



# FISSION ENERGY CORP

## Expecting the Inevitable Consolidation

### INVESTMENT THESIS

Fission Energy's 60%-owned Waterbury Lake uranium property located in Canada's prolific Athabasca Basin is an enviable combination of location, high-grade resource potential and opportunity.

### VALUATION

We are initiating coverage on Fission Energy with a **BUY (Speculative)** recommendation.

### FOCUS POINTS

- **Location:** Canada's Athabasca Basin is the premier address for high grade uranium in the world. Fission Energy's Waterbury Lake property is located in the heart of highly prospective ground, adjacent to Hathor Exploration's (HAT-T) Roughrider deposit and AREVA (CEI-PA)/Denison Mines' (DML-T) Midwest project.
- **High-grade resource potential:** The Discovery Bay corridor located on the property points to a potential "string of pearls" system of high-grade U<sub>3</sub>O<sub>8</sub> deposits. Fission has currently identified and is exploring five potential "pearls".
- **Opportunity:** Strong fundamentals continue to drive the uranium market and in a light of the tragedy in Japan, a project in the Basin is less likely to meet with post-Fukushima resistance.

**Company profile:** Fission Energy is a uranium exploration company based in Kelowna, Canada. It engages in the acquisition, exploration and development of uranium properties in Alberta, Saskatchewan and Quebec in Canada; and the Macusani District in Peru.

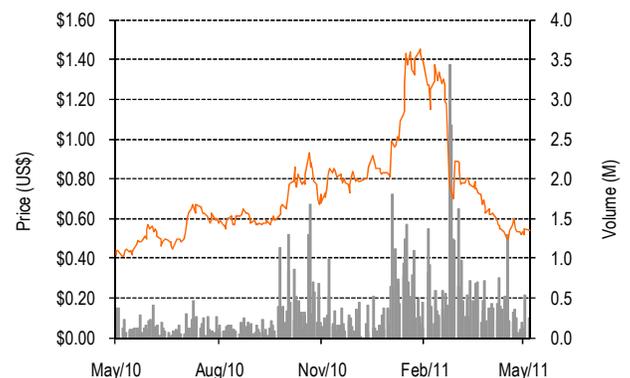
### Recommendation: **BUY (Speculative)**

Symbol/Exchange:	FIS/TSXV
Sector:	Metals and Mining
<i>All dollar values in C\$ unless otherwise noted.</i>	
Current price:	\$0.57
Target price:	N/A
Cash on Hand (\$M)	\$20.1

### Company Summary

Shares O/S (M)	97.1	52-week range	0.41-1.45
Market cap (\$M)	\$55.4	Avg. weekly vol. (000)	1.76
Market float (\$M)	\$53.0	Fiscal year-end	30-Jun
<b>Inferred Resource</b>		<b>Grade Resource</b>	
Uranium (U <sub>3</sub> O <sub>8</sub> )		0.058% 24.4 M lbs	

Source: Company Reports and Versant Partners Estimates



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See disclosure and a description of our recommendation structure at the end of this report.

## SUMMARY AND RECOMMENDATION

We are initiating coverage of Fission Energy Corp. with a BUY (Speculative) recommendation. We believe that Fission has an enviable combination of location, high-grade resource potential and opportunity.

Fission's primary asset, Waterbury Lake, is located in Canada's prolific Athabasca Basin, which is the premier address for high-grade uranium in the world. The Waterbury Lake property is located adjacent to Hathor Exploration's Roughrider deposit and AREVA/Denison Mines' Midwest project - a uranium camp that already hosts over 110 million pounds of  $U_3O_8$ .

Exploration activity at Waterbury has yielded strong results with  $U_3O_8$  assays routinely greater than 1% and up to 2 m at 46.2%. Drilling at the J-Zone shows high grade uranium at the unconformity over a 370m x 30-50m area that remains open in all directions. The J-Zone appears to be one "pearl" in a potential string of pearls mineralization system over a 2 km corridor named the "Discovery Bay Corridor". The PKB Zone is located 90m west of the J-Zone while the 153A Zone is located 1.3km west of J-Zone.

Despite the near-term negativity in the market following the tragedy at Japan's Fukushima Da-Ichi plant, strong fundamentals continue to drive the uranium market. While not-in-my-backyard ("NIMBY") movements may regain some momentum at some uranium project locations, it is highly unlikely to be an issue in the Athabasca Basin where uranium has been produced for over 35 years.

## INVESTMENT POSITIVES

### *Strong Outlook for Uranium*

Increased awareness of the dangers and effects of global warming and climate change has led to the sentiment that the use of fossil fuels must be reduced and replaced by other sustainable and low-emission sources of energy. The only readily available, large-scale, dependable source of "alternative green energy" is nuclear power. Furthermore, as carbon emission reductions are encouraged through various forms of government incentives and trading schemes, the economic benefits of nuclear power increase.

Nuclear power reduces a nation's dependence on overseas imports of fossil fuels. This is of particular importance to countries such as the United States where the current administration continues to seek and establish a sustainable and clean energy plan that is free from dependence on foreign suppliers.

### *High Grade*

Drilling results on Fission's Waterbury Lake property routinely return grades in excess of 1%  $U_3O_8$ , while the global median grade is 0.076%. High grade uranium is very common in the Athabasca Basin, where the median  $U_3O_8$  grade is 2.24%.

### *Location...*

The Waterbury Lake project's location in the Athabasca Basin provides it with several significant advantages. The basin has produced uranium since 1975 with the Rabbit Lake Mine and is currently home to 20% of global uranium

production. This long history of uranium production makes it a relatively safer jurisdiction to operate in relative to regions with little to no uranium mining history as the government and local communities are supportive of it.

*... Location ...*

Infrastructure in the Athabasca Basin is second to none for uranium mining as it has three mills (Key Lake, McLean Lake and Rabbit Lake) and a well developed network of roads and power lines. Waterbury Lake is located within 700m of the Midwest and 15km of Cigar Lake deposits.

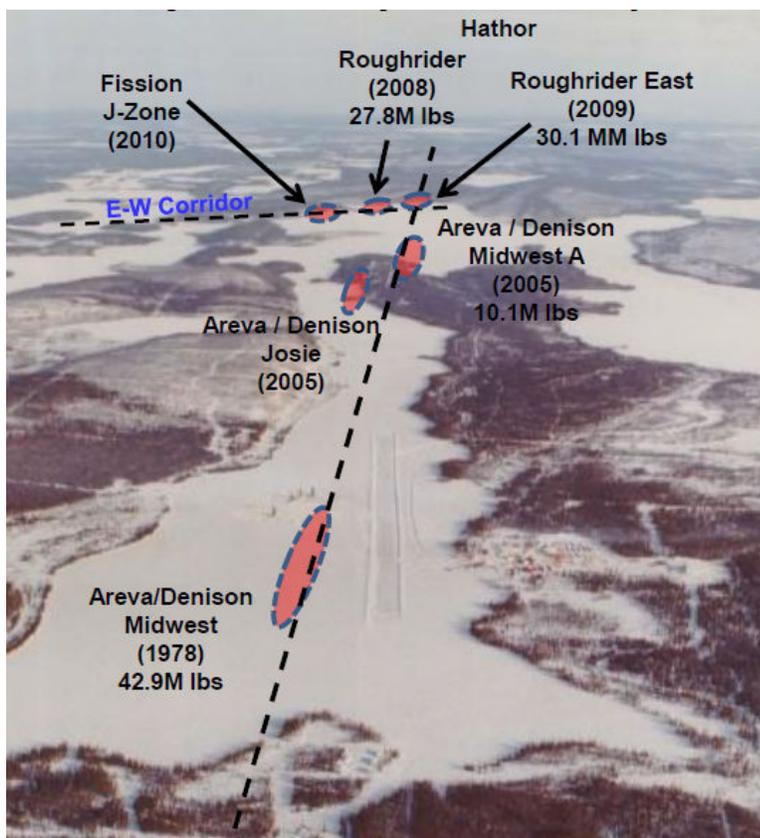
**Exhibit 1. Waterbury Lake Relative to McClean Lake & Rabbit Lake Mills**



Source: Fission Energy

*... Location*

The string of pearls uranium mineralization configuration that appears to run across Waterbury Lake and Roughrider will likely be developed as a single project. With over 110 million pounds of uranium within a 4km distance, regional consolidation appears almost inevitable.

**Exhibit 2. 110 MM Lbs of U<sub>3</sub>O<sub>8</sub> within 4 km of Waterbury Lake**


Source: Fission Energy

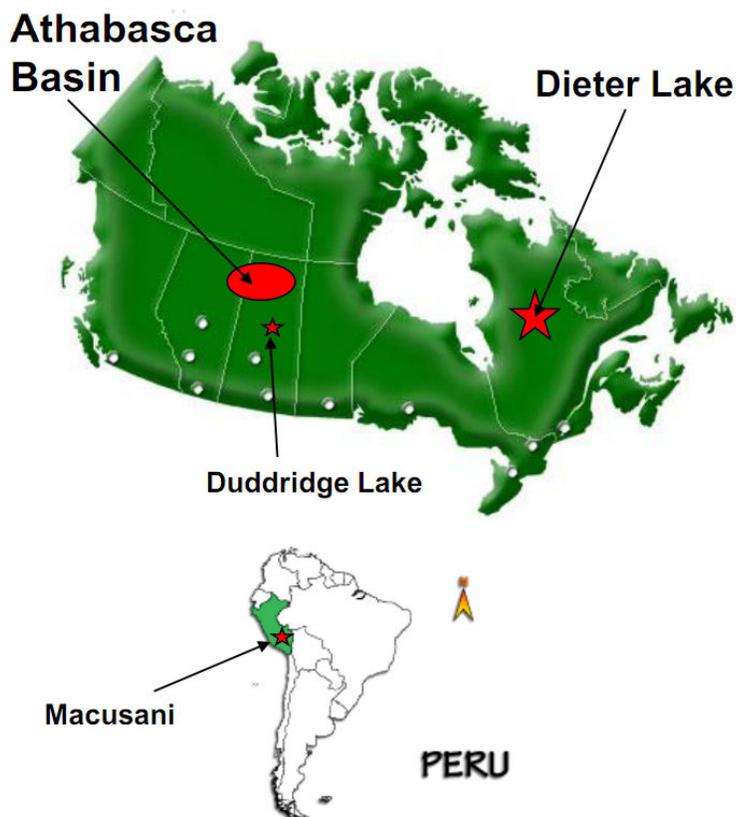
***Free Options on Dieter Lake and Macusani Plateau***

Within Fission Energy's portfolio of projects outside of Waterbury Lake, two have significant "blue sky" potential.

Located in northern Quebec, Dieter Lake has a 43-101 compliant Inferred resource of 24.4 million pounds of U<sub>3</sub>O<sub>8</sub> at a grade of 0.057%. Accessible by air to an all weather camp, the property is 30,864 hectares in size and is located 150 km north of Hydro-Quebec Reservoir LG-4.

Fission also holds a strategic land package in the heart of prospective land on the Macusani plateau in Peru. These nine mining concessions covering 51 km are located beside Macusani Yellowcake's (YEL-T), Vena Resources (VEM-T)/Cameco Corp's (CCO-T) and Southern Andes' (SUR-V) properties, which have collectively produced exploration results that point to shallow uranium mineralization throughout the district.

### Exhibit 3. Locations of Fission's Major Holdings



Source: Fission Energy

## PROJECT PROFILES

### *Waterbury Lake*

Located in the eastern part of the Athabasca Basin, Fission Energy's 60%-owned Waterbury Lake property spans 40,256 hectares and surrounds the Areva/Denison Midwest Deposit that hosts over 41 million pounds of  $U_3O_8$  at an average grade of 5.5%. The remaining 40% interest is owned by Korea Electric Power Corporation (KEP-N).

J-Zone and J East, which are zones located near the eastern edge of the Waterbury Lake project, are located within a stone's throw from Hathor's Roughrider deposit (see Exhibit 4), and Fission believes the J East zone is the western extension of the Roughrider deposit. The Roughrider deposit contains a global 43-101 compliant resource of 57.9 million pounds of  $U_3O_8$  at an average grade of 8.64%. As a comparison, the median grade for uranium projects around the world is 0.076%  $U_3O_8$ .

**Exhibit 4. Proximity to Hathor Exploration**



Source: Fission Energy

Exploration results at J-Zone and J East have shown similarly high grades. But at a shallower depth relative to Roughrider as the average depth from surface for J-Zone is about 200m while the average depth for Roughrider is in the 200m - 400m range. As noted in Exhibit 5, assays as high as 46.15% U<sub>3</sub>O<sub>8</sub> have been encountered.

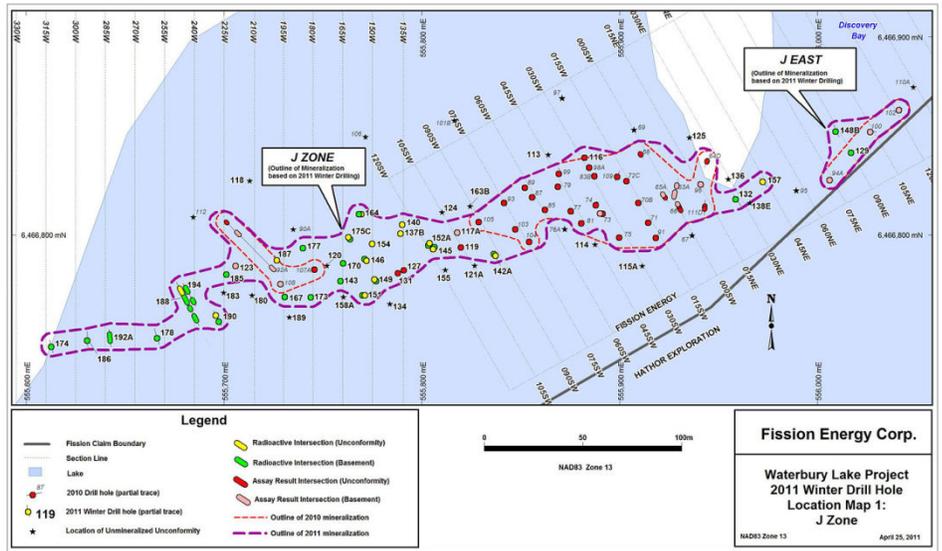
**Exhibit 5. Selected High-Grade Assays from J-Zone and J-Zone East**

J-Zone				
Hole #	From (m)	To (m)	Interval (m)	U3O8 (%)
WAT10-098A	192.50	204.5	12.00	5.95
	195.00	201	6.00	11.71
WAT10-099	195.00	200	5.00	2.90
	196.50	199.5	3.00	4.59
WAT10-103	191.50	207	15.50	5.55
	193.00	195.5	2.50	32.39
WAT10-111D	209.50	215.5	6.00	4.45
	209.50	212.5	3.00	8.54
WAT11-119	196.50	203.5	7.00	1.28
	198.50	200	1.50	3.24
WAT11-127	197.50	209.5	12.00	4.41
	205.50	209	3.50	10.91
WAT11-131	198.00	212.5	14.50	7.84
	199.00	201	2.00	46.15

J-Zone East				
Hole #	From (m)	To (m)	Interval (m)	U3O8 (%)
WAT10-094A	209.50	211.5	2.00	2.06
WAT10-102	234.50	236	1.50	1.30

Source: Fission Energy

**Exhibit 5. Selected High-Grade Assays from J-Zone and J-Zone East (continued)**



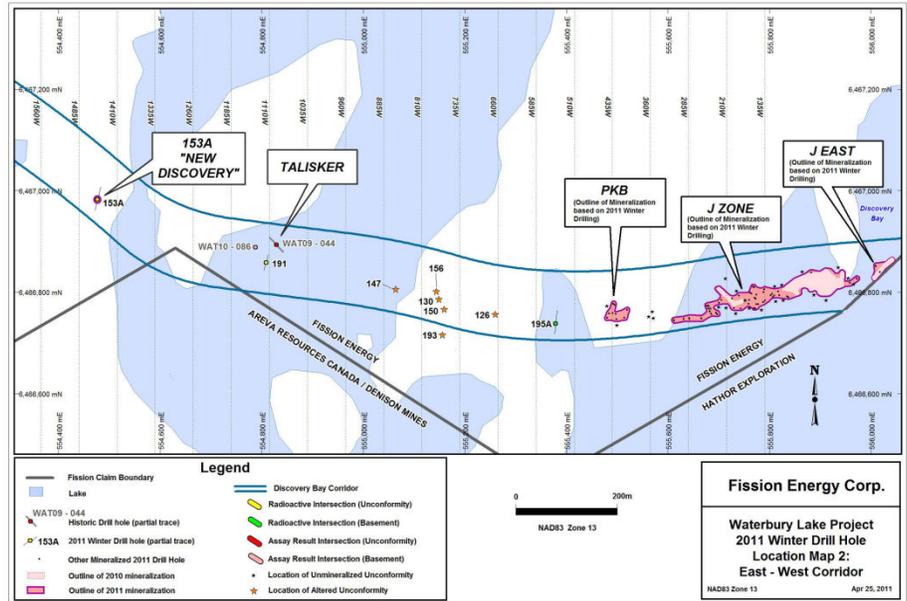
Source: Fission Energy

The J-Zone is the most extensively explored target in the Waterbury Lake project with approximately 60 mineralized holes that were drilled since 2010. It is an unconformity style uranium discovery with mineralization primarily concentrating at the unconformity and extending as a keel into the basement, immediately below the unconformity. Currently, the J-Zone is a tabular body that is approximately 370m x 30-50m x 9m in shape that is open laterally. Based on current drilling results, we estimate that the zone currently contains about 17.6 million lbs of U<sub>3</sub>O<sub>8</sub> if we assume a grade of 2.5%.

J-Zone East is located right at the Fission/Hathor border and is likely the shallower, western extension of Hathor’s Roughrider deposit. It is located 30m east of the J-Zone and is Fission Energy’s eastern-most zone along the Discovery Bay Corridor.

As depicted in Exhibit 6, Fission Energy has identified five mineralized zones along the east-west trending Discovery Bay Corridor. Based on hand-held scintillometer results, notable counts per second (“cps”) of greater than 300 cps were encountered at the “New Discovery” (hole 153A) with some results as high as 1200 cps. The Talisker target had a hole return a maximum of 900 cps for core that was 213m below the surface. Several strong results were noted at PKB with hole WAT 11-160 producing a 6m intercept that revealed maximums of up to 3,500 cps and WAT 11-133 revealing a 26m intercept that contained a section with a maximum cps of 7600.

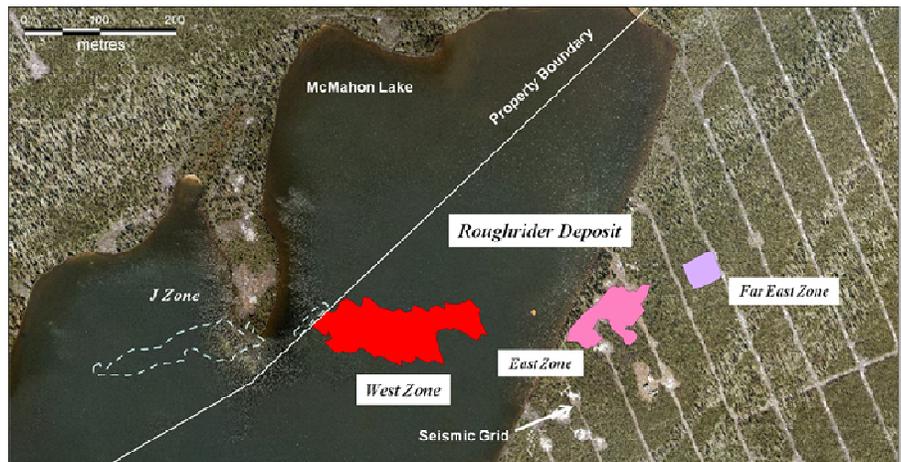
**Exhibit 6. The Discovery Bay Corridor**



Source: Fission Energy

Immediately to the east of J East lies Hathor’s Roughrider deposit that contains 57.9 million pounds of U<sub>3</sub>O<sub>8</sub> in three distinct “pearls” that continue along the Discovery Bay Corridor. Based on the drilling data from both Fission and Hathor, the mineralization along the Discovery Bay Corridor appears to be declining from east to west. Combined with the close proximity that each of these “pearls” of mineralization are to each other, the most likely development scenario would be for an open pit that would mine the closer-to-surface material (~200m from surface) found on Fission’s property that would move east and deeper, perhaps underground, towards Hathor’s Far East zone (between 250m to 400m below surface).

**Exhibit 7. Roughrider in Relation to J-Zone and J East**



Source: Hathor Exploration

## OTHER FISSION ASSETS

### *Dieter Lake Project, Quebec*

Located in Northern Quebec, Fission's 100%-owned Dieter Lake property has a 43-101 Inferred resource estimate of 24.4 million lbs of  $U_3O_8$  at a grade of 0.057%. The land package is 30,864 ha in size and is located approximately 150 km north of Hydro-Quebec Reservoir LG-4. The site can be accessed either via fixed-wing aircraft or by helicopter.

Uranium mineralization at Dieter Lake is in the form of fine-grained pitchblende accompanied by various sulphides, with the presence of several metallic elements (Fe, Cu, V and Mo). The uranium ore horizon bed has been traced over an east-west distance of 5 km and is generally 20 to 80 m above the unconformity. It ranges from 0.2 to 3 m thick, and has been observed up to 5 m thick.

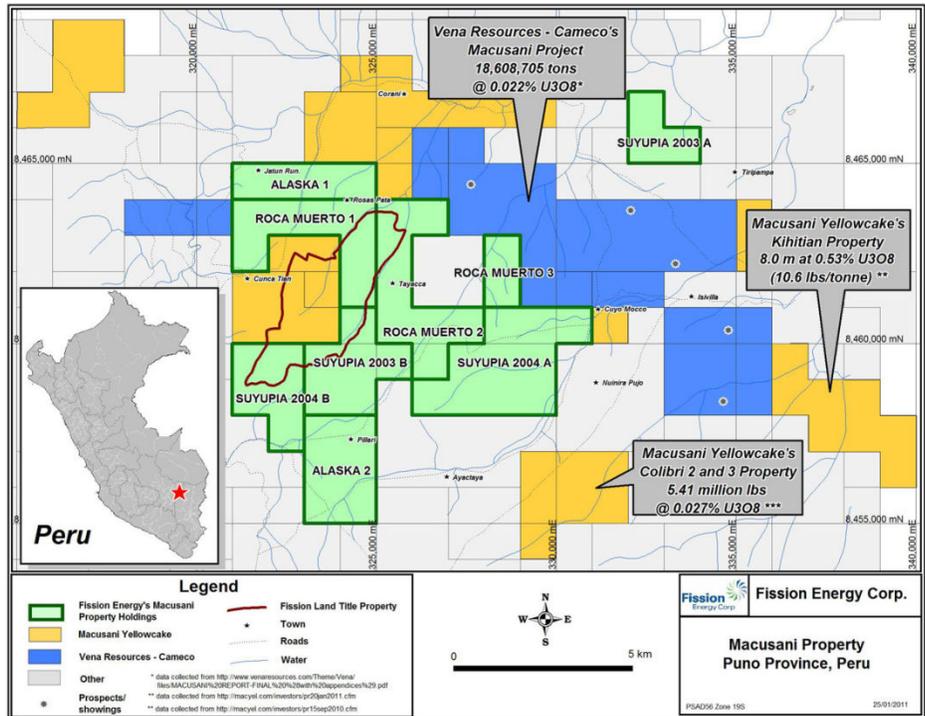
Due to Fission's focus on Waterbury Lake, activity at Dieter Lake has been deferred.

### *Macusani Plateau*

Located in south-eastern Peru, Fission owns 51 km<sup>2</sup> of highly prospective property in the emerging Macusani Plateau. Mineralization within the area is dominated by very high grade Autinite veins along 'enriched fault planes', with lesser disseminated mineralization. The significant fault planes can vary from 1 to 2 m thick, while multiple enriched fault planes occur in shear zones up to 150 m across. Autunite contains 51% uranium by weight and converts into 60% - 65%  $U_3O_8$ .

Fission's land package is located in the heart of the new Macusani uranium district and is surrounded by the likes of the Vena Resources (VEM-T)/Cameco Corporation (CCO-T)'s joint venture that currently has 22.5 million pounds in 43-101 compliant resources; Macusani Yellowcake's (YEL-V) Corachapi, Colibri and Kihitian properties that contain 43-101 compliant resources of 27.5 million lbs of  $U_3O_8$  and the highly prospective land held by Southern Andes Energy (SUR-V).

**Exhibit 8. Locations of Fission’s Major Holdings**



Source: Fission Energy

**VALUATION CONSIDERATIONS**

Fission Energy’s primary asset, Waterbury Lake, currently does not have a 43-101 compliant resource. While management expects the first resource estimate for J-Zone to be completed before the end of 2011, based on reported drill data we estimate that its maiden resource will be around 319,680 tonnes with 17.6 million pounds of contained U<sub>3</sub>O<sub>8</sub> at a grade of 2.50%.

Despite the prolific uranium history of the Athabasca Basin, Fission has few comparables as many of the deposits in the region are controlled by producers such as Cameco Corp and Areva. Uranium explorers in the region with similar deposits are Hathor Exploration and UEX Corp (UEX-T). Given the proximity of Hathor’s Roughrider deposit and the likelihood that its deposits are along the same Discovery Bay Corridor as Fission’s prospects, we view HAT’s metrics as the most relevant to FIS.

**Exhibit 9. Peer Group Analysis – EV/LB of U<sub>3</sub>O<sub>8</sub>**

May 25, 2011 Company Name	Stage	All figures in \$CAD								EV / LB	
		Stock Price	Market Cap (MM)	Enterprise Value (MM)	Avg Grade	Based on 43-101/JORC Resource					
						P&P	M&I	Inferred	Historical	Total	
Hathor Exploration Ltd. (TSX:HAT)	Exploration	\$2.64	286.52	264.98	8.628%	0.00	17.21	40.73	0.00	57.94	\$4.57
UEX Corp. (TSX:UEX)	Exploration	\$1.06	215.03	198.23	0.741%	0.00	72.77	15.49	0.00	88.25	\$2.25
<b>Average</b>											<b>\$3.41</b>
Fission Energy Corp. (TSXV:FIS)	Exploration	\$0.57	54.40	27.40	0.057%	0.00	0.00	24.40	0.00	24.40	\$1.12

Source: Company Reports, Versant Partners

As of May 25, the average EV/Lb between Fission's peers is \$3.41/lb of U<sub>3</sub>O<sub>8</sub>. However, it should be noted that since this is a market-based multiple, it fluctuates constantly and has tended to be quite volatile. Indeed, HAT's EV/Lb figure spent most of 2010 in double-digit territory.

Applying a weighted peer EV/Lb average, where HAT's contribution is greater given the aforementioned relationship to FIS, to the forecasted 17.62 MM lb U<sub>3</sub>O<sub>8</sub> resource size for J-Zone based on a U<sub>3</sub>O<sub>8</sub> grade of 2.50%, we arrive at a base case enterprise value for the upcoming estimate at \$0.43/share. We also analyzed a low case (14.1 MM lbs) and high case (21.1 MM lbs) scenario that utilizes U<sub>3</sub>O<sub>8</sub> grade estimates of 2.0% and 3.0%, respectively.

#### Exhibit 10. Valuation Scenarios – J-Zone

Fission (FIS/TSXV) - Low Case	
Shares O/S	103.06 in millions
Assumed Resource	14.095 in millions of U3O8
EV Based on Assumed Res	\$34.74 in millions
Enterprise Value based on assumed Res	<b>\$0.34</b> per share

Fission (FIS/TSXV) - Base Case	
Shares O/S	103.06 in millions
Assumed Resource	17.619 in millions of U3O8
EV Based on Assumed Res	\$43.43 in millions
Enterprise Value based on assumed Res	<b>\$0.42</b> per share

Fission (FIS/TSXV) - High Case	
Shares O/S	103.06 in millions
Assumed Resource	21.143 in millions of U3O8
EV Based on Assumed Res	\$52.11 in millions
Enterprise Value based on assumed Res	<b>\$0.51</b> per share

Athabasca Non-producers	EV/Lb	Weight
Hathor Exploration	\$4.57	80%
UEX Corp	\$2.25	20%
<b>Weighted Average</b>	<b>\$4.11</b>	

Share count assumes the exercise of in-the-money warrants

Source: Versant Partners

A project within Fission's portfolio with a 43-101 compliant resource is Dieter Lake, which contains 24.4 MM lbs of U<sub>3</sub>O<sub>8</sub> at a grade of 0.057%. Based on a global average EV/Lb value of \$1.77/lb for exploration companies, Dieter Lake contributes \$0.25/share in value to Fission Energy.

**Exhibit 11. Valuation Scenario – Dieter Lake**

Dieter Lake	
Shares O/S	103.06 in millions
43-101 Compliant Resource	24.401 in millions of U3O8
EV Based on Assumed Res	\$25.96 in millions
Value based on assumed Res	<b>\$0.25</b> per share

Share count assumes the exercise of in-the-money warrants

Source: Versant Partners

With \$20.1 million in cash in the bank and another \$2.67 million likely coming from the exercise of in-the-money warrants, the base case market capitalization for Fission Energy should be \$92.4 million or \$0.90/share. We would note that EV/Lb metrics are currently low relative to what they were over the last five years due to post-Fukushima Dai-ichi negativity. Once this dissipates, we expect to see the global average EV/Lb for uranium explorers to return to greater than \$3.00/lb levels.

Additionally, our valuation considerations have only considered the quantifiable aspects of Fission's portfolio. Of the company's 14 listed projects, we are only able to comfortably quantify J-Zone within Waterbury Lake and Dieter Lake. This ignores the significant upside from the other four targets at Waterbury Lake (J East, PKB, Talisker and 153A) as well as the land package in the Macusani Plateau.

### RECOMMENDATION

We are initiating coverage on Fission Energy Corp with a "BUY (Speculative)" rating.

Due to the lack of a 43-101 compliant resource estimate for Waterbury Lake, the volatile nature of the EV/Lb metric used for the relative valuation and the lack of sufficient information to quantify the value of the four other targets along the Discovery Bay Corridor and the Macusani plateau, we are refraining from providing a specific target price.

### INVESTMENT RISKS

Investing in mining and exploration companies is inherently risky. Commodity, geological, operational, regulatory, or financing risks on projects could result in delays in development or production, impact economics or disrupt shipment schedules.

#### *Commodity Risk*

The Company is in the exploration stage. There is a risk that U<sub>3</sub>O<sub>8</sub> prices could decline in the interim as a result of an imbalance between additional mine supply entering the market and new reactor build-outs. Should the price of U<sub>3</sub>O<sub>8</sub> decline significantly, the Company could choose to delay or cancel further exploration and be required to write down reserves and resources to reflect the weaker price environment. Any delay or termination of project exploration

could have an adverse impact on the future financial position and profitability of the Company.

### ***Geologic Risk***

The resource estimate was derived from a database consisting of Fission's drill results from its 2010 and 2011 drill programs. The results of infill drilling could result in a reduction in the resource estimate, and thus negatively affect the viability of its projects. Furthermore, the lack of future exploration success may also impact upside potential of the company.

### ***Regulatory Risk***

In accordance with applicable national and provincial laws and regulations, Fission is required to obtain the proper permits and licenses in order to conduct exploration activities, develop its projects, and ultimately mine and process uranium. We believe that Fission Energy has been and will continue to be diligent in its preparation of the applications for the required permits and licenses for its projects; however, the regulatory review period could take longer than expected. With considerable mineral development taking place, the regulatory agencies may be stretched to the limit, prompting further delays

### ***Political Risk***

We believe that the Saskatchewan provincial government will continue its favourable view towards uranium mining. However, any prolonged local opposition could impede exploration efforts as a result of additional public review/comment periods or debate and possibly even potential litigation.

## **APPENDIX A: MANAGEMENT AND DIRECTORS**

### **Dev Randhawa – Chairman & CEO**

Mr. Randhawa founded Strathmore Minerals Corp. in 1996 from which Fission Energy Corp. was spun out in 2007. Mr. Randhawa also founded and is currently the President of RD Capital Inc., a privately held consulting firm providing venture capital and corporate finance services to emerging companies in the resources and non-resource sectors both in Canada and the US.

Prior to founding RD Capital Inc., Mr. Randhawa spent six years in the brokerage industry as an investment advisor and corporate finance analyst. Mr. Randhawa was formerly the President of Lariat Capital Inc. which merged with Medicure in November 1999 and he was the founder and former President and CEO of Royal County Minerals Corp. which was taken over by Canadian Gold Hunter. Mr. Randhawa also founded Predator Capital Inc., which became Predator Exploration.

Mr. Randhawa received a Bachelors Degree in Business Administration with Honors from Trinity Western College of Langley, British Columbia in 1983 and received his Masters in Business Administration from the University of British Columbia in 1985.

### **Ross McElroy – President & COO**

Mr. McElroy is a professional geologist with over 25 years of experience in the mining industry. He has experience with working and managing many types of mineral projects from grass roots exploration to feasibility and production. He has held positions with both major and junior mining companies including: BHP Billiton, Cogema Canada (now AREVA) and Cameco. He was a member of the early stage discovery team of the MacArthur River uranium deposit.

Mr. McElroy received a Bachelor's Degree in Science, with a Specialization in Geology from the University of Alberta in 1987. Mr. McElroy is a registered professional geologist in Alberta, Saskatchewan and Nunavut/Northwest Territories.

### **Caroline Harke – Consulting Geologist**

Ms Harke has worked with the Geological Survey of Canada where she was involved with a technical research team investigating quaternary deposits in Nova Scotia, Ontario and British Columbia. She has over 11 years of industry experience in gold, base metals and diamond exploration programs across Canada.

### **Raymond Ashley – VP Exploration**

Mr. Ashley has worked in the mineral exploration industry for 25 years. From 1990 to 1996, he was employed with BHP-Billiton in gold, base metal and diamond exploration. With BHP-Billiton he was a key member of the discovery team of Ekati, Canada's first diamond mine, and held the position of Exploration Manager Canada Diamonds. From 1996 to 2009 he was VP Exploration for Dia Met Minerals in exploration for diamonds internationally,

COO of Trigon Exploration Ltd., a public company he co-founded, and VP Exploration for Diamondex Resources Ltd. Since 2009, he has been an independent consulting geoscientist, and has been a member of Fission's team responsible for the high grade uranium J-Zone discovery at Waterbury Lake.

#### **Edwin R. Rockel – Technical Team**

Edwin Ross Rockel is a graduate from of the University of British Columbia with a Bachelor of Science degree in Geology and Geophysics. He is a Geophysicist with over 40 years of mining exploration experience. During his professional career, Mr. Rockel has been involved in senior technical positions with various companies on a world-wide basis and has participated in the exploration and discovery of uranium, diamond and precious metals deposits.

#### **Janet M. Stritychuk – Consulting Land Manager**

Ms Stritychuk has over 20 years of experience in the industry, including the management of the mineral land holdings for several companies.

#### **Jody Dahrouge – Director**

Mr. Dahrouge is a professional geologist with over 18 years of experience both in Canada and internationally. He has managed all types of mineral projects from grass roots exploration to mine development and production.

Since 1998, he has successfully owned and operated Dahrouge Geological Consulting Ltd., a private Edmonton based consulting firm with over 25 employees. Dahrouge Geological manages exploration and development programs for both junior and senior mineral resource companies, including Fission Energy. Mr. Dahrouge has played a key role in acquiring and managing Fission's exploration properties since 2004.

A graduate of the University of Alberta's Geology program (BSc. 1988) and Computing Science program (Sp.C 1993), Mr. Dahrouge is also a registered professional geologist in Alberta and British Columbia.

#### **Frank Estergaard – Director**

Mr. Estergaard is a professional Chartered Accountant who retired as a Partner with KPMG in 2001. His career with KPMG spanned 38 years, providing audit, taxation and business advice to clients in Vancouver, Vernon, Ottawa and Kelowna. He served a wide variety of corporations in the forestry, mining, real estate and land development, high technology, manufacturing, wholesale and retail industries. These companies ranged from start-ups to mature enterprises with both domestic and world-wide operations. In addition, he served on the Management Committee and Partnership Board of KPMG

Following his retirement from KPMG, Mr. Estergaard has served as a Director and Chairman of the audit committee for QHR Technologies Inc. (TSX-V), CFO for Metalex Ventures Ltd. (TSX-V) and CFO and/or Director for several private entities, including Okanagan Capital Fund (VCC) Inc., Rackforce Networks Inc., Wear Air Oxygen Inc. and Wear

**George Sanders – Director**

Mr. Sanders is a mining financing and development entrepreneur with over 30 years of exploration, development and mining finance experience. He spent over 15 years as a Registered Representative and minerals specialist with the investment firm Canaccord Capital Corporation in Vancouver and has held junior and senior corporate positions with various public companies, including Wescan Goldfields Inc. and Shore Gold Inc. He currently serves as President of Goldcliff Resource Corporation, and is a Director of Bitterroot Resources Ltd and Silvercrest Mines Inc.

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