B	Primary	0.0061	0.0031	<0.5
B131C	Primary	0.0078	0.003	<0.5
B133	Primary	0.0153	0.0021	1.6
B110	Primary	0.4455	0.2307	4.3
B131A	SS	0.0217	0.0049	<0.5
B106	REP	0.0011	0.0023	<0.5
B120	REP	4.7758	0.1443	0.7



Figure 11: GPS (Garmin 60CSX) Points plotted on satellite image: Sampled and mapped features. Refer to Table 2 for co-ordinates, Zone 48 P UTM, WGS84.

Mineralisation – Srayang License



Figure 12: Malachite and azurite stained rocks in costean.

There is limited detailed information on the geology and mineralisation on Srayang License however costeans dug within the last five years by ATR have revealed surficial copper mineralisation in the form of azurite, malachite and chalcocite over widths of in excess of 5 metres.

Figures 12 and 13 reveal azurite and malachite within the costean (Figure 12) and in veins (Figure 13) with associated phyllic alteration, similar to that observed on the Dontret License.



Figure 13: Malachite and azurite veining in old workings.

Exploration Program (Dontret, Srayang, Pailin)

Surface Sampling – Mapping - Costeans

More detailed mapping, rock chip sampling and costeaning is planned to target areas of known mineralisation to determine grades, strike, dip and width of mineralised zones.

The artisanal workings at Dontret, the outcropping copper mineralisation discovered on the Srayang License and the outcropping gold mineralisation on the Pailin License are prime, near term targets for the Company.

Drilling

Subject to results it is proposed to follow up better defined areas of mineralisation at depth and along strike and test for the presence of a possible copper enriched supergene zone (chalcocite, Cu_2S etc.) and confirm the copper content of the generally lower grade primary, hypogene mineralisation.

Follow up drilling is also proposed based on the results of further geophysics and regional sampling.

Reconnaissance Geochemical Sampling

The first phase of exploration will involve the assay of over 111 BLEG and 100 Stream Sediment samples from the Dontret and Svrang licenses that were collected by consultant geologist Jadee G Ammuguan.

Close spaced soil and stream sampling will be undertaken following analysis of these results.

Further, systematic costeaning and channel sampling across strike and vertically along mineralised structures is required to determine the width and grade.

Airborne Geophysics

Iron-rich copper mineralisation is likely to be responsive to an airborne magnetics and radiometrics which are likely to highlight the presence of any intrusives and alteration.

Airborne Geophysics will aim to map hydrothermal fluid conduits that will be a target for follow up drilling.

As set out earlier in this announcement there are numerous silicified linear and conical hills (that extend for several hundred metres and may be indicative of iron-copper enrichment) that should show up on the airborne geophysics.

Approximate Timetable

The parties are aiming to achieve settlement of the acquisition by April 2013. Full details on the approximate timetable (which has been extended by the parties to allow further time for satisfaction of the conditions precedent, and conditions precedent are set out in Annexure 2 at the back of this report.

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 (see Figure 1, page 1), a well endowed nickel terrain. 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.

Results from Phase 3 of the metallurgical testwork conducted by RMDSTEM during the September quarter on a 200 kg bulk sample have now been evaluated. The purpose of the testwork was to:

- Determine the optimum concentration of SMBS (sodium metabisulphite) needed to recover the maximum cobalt.
- Determine the best pH to do this.
- Determine the speed at which -90 micron fine material reacts with the sulphite in order to determine if the Innovat CVL technology, in its simplest form, is applicable to the Mt Thirsty ores.

The following tests were carried out to complete this phase:

1. Ten Bottle Roll Tests for optimum pH.
2. Seven Bottle Roll Tests for sulphite optimization.
3. Five stirred tests to quantify flash leach characteristics. This included preparation of fine samples.

The results of this testwork are summarised below.

Bottle Roll Tests

A series of seven Bottle Roll Tests (BRT) were carried out with constant acid addition and variable SMBS concentrations. Cobalt recoveries are shown graphically in Figure 1.

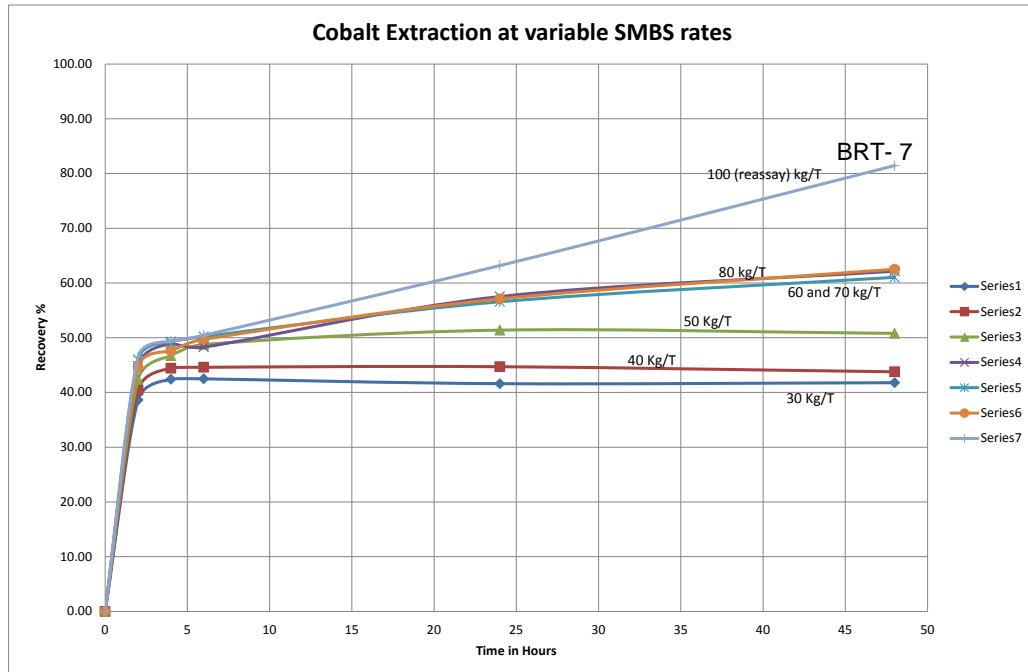


Figure 1: Graph showing the extraction of cobalt as a percentage against time with variable SMBS concentrations.

These experiments were performed on a -6.25 mm sample and demonstrate that at almost any concentration of SMBS, between 40 and 50% of the cobalt leaches well within 2 hours.

The final recovery of BRT-7 (100kg/t SMBS) was 85.1% of the total cobalt in the sample.

This data indicates that leaching of the coarser material is best accomplished by high reagent strengths, which, however, is unlikely to be economic. This suggests that grinding the coarse material and leaching it at fine sizes is probably the best option.

Speciation tests showed that 87 % of the cobalt is associated clearly with MnO₂ (manganese oxides), and should be available to acidic sulphite leaching. Considering that the BRT-7 recovered 85.1% of the cobalt, a high recovery appears possible.

Stirred Reaction Tests

Four stirred reaction tests on the finer (-90 micron) material were carried out to determine if the fines actually flash leach. This is an important design consideration, as if the material is not amenable to flash leaching then design changes are required that add substantially to the capital cost.

The first test was done on a whole sample with a normal size distribution. The remaining tests were done using a -90 micron sample. Results are summarized in Figure 2.

In addition, two very short term bottle roll tests were run on the -90 micron fraction to test the difference between the open stirred reactor and the closed bottle roll system. The differences in the performance of the two tests are radical and important. BRT's are done in an enclosed system in contrast to an open air system in the stirred tests.

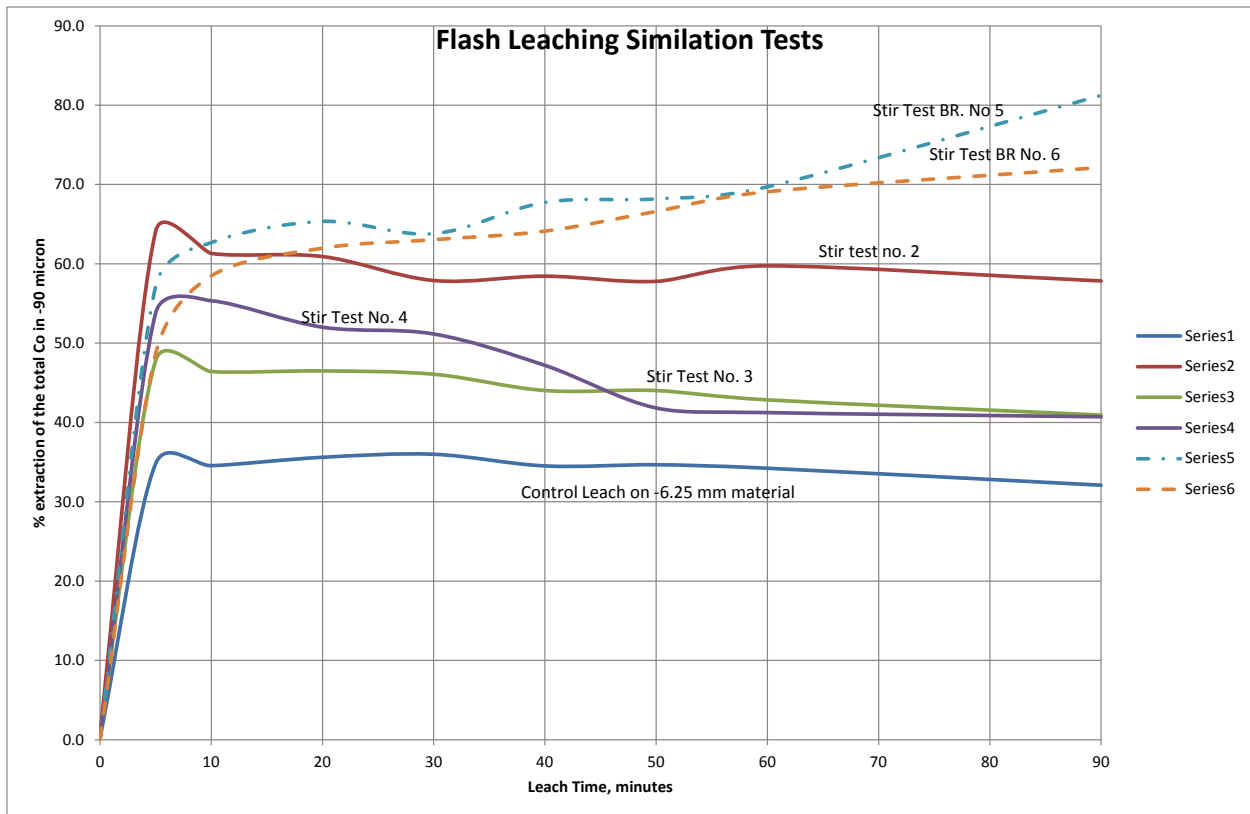


Figure 2: Co recoveries with stirred tests

The following conclusions were drawn from these tests:

1. The Co that is going to be leached from the fines is released in less than 5 minutes.
2. From that point forward, recovery is generally reversed, demonstrating that there is a chemical reaction that absorbs the cobalt at the prevailing Eh-pH conditions. It is almost certainly a precipitation or adsorption of Co on activated MnO₂ surfaces, a well-known phenomenon.
3. This adsorption can be reversed by keeping the EMF below 300 mv (Ag/AgCl electrode).
4. Stir Test 2 gave a 64% recovery, and then ceased to leach when the Eh extended above a certain value which is unknown.
5. Economical flash leaching looks quite possible as demonstrated by the closed BRT's 5 & 6.

The available data indicates that leaching is done by free sulphur dioxide (SO₂) in the solutions (sulphurous acid), and to be efficient, the leaching must be done in closed equipment. Both normal leaching tanks and the INNOVAT CVL system are capable of being closed off in such a manner that the partial pressure of SO₂ can be controlled.

Constant SMBS and Variable Acid Test

A total of five BRT's were run at acid concentrations of 10, 20, 30, 40, and 50 kg/t and a constant SMBS concentration of 60 kg/t per tonne. Cobalt recoveries are shown graphically in Figure 3.

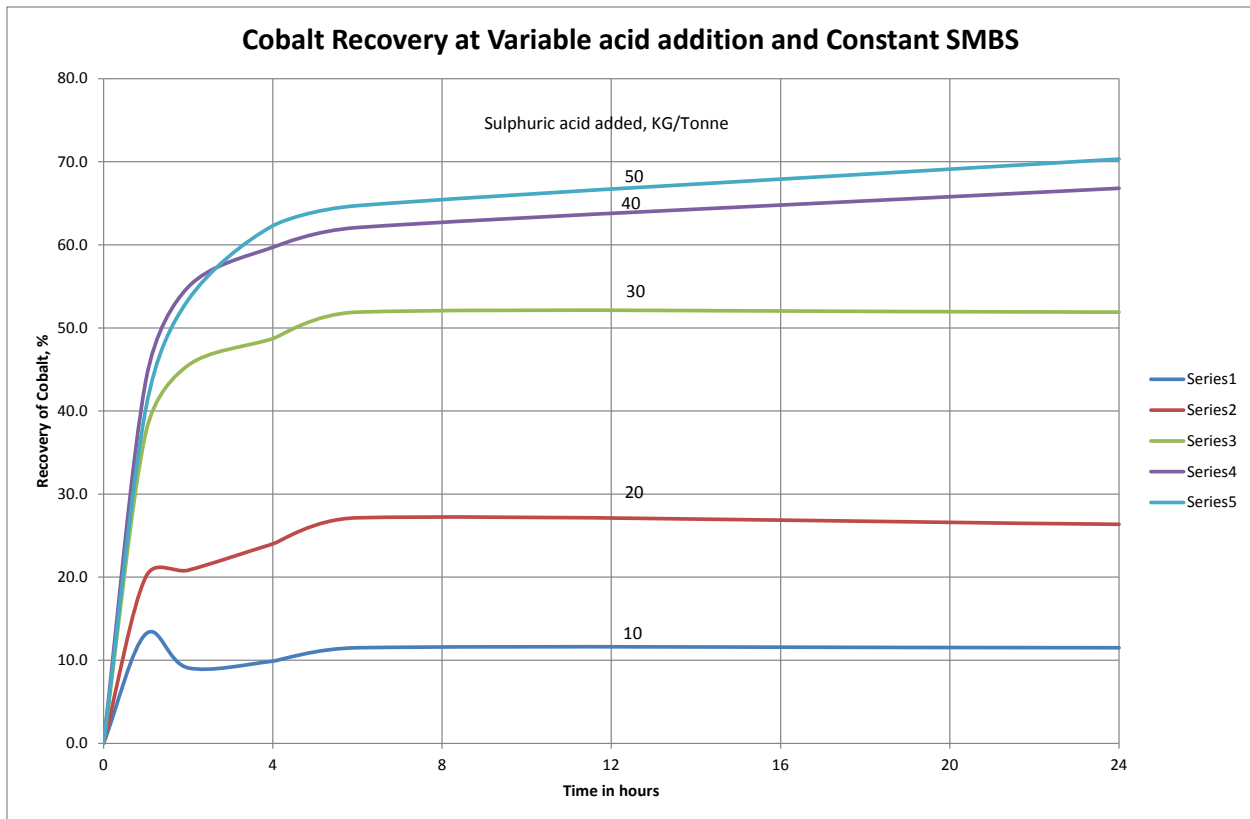


Figure 3: Recovery vs acid addition at a constant SMBS addition

These data demonstrate that low acid conditions fail to activate the SMBS to release SO_2 to reduce manganese oxides in order to liberate the Co. Higher recoveries were achieved with both the 40 and 50 kg/t tests where strong solutions of sulphurous acid were used throughout. This however is not an efficient or economic method.

Approx. 87% of the cobalt is available outside of covalent silicate bonds, which makes the ultimate recovery of the best test approximately 81% of the available Co in 24 hours. This is on coarse material, and reflects what could be an economic result for use of a CVL.

Conclusions from Phase 3 Testwork:

SMBS is not a useful economic reagent to extract Co from the Mt Thirsty ores. However it has had a use in conclusively demonstrating that cheaper SO_2 is the only realistic reagent to use. It was investigated because literature suggested that the use of SMBS at pH values above 2.7 would allow the construction of a conventional open top plant that would not emit SO_2 to the atmosphere.

The flash leaching tests have demonstrated that the cut-off particle size where flash leaching is taking place is smaller than 90 microns. There are good indications that there is a point below this particle size where all of the Co is extracted.

The following further test work has been recommended by the consultant:

The priority is to determine the size and time for the flash leach. Once this is completed, it will be possible to put together a theoretical flow sheet, estimate CAPEX and OPEX, and do a proper evaluation to determine if a CVL or a normal agitated tank plant is the most economical path.

The data conclusively demonstrates that effective leaching is done by free SO_2 in the solution (sulphurous acid), and to achieve economic efficiency and in a safe manner, the leaching must be done in closed equipment. Both normal leaching tanks and the INNOVAT CVL system are capable of being closed off so that the partial pressure of SO_2 can be controlled.

This will require all further tests to be done with equipment that is able to handle the SO₂ and its various safety issues. Most of this can be accomplished with bottle roll tests, which are easily controlled by sampling through a slotted membrane.

Recommendations and a budget for further work are being formulated.

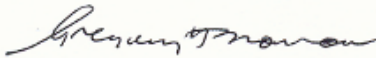
Mining Lease Application

A draft Mining Agreement and terms sheet have recently been received for consideration from the Ngadju People, who have just been granted Native Title over the region including the Mt Thirsty tenements. Finalisation of this agreement will enable grant of the mining lease over the Mt Thirsty Co-Ni oxide deposit.

URANIUM WESTERN AUSTRALIA

Ponton Creek

E 28/1744 was granted on 16th October 2012. After granting Exploration Licence E28/1744, prospective for palaeochannel uranium, was sold to Manhattan Corporation Limited for \$20,000. On Manhattan gaining on the ground exploration access to the Queen Victoria Spring Nature Reserve, in which the licence is situated, a further payment of \$50,000 would be payable to Fission.



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 Cambodian Mineral Exploration activities, is based on information compiled by Guy T Le Page, who is a member of the Australian Institute of Mining and Metallurgy, and has more than five years experience in the field of activity being reported on. Mr Le Page has 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 Le Page consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement, insofar as it relates to other Mineral Exploration activities in Australia, 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.

ANNEXURE 1

CAMBODIAN MINING INDUSTRY AND REGIONAL GEOLOGY

Cambodian Mining Industry

Cambodia has vastly undeveloped mineral resources with very limited modern exploration and therefore remains largely under-explored.

Minerals identified so far include gold, antimony, bauxite, chromium, copper, lead, manganese, molybdenum, silver, tin, tungsten, and zinc. Iron deposits, minor gold, coal, copper and manganese have been reported in the Kampong Thom area. Deposits of bauxite discovered in the early 1960s (Mondolkiri Province) remain undeveloped.

Companies actively exploring in Cambodia include:

- **Oz Minerals Ltd (ASX: OZL)** (assets acquired by **Renaissance Minerals Ltd, ASX: RNS**)
- **Southern Gold Ltd (ASX SAU)**
- **Indochine Mining Limited (ASX: IDC)**
- **Jogmec (Japan)**

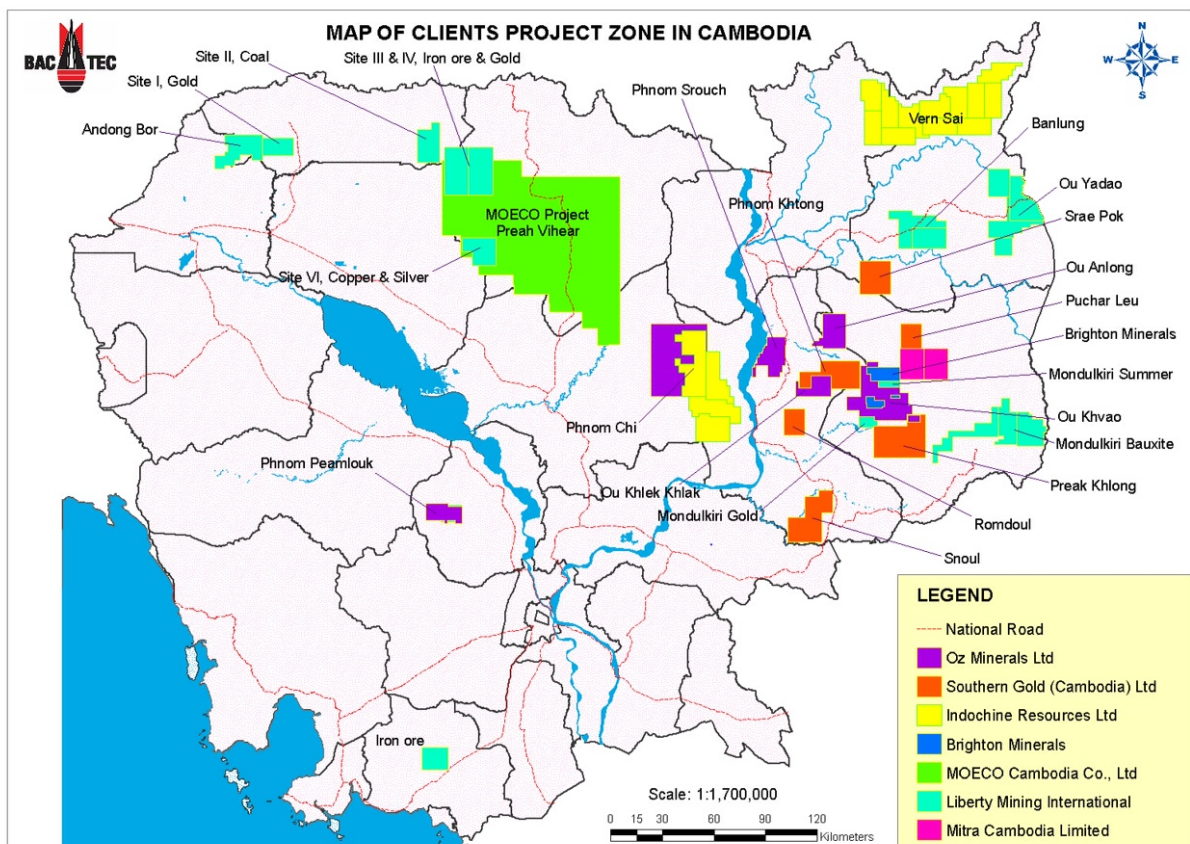


Figure 1: Location of Tenements held by resource companies operating in Cambodia

Regional Geology

Most of Cambodia is part of a stable, continental tectonic plate known as the Kontum Massif that is mostly covered by a sequence of Triassic-Jurassic sandstones and siltstones of the Khorat Basin.

The Permo-Carboniferous Truongson and Loei Fold Belts bound the Kontum Massif to the north and west respectively. These fold belts contain arc type volcano-sedimentary sequences including andesitic volcanics and limestones.

The Kontum Massif and the Khorat Basin sediments have been intruded by a suite of small to medium sized dioritic to granitic plugs. The range of composition suggests a fractionating magma source. Most of the intrusives have large irregular hornfels halos indicating that the roof zones of the plugs are only partially exposed. Several hornfels areas without apparent intrusives indicate the presence of plugs at a shallow depth below the current erosion surface.

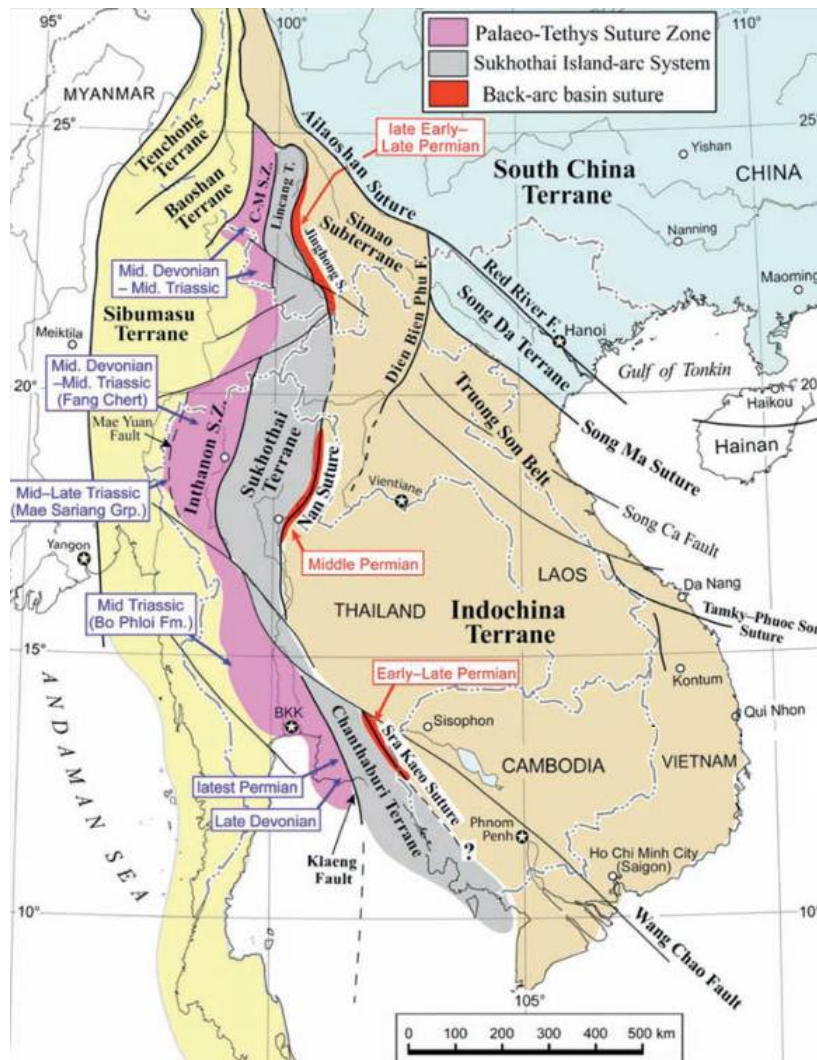


Figure 2: Regional Geology

ANNEXURE 2 - ACQUISITION TERMS & TIMETABLE

• Consideration

- **ATR** to transfer to **Fission** the three Exploration Licences (Dontret, Srayang and Pailin) and all data and information for the following consideration on Completion to be issued to **ATR (or nominees)**:
 - 35 million fully paid ordinary shares in **Fission**
 - US\$200,000 .
- **WBR** has granted to **Fission** an option (“the Option”) to acquire the rights of **WBR to a 60% Joint Venture** interest in the Dontret Exploration Licence, If **Fission** exercises the Option **Fission** will issue to **WBR** or its nominees 15 million ordinary fully paid shares in **Fission**.
- **Fission** will also issue the following Performance Shares to **ATR (or nominees)**:
 - 85 Million fully paid ordinary shares in **Fission** to be issued as soon as the Board of **Fission** determines it to be commercially viable to mine any JORC mineral resource located on any of the three Exploration Licences at Dontret, Pailin or Srayang following completion of and based upon a Definitive Feasibility Study of that resource.
- A royalty will be paid to **ATR (or nominees)** of 0.5% of gross receipts (less government royalties and charges) of **Fission** from the sale of all copper (Cu), gold (Au) or silver (Ag) produced by **Fission** from Mining Licences granted over any area the subject of the Exploration.
- **Fission** proposes to exercise the Option prior to Completion.
- In consequence at Completion **Fission** will own a 100% legal and beneficial interest in the three Exploration Licences free of all encumbrances.
- The initial shareholding of **ATR or its nominees** in **Fission** post acquisition of the Transfer Interest will be 35 million fully paid ordinary shares.

• Warranties

- **ATR** will provide all reasonable warranties required by **Fission**’s lawyers including warranties that both at the date of signing the formal contract and at Completion Date:
 - **ATR** owns the Exploration Licences free from all encumbrances other than the Option.
 - The Exploration Licences are in good standing and not liable for forfeiture.
 - **ATR** has complied with all laws and regulations related to the Exploration Licences and there are no obligations or liabilities related to any prior activities of **ATR** or any other persons or companies including but not limited to any unpaid financial obligations or any environmental obligations.
- **ATR** will deliver to **Fission** at Completion all things necessary to transfer 100% ownership of the Exploration Licences free from encumbrances.

• Board

- On Completion **ATR** will be entitled to appoint one director to the Board of Directors of **Fission**, and a second director upon the issuance of the Performance Shares.

• Sale of Exploration Licenses

- If before **ATR** is entitled to receive the Performance Shares **Fission** shall sell all or any of the Exploration Licences, **ATR** shall be entitled to receive a proportion of the sale price calculated on the following formula:
- Share= 40% of net sale proceeds x 85,000,000

120,000,000

- **Non-Competition**

- Neither **ATR** nor its directors will acquire any interest in any Exploration or Mining Licenses (other than those already granted or issued at the date of this Agreement) within a 50 kilometre radius of the boundary of any Memorandum of Understanding, Exploration or Mining Licenses held by **Fission** Without the prior approval of **Fission**.

- **Conditions Precedent**

The sale by **ATR** and the purchase by **Fission** of the Transfer Interest is subject to each of the following being completed in accordance with the timetable below and the Agreement being unconditional by 31 January 2013 (or such later date as the Parties may agree):

- **Formal Contract-** the Parties agreeing and executing a formal contract incorporating the terms in this Agreement.
- **Due Diligence-** Both Parties completing due diligence on to their satisfaction.
- **Fission Shareholder and Board Approval – Fission** Board approval and Shareholder approval.
- **Cambodian Regulatory Approvals-** all necessary regulatory approvals in Cambodia and Australia are obtained enabling transfer of the Transfer Interests to **Fission**
- **Australian Regulatory Approvals-** all necessary approvals or waivers as required under ASX Listing rules and the Corporations Act 1 and regulations related to the provision of the consideration and the Performance Shares to **ATR**.
- **No Material Change-**There is no material change to Exploration Licenses.
- **Escrow-** **ATR** agreeing to escrow the initial 35 million ordinary fully paid shares in **Fission** for a period of 12 months from the date of issue.

- **Completion Obligations**

- On Completion which will take place in Cambodia **ATR** will sign and provide all necessary executed documents and transfers, and do all other things necessary to transfer free from encumbrances the Transfer Interests including the Exploration Licences to **Fission**.
- On Completion **Fission** will issue to **ATR** 35 million fully paid ordinary shares in **Fission**.

- **Approximate Timetable**

By 21 November 2012

- Receipt of all **Fission** and **ATR** Board approvals.

By 21 December 2012

- Lodgement of all necessary applications for regulatory approvals or waivers in Australia and Cambodia in respect to transfer of the Exploration Licences to **Fission** and the provision of the Consideration and the Performance Shares to **ATR**.
- Signing of Formal Contract incorporating the terms in this Agreement.

By 31 January 2013:

- Completion of all Due Diligence enquiries by both Parties and Completion of all Due Diligence enquiries by both Parties.

By 28 February 2013:

- Shareholders meetings for **Fission** and **ATR** convened if required.

By 2 April 2013

- Agreement Unconditional.

By 16 April 2013

- Completion of sale and purchase of Transfer Interest.

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")

31 December 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to December (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(89)	(93)
(b) development	-	-
(c) production	-	-
(d) administration	(95)	(252)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	3
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	(183)	(342)
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	22	22
(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	22	22
1.13 Total operating and investing cash flows (carried forward)	(161)	(320)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(161)	(320)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc. (Refer to 1a)	193	193
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		193	193
Net increase (decrease) in cash held		32	(127)
1.20	Cash at beginning of quarter/year to date	188	347
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	220	220

Note 1a: These shares were issued on 3 January 2013.

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	61
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

-

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	80
4.2 Development	-
4.3 Production	-
4.4 Administration	80
Total	160

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	220	188
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	220	188

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	E28/1744	Direct	100%	0%
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>	888,888 500,000	NIL NIL	<i>Exercise price</i> 12 cents 19 cents	<i>Expiry date</i> 12 Feb 2013 26 May 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	3,000,000	NIL	13.75 cents	20 Nov 2012
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 January 2013

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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+ See chapter 19 for defined terms.