



NEWS RELEASE

December 16, 2008

FUSION TO CANCEL PREFERENCE SHARES TO SATISFY CONDITION OF PALADIN TAKEOVER BID

PERTH, Western Australia: Fusion Resources Limited (**Fusion** or **Company**) (**ASX: FSN, TSX: FNS**) advises that the Company has entered into an exchange deed (**Exchange Deed**) with Paladin Energy Ltd (**Paladin**) and the holder of the Company's 1,500 B class converting preference shares (**Preference Shares**) whereby the holder of the Preference Shares has agreed for Fusion to undertake a selective reduction to cancel the Preference Shares in exchange for Paladin agreeing to issue Paladin shares to the holder of the Preference Shares in circumstances that are intended to replicate the existing conversion terms of the Preference Shares.

As announced on 2 December 2008, Paladin intends to make an off-market scrip takeover offer (**Offer**) for the Company. It is a condition of the Offer that, at the end of the Offer period, all Preference Shares have been, or the holder of the Preference Shares has agreed that the Preference Shares will be, converted into a total of 1,500 Fusion shares, cancelled, revoked, transferred to Paladin or otherwise rendered permanently ineffective. **The effect of the Exchange Deed is that the holder of the Preference Shares has agreed that the Preference Shares will be cancelled.**

The Exchange Deed is conditional on Paladin becoming the sole holder of Fusion's ordinary shares, after which Fusion is to convene and hold the requisite meetings in order for the Preference Shares to be cancelled. Paladin and the holder of the Preference Shares have agreed to attend and vote in favour of the resolutions at the meetings where relevant and where permitted by the Corporations Act.

Once the cancellation of the Preference Shares has become effective and subject to Paladin obtaining any necessary consent from the Toronto Stock Exchange to the issue and quotation of the Paladin shares on that exchange on an unconditional basis or subject only to customary conditions, Paladin shall issue to the holder of the Preference Shares:

- (a) A number of Paladin shares calculated by applying the Offer ratio (i.e. the number of Paladin shares offered for Fusion shares under the terms of the Offer) to 1,500,000 Fusion shares upon there being 120 million tonnes of Indicated Mineral Resources of iron ore on Buckland Hills applications ELA08/1075 and ELA/1477 (irrespective of the type of iron ore) in accordance with the provisions of the JORC Code, provided this resource definition is achieved before 31 August 2011. Based on a 1 for 6 Offer ratio this would result in 250,000 Paladin shares being issued to the holder of the Preference Shares; or
- (b) A number of Paladin shares calculated by applying the Offer ratio to 1,500 Fusion shares on 31 August 2011, if Paladin has not already issued shares in Paladin to the holder of the Preference Shares under paragraph (a). Based on a 1 for 6 Offer ratio this would result in 250 Paladin shares being issued to the holder of the Preference Shares.

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