

## INVESTMENT ALERT – February 2013

www.fission-energy.com



### Fission Energy Corp. (Cdn\$ 0.90)

TSX.V	: FIS
OTCQX	: FSSIF
H+L prices (12 months)	: Cdn\$ 0.98 – 0.34
Issued shares	: 128.5 million
Fully diluted shares	: 145.9 million
Market capitalization	: Cdn\$ 115.7 million

**Next price target: Cdn\$ 1.50**

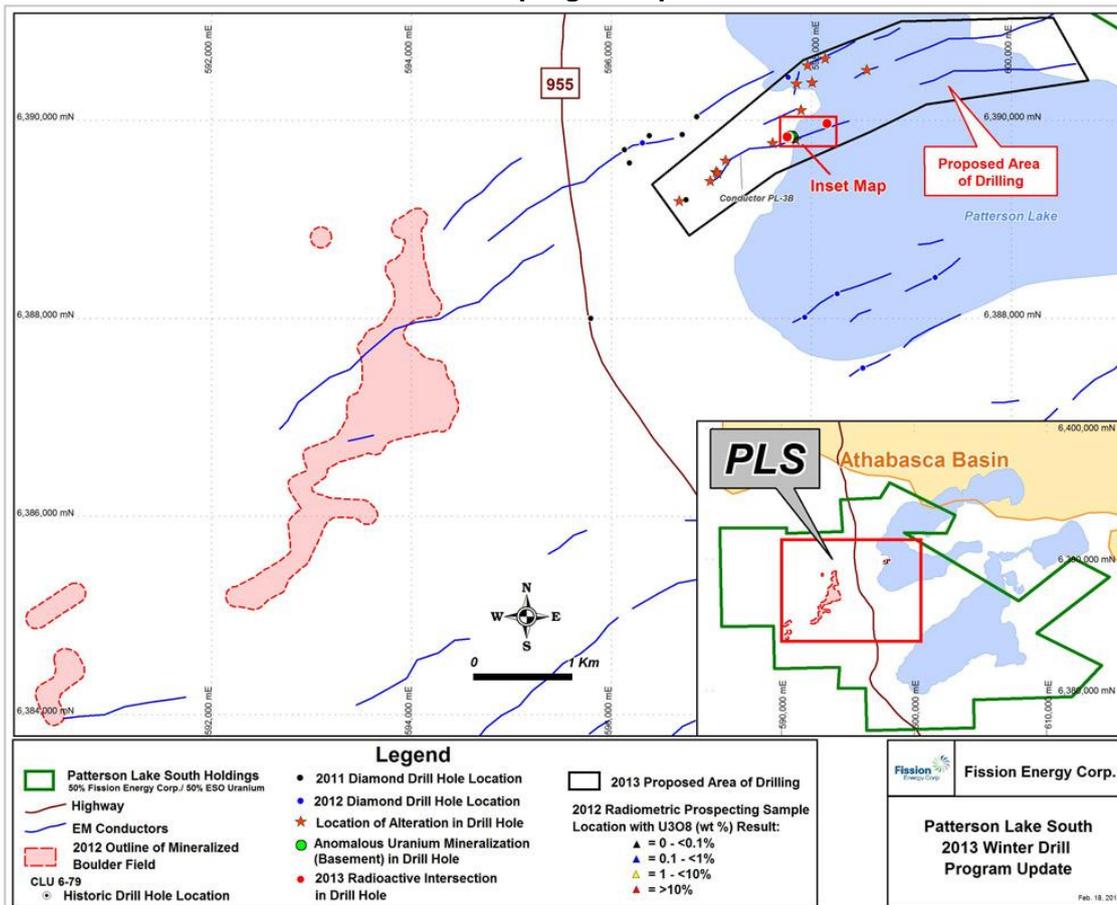
## INVESTMENT ALERT

**Fission Energy and Joint Venture Partner Alpha Minerals (50/50) release high grade results from PLS Property Company acquires 100%-owned Clearwater West Project on southern border of PLS**

Fission Energy ("Fission") and its Joint Venture Partner **Alpha Minerals** have released additional results from the Patterson Lake, Saskatchewan, core drill program. Hole PLS 13-038 located along the same conductor as adjacent to the November 2012 discovery area, but 385 metres to the East, intersected two high grade zones within an overall Upper Zone of 57.5 metres of strong mineralization and also a Lower Zone of 15.5 metres thickness of intermittent uranium mineralization.

Earlier this month, the Joint Venture Partners announced the first two holes of the Winter 2013 exploration program. Both holes were drilled a 15-metre step-out to the west of discovery hole PLS 12-024, which returned assays of 18 metres grading 1.78% UeO8. Hole PLS 13-027 intersected 7 metres of continuous mineralization including a total of 4.35 metres off-scale radioactivity.

## Patterson Lake South 2013 winter drill program update



Results of delineation west of the first discovery area and drilling in the 90E and 105E will be released shortly when data compiling is completed.

An ongoing field program is in progress. Core drilling continues to delineate and define the mineralised region identified during the summer 2012 program.

On February 14, 2013, Fission announced that it had staked 3 additional claims on the southern border of the PLS Project. The newly acquired ground is referred to as the **Clearwater West Project** and is owned 100% by Fission.

The claims are located 7 kilometre south of the boulder field and 12.5 kilometres south of the mineralised holes of the PLS Property and comprises a total area of approximately 11,535 ha.

The acquisition of the Clearwater West claims is part of Fission's objective to stake highly prospective areas where the target depth of uranium mineralization is expected to be shallow, as is the case with the PLS and Patterson Lake properties.

### Company profile

On January 16, 2013, Fission announced the signing of a Binding Letter of Intent ("Binding LOI") pursuant to which **Denison Mines ("Denison")** will acquire a portfolio of uranium exploration projects including Fission's 60% interest in the Waterbury Lake Uranium Project, as well as Fission's exploration interests in all other properties in the eastern part of the Athabasca Basin, its two joint ventures in Namibia plus its assets in Quebec and Nunavut.

Under the terms of the Binding LOI, Denison has agreed to offer shareholders of Fission 0.355 shares of Denison for each share of Fission held, conditional upon among other things, certain assets of Fission being spun out to a new company ("**NewCo**") to be held pro rata by current Fission shareholders.

**NewCo** will include among others a 50% interest in the Patterson Lake South (“PLS”) Property, located in the western Athabasca Basin, which runs north to the former Cluff Lake Mine (greater than 60 million pounds of triuranium octoxide produced) and passes through the nearby UEX-Areva Shear Creek discoveries (resources of about 88 million pounds of U3O8) located 50 km to the north, currently under active exploration and development.

The transaction values the assets at approximately \$ 70 million based on the closing of Denison as of January 15, 2013 (Cdn\$ 1.46). Upon completion of the transaction in April 2013, shareholders of Fission will own approximately 11% of Denison.

Substantial benefits for shareholders of Fission are:

- A substantial value offered to the Company’s shareholders for the assets
- The opportunity for Fission shareholders to participate in the assets of Denison, which include several advanced exploration properties plus an interest in the McClellan Lake Mill, as well as the highly prospective Western Athabasca exploration portfolio of NewCo
- NewCo to hold approximately \$ 18 million in cash fully funded to continue future programs at PLS and elsewhere
- NewCo to continue forward under the leadership of the same successful management team that developed Fission
- Further solidification of Denison as the consolidation of strategic assets in the Athabasca Basin to the benefit of both sets of shareholders

Further details of the transaction will be included in the formal definitive agreement and management information circular to be filed with the regulatory authorities and mailed to Fission shareholders in accordance with applicable security laws.

The proposed transaction is expected to be completed in April 2013 or such later date as the parties may agree.

A special meeting of the shareholders of Fission will be held at a time yet to be determined to approve the proposed transaction.

#### **Investment recommendation:**

With Fission’s premier focus being the Athabasca Basin, the most prolific and highest grade uranium resource in the world, all of its assets, with the exemption of the 50/50 PLS joint venture with Alpha Minerals, will be sold to Denison Mines.

With Fission valued at Cdn\$ 61 million including Cdn\$ 19 million to be applied to the prospective 50% PLS joint venture interest (50% of Alpha Minerals market valuation as on January 15<sup>th</sup>), the \$ 70 million offered by Denison for the Western Athabasca exploration portfolio excluding PLS, represents a substantial premium for Fission shareholders and resulted in an initial share price increase of 22%.

Since then having released high grade results from PKS, Fission’s share price has further increased to a recent high of Cdn\$ 0.98 or a 92% increase compared to the price of Cdn\$ 0.51 in December 2012, when the Company was featured as a Special Situation.

Based on the 11% equity interest to be acquired in Denison, which represents a depressed market valuation of Cdn\$ 57 million and the 50% interest in PLS, which represents a current market valuation of Cdn\$ 31 million, and ongoing positive exploration results to be expected from the PLS Project, we maintain our 50% upgraded price objective of Cdn\$ 1.50.