



**Fission Energy Corporation**

(FIS-V: C\$1.29)

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David A. Talbot / (416) 350-3082  
[dtalbot@dundeesecurities.com](mailto:dtalbot@dundeesecurities.com)

Mansur Khan/ (416) 350-3314  
[makhan@dundeesecurities.com](mailto:makhan@dundeesecurities.com)

**BUY, Venture Risk\***

12-month target price: N/A

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**Uranium Discovered in 1km Step-out Along Corridor**

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**Conclusion: We continue to recommend Fission Energy as a BUY** for its rapidly expanding resource potential in the Athabasca Basin. We do not provide a target price at this time.

**Fission has again extended the Discovery Bay Corridor** at its 50%-owned Waterbury JV. More radioactivity has been reported at the unconformity within hole WAT11-153A (Figure 1, Table 1). This is a 1.0km step out from the recently announced PKB discovery and a 1.3km step-out from the expanded J-Zone. This press release has focused on just one aspect of its winter drill program (Fission is trying to make all of this recent success simple for us) - the results from one lone rig (of three) that is testing the Discovery Bay Corridor, a 100m wide swath of land that runs east-west across the property. Fission believes this trend runs for 3km from its boundary with Hathor Exploration (HAT-V: C\$3.10, BUY. C\$4.75 target) where the Roughrider deposit and its 28 MM lbs of U3O8 resources lie.

**Fission's geophysical interpretation is improving quickly.** Geologists are getting a much better sense of the conductor-uranium mineralization relationship and this had led directly to the PKB and -153A area discoveries despite their distance away from known mineralization at J-Zone. Drilling EM conductors where the IP survey looks the best has been successful. The new Time Domain EM survey completed last year has certainly helped. The strongest conductive signature is along the southern boundary of this 100m wide Discovery Bay Corridor. It correlates to the southern (bottom) blue line on Fission's drill plan (Figure 1). The conductor is important - it likely exists within a structure that brought in the mineralizing fluids, but is not necessary the host rock. Mineralization seems to consistently be found about 30 to 40m north of that conductor. It appears to be where J-Zone, and Roughrider East and West occur.

**Success - another discovery along strike**

- **Radioactivity Immediately below unconformity.** Hole -153A has intersected 3m of mineralization within a 6m interval. Scintillometer results peak at 2100 cps in moderate hematite/chlorite clay alteration. This is potentially another pod of mineralization within the Discovery Bay Corridor, located 1.3km west of the J-Zone. Obviously follow up is required. Assays are pending.
- **Even misses add to the story.** Holes -147 and -150 were also drilled on the corridor and reported today with no significant mineralization. They are two of four holes drilled between 660W and 885W - in between the new -153A discovery and the recent PKB discovery that are altered but devoid of mineralization. This does add comfort to us that the uranium mineralizing system remains alive in this area...it could have been a fluid flow corridor during formation of nearby deposits. However these holes have not been drilled off across the strike of the corridor.

**Zones starting to line up like pearls on a necklace**

- **-153A probably represents a new zone.** We need more drill information, but we believe that this discovery is likely not directly connected mineralized body. But it is probably related to the other zones located along this corridor including Hathor's Roughrider East and West zones, J-Zone East, J-Zone, Highland and the new PKB discovery. Some of these zones such as J-Zone East and Roughrider East are probably the same animal - same with J-Zone and Highland. However there is potential that high grade mineralization could be located around any one of these.
- **J Zone East.** This small low grade zone lies up against property boundary. This basement mineralization is likely the extension of Hathor's Roughrider Zone located just below the unconformity, Fission has closed this zone to within 30m of the J Zone.
- **J Zone-Highland.** The J-Zone remains the largest zone on Fission's Waterbury property. It lies mainly at the unconformity, vertically above J-Zone East. The zone now measures 200m long by 50m wide at its maximum and is open in all directions. Winter drilling has essentially merged the Highland and J-Zones. The gap was 140m wide after last years summer drill program has been reduced to about 20m. We wrote on 22-Feb-11 about well developed mineralization that was intersected within this gap...assays pending. Should this gap be closed, and counting previous Highland drilling, then the J-Zone would likely extend for about 240-250m along strike.

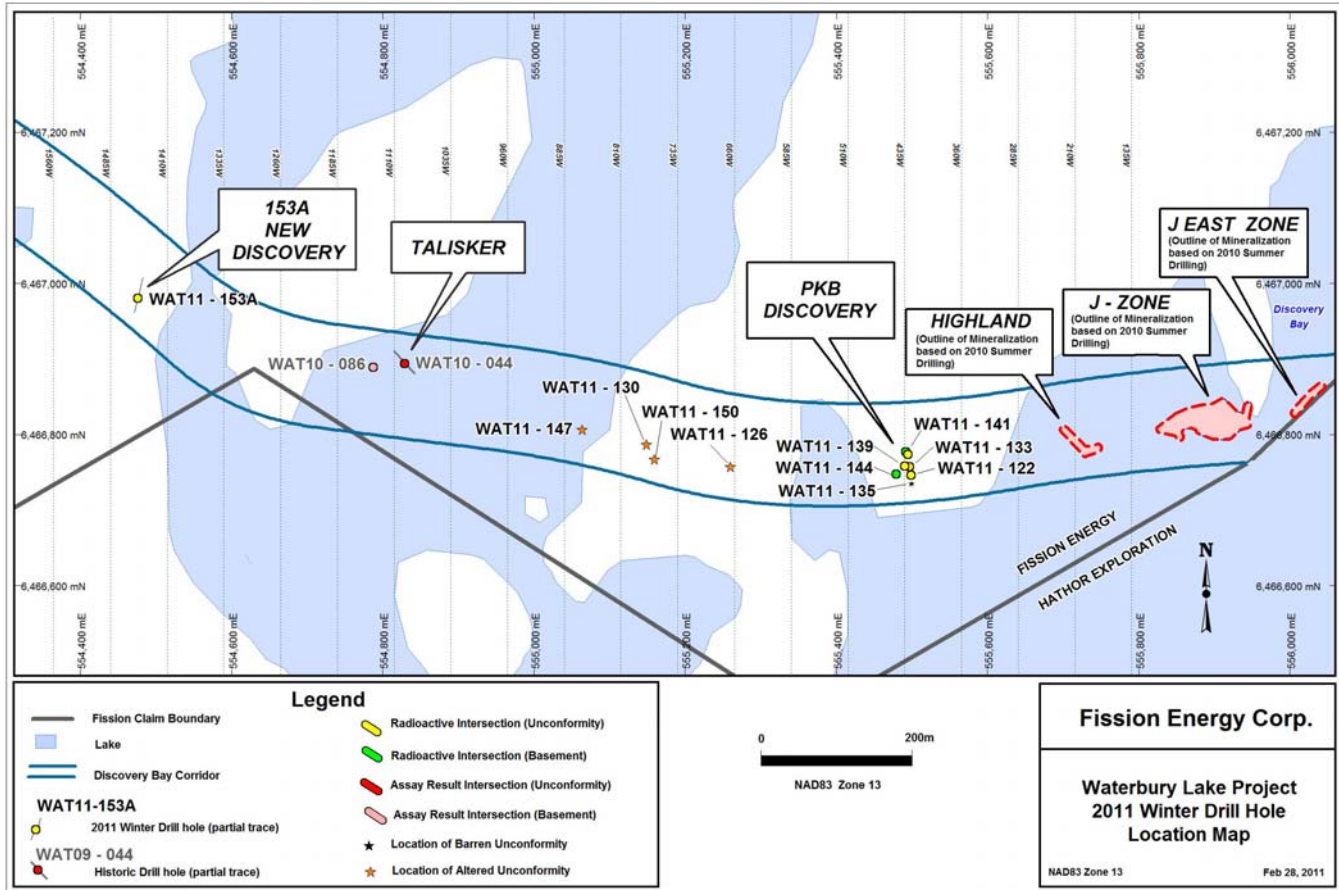
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- **PKB Discovery.** This discovery was announced in early February as hole -122 returned strong mineralization over 6m. Five holes were drilled in this area. There is potential that this could be a continuation of Highland - J-Zone but until Fission drops some holes in between, we won't be sure of this.
- **Talisker Zone.** A couple of older holes drilled here are weakly mineralized, but more importantly they show that the system continues along this E-W corridor. Both holes reported low grade uranium (<0.03% U3O8) over modest widths. The latest Time Domain EM survey helps put this area into context and new follow up drilling might have a better chance of success.
- **153A Discovery.** This is the latest and westernmost pearl on the necklace to be discovered, based on down-hole radioactivity. Mineralization was drilled just north of the southern boundary of EM conductor. Radioactivity is modest with scintillometer counts of up to 2100cps. Fission states that mineralization in the core looks OK but the main take-home is that this intersection is a long way off to the west, it is stronger than the Talisker zone, and this is a single hole...the axis of the zone may not have yet been tested. Follow up is certainly warranted.

### Drilling ahead of schedule

- **About a month remaining.** Drilling has been progressing well this winter. Should the cold weather hold up then drilling would likely continue until about the first week of April. It is likely that over 22,000m (65 hole) will be completed. Fission has a 10% over-run allotment on its \$8 million winter program.
- **J-Zone remains to focus.** Three rigs continue to drill the property. Two are focused around J-Zone-Highland-PKB Zones. The third rig, subject of today's press release, continues down the corridor for now, but will be heading to Oban shortly. This is the next east-west trending corridor, located ~4km to the north.
- **All assays are pending.** SRC Geoanalytic Laboratories in Saskatoon is likely swamped. Uranium exploration activity is heavy in the Athabasca Basin once again. Most companies are cashed up and are spending near record amounts of money on exploration. We haven't seen any assays from the program yet.
- **Resource estimate in perhaps late summer/early fall.** All holes up until the end of winter drilling will likely be used for the initial Waterbury resource estimate. Fission is trying hard to combine the J-Zone area zones - including J-Zone East and Highland to come up with a 250m east-west trending axis of mineralization. Perhaps the PKB area might be used as well, but this remains about 200m west of Highland and probably won't be connected by the end of the program. It gives us something to look forward to during a summer drill program.

**Figure 1: Drill plan map showing the relationship of the J Zone to the other discoveries along the Discovery Bay Corridor.**



Source: Company reports

**Table 1: Summary of the scintillometer results from three more holes drilled along the Discovery Bay Corridor at Fission's Waterbury JV.**

Hole ID	Grid Line	Az	Dip	* Mineralization (>300 cps / 1m minimum)			Clay Alteration From - To (m)	Unconformity Depth (m)	Total Depth (m)
				From - To (m)	Width (m)	CPS Max Peak			
WAT11-147	0855W	195	-70	no significant mineralization			209 - 220	217.5	296
WAT11-150	0765W	0	-90	no significant mineralization			184 - 219	200.2	299
WAT11-153A	1450W	195	-55	267.5 - 273.5	6.0	<300 - 2100	242 - 264	264.2	331.74

Source: Company reports

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A Research Analyst/Associate involved in the preparation of this report has visited certain material operations of the following issuer(s): Fission Energy Corp. The analyst visited Fission's Waterbury Lake project in Saskatchewan in July 2010, viewed core and sections, had discussions with management and witnessed exploration drilling.

The Research Analyst/Associate and/or Dundee Securities Limited has been partially reimbursed for expenses by the following issuer(s) for travel to material operations of the issuer(s): Fission Energy Corp.

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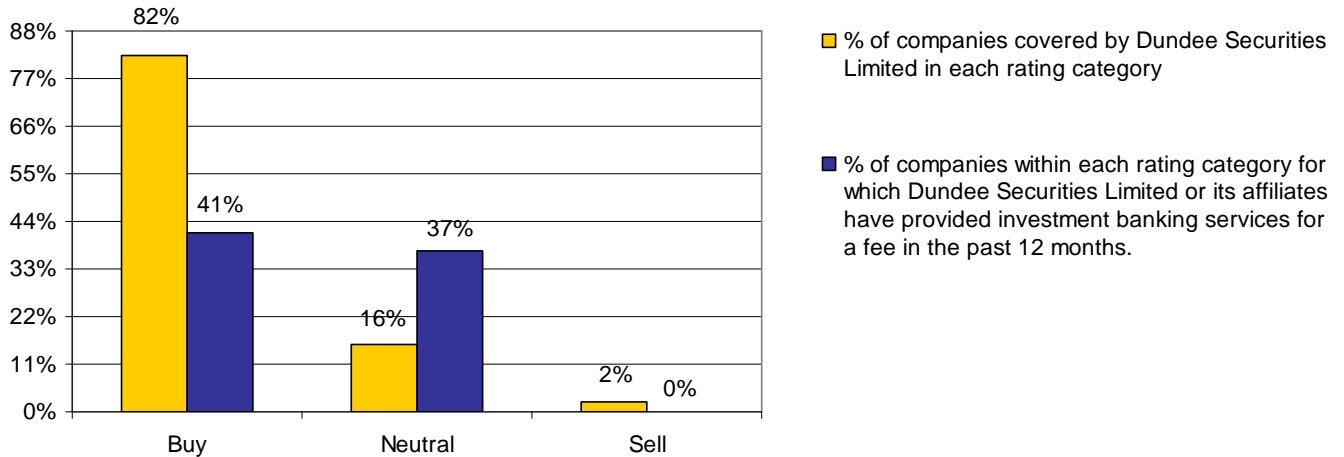
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