



NEWS RELEASE

January 22, 2009

FUSION ENTERS INTO DEED OF RELEASE WITH CAZALY TO SATISFY CONDITION OF PALADIN TAKEOVER

PERTH, Western Australia: Fusion Resources Limited (**Fusion** or **Company**) (**ASX: FSN, TSX: FNS**) is pleased to advise that the Company has entered into a deed of release and discharge (**Deed**) with Cazaly Resources Limited (**Cazaly**) whereby Cazaly has agreed to release Fusion from any and all claims and liabilities to Cazaly in relation to the decision by the Minister for State Development to terminate Cazaly's application with respect to the Shovelanna Iron Ore Project.

As announced on 2 December 2008, Paladin has made an off-market scrip takeover offer (**Offer**) for the Company. It is a condition of this Offer that Fusion enters into a settlement and release deed with Cazaly settling all outstanding claims and liabilities due by Fusion to Cazaly in relation to the Shovelanna Iron Ore Project and releasing Fusion from any and all claims and liabilities to Cazaly, as set out in section 12.8(r) of Paladin's bidder's statement dated 17 December 2008 (as supplemented by a supplementary bidder's statement dated 19 December 2008).

The Company has agreed to pay a settlement sum of A\$201,948 to Cazaly in consideration for the release and discharge provided by Cazaly to Fusion.

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