



Fission Energy Ltd

Fission Energy Ltd

(ABN 49 119 057 457)

Interim Financial Report

For

the Half-Year Ended

31 December 2007

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Interim Financial Report

CORPORATE DIRECTORY

DIRECTORS:

Gregory Howard Solomon **LLB** (Executive)

Douglas Howard Solomon **BJuris LLB (Hons)** (Non-Executive)

Guy Touzeau Le Page **B.A., B.Sc. (Hons), M.B.A., FFIN., MAusIMM** (Non-Executive)

COMPANY SECRETARY:

Raymond F Buscall

REGISTERED OFFICE:

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SOLICITORS:

Solomon Brothers

Level 40, Exchange Plaza

2 The Esplanade

Perth WA 6000

Minter Ellison

1 King William Street

Adelaide SA 5000

AUDITORS:

Grant Thornton (WA) Partnership

Chartered Accountants

Level 1

10 Kings Park Road

West Perth WA 6005

SHARE REGISTRY:

Advance Share Registry Services

110 Stirling Highway

Nedlands WA 6009

STOCK EXCHANGE LISTING:

ASX Code: FIS (ordinary shares)

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

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DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2007.

Directors

The names of directors who held office during or since the end of the half-year:

Gregory Howard Solomon

Douglas Howard Solomon

Guy Touzeau Le Page

Review and Results of Operations

The net loss after income tax for the half-year was \$161,720 (2006 – Nil). The Company was not operating during the half-year ended 31 December 2006.

The Company is targeting uranium in a variety of geological settings in South Australia and Western Australia for which the company's tenements are considered prospective.

Fission has the uranium rights to Tasman's Wynbring, Garford and Parkinson Dam projects located on the Gawler Craton in South Australia. Fission also has an interest in any uranium mineralisation in Neoproterozoic or younger rocks within Tasman's Lake Torrens project area also in South Australia.

Fission has also applied for exploration licences in its own right over eight areas on the Yilgarn Craton in Western Australia for sediment-hosted uranium and one area in the Mt Sears Range for unconformity-style uranium (which is 40km east of the Rio Tinto Ltd's Kintyre uranium deposit).

Uranium Exploration Activities

Wynbring Project (Fission 100% Uranium rights)

The Wynbring project is located within EL 3306 on the Gawler Craton approximately 100km northwest of Tarcoola in South Australia (Figure 1a). It covers a Tertiary palaeochannel 15km to the northwest of Toro Energy Ltd's Warrior uranium deposit and has a similar catchment area to that hosting Warrior.

Results from Fission's first drilling programme at Wynbring which was completed in December 2007 have highlighted its uranium potential.

The Wynbring palaeochannel was initially identified by uranium explorer PNC in the 1980's but has received no exploration since Fission completed its first 65 hole 3000m air core drilling programme last month. All 65 drill holes successfully penetrated the Tertiary sequence and were terminated mostly in granitic basement of the Gawler Craton.

The recent drilling has delineated a portion of a meandering sandy fluvial palaeochannel up to 1km in width within the Wynbring palaeovalley which trends in a broadly north-south direction through the project area. Reduced Tertiary basal fluvial sands with strongly anomalous equivalent uranium contents (up to 2m @ 255ppm U₃O₈ (0.026 %, 0.56 lb/t) in hole W057 from 50 to 52m) were intersected in the southern portion of the tenement overlying weathered granite basement. The anomalism is obviously redox related, occurring in reduced sands immediately below the oxidised zone and below the water table, overlying granite basement. Although poorly tested, the upstream portion of the palaeochannel in the northern half of the tenement appears to be totally oxidised and less prospective, the uranium having most likely been mobilised further downstream.

A list of holes returning in excess of 100ppm (0.01%) equivalent U₃O₈ over a minimum width of 0.6m is shown in Table 1. To date less than 20 holes have intersected the main fluvial channel and only an 800m portion (three lines spaced 400m apart) has been tested at a closer drill spacing of 400 by 200m (refer

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DIRECTORS' REPORT

Figures 2 & 3). The attached drill cross section (Figure 4) with eU_3O_8 down hole gamma logs clearly shows the strongly anomalous uranium content at the base of the palaeochannel. Drill chips from all of the radiometric anomalies were sampled and sent to the laboratory for uranium analysis with results due in February 2008.

The latest drilling results have enhanced information from a previous EM survey, and it is now believed that a 9km portion of the channel with potential reduced uranium enriched basal sands remains essentially untested in the southern portion of the tenement (Figure 1) apart from several old holes drilled by PNC Exploration in the 1980's. These also displayed anomalous gamma logs in reduced sands below the weathering (redox) interface.

Drilling indicates that uranium anomalism is persistent over a 3 to 6 metre thickness of the reduced sands at the base of the palaeochannel. Follow up drilling, planned for the next quarter, will determine if this anomalism is due to leakage from higher grade roll-front style uranium mineralisation further along the channel, or is a modified style of roll-front / surface weathering (redox) related mineralisation.

As they are generally coarse grained and unconsolidated (and hence likely to be quite permeable) the basal uranium enriched palaeochannel sands at Wynbring would appear to be amenable to in situ uranium leaching as used at the Beverley deposit.

Garford Project (Fission 100% Uranium rights)

Garford, located on the Gawler Craton approx. 80km south east of Coober Pedy in South Australia (Figure 1a), covers over 80km of Tertiary and older palaeochannels which have never been explored for uranium. Garford is considered prospective for Tertiary-age palaeochannel hosted uranium mineralisation as it is draining Precambrian crystalline basement (potential uranium enriched source rocks) and contains palaeochannel sediments with reduced horizons (potential uranium traps).

An airborne electromagnetic (TEMPEST) survey was flown for Tasman Resources over the Garford palaeochannel in August 2006 and was designed to better define the location and depth of the channel to aid planning of follow-up ground exploration. The survey confirmed that in excess of 80 kilometres of the Garford palaeochannel exists within Fission's tenements to depths of around 40 to 50m.

A similar length of deeper linear TEMPEST conductors to maximum depths of 130m located partially beneath the Garford channel are interpreted to represent older buried Mesozoic-Permian palaeodrainages, based on the available stratigraphic drilling data. As the latter are also draining Precambrian crystalline basement rocks and are known to contain carbonaceous (reduced) material they are also considered to be prospective for the roll-front-style of uranium deposit identified in the younger Tertiary palaeodrainages in South Australia.

Fission has carried out an aboriginal heritage survey and obtained environmental approvals for drilling. Initial broad spaced reconnaissance drilling and down hole gamma logging of this very large uranium target is planned for 2008.

Parkinson Dam (Fission 100% Uranium Rights)

Parkinson Dam is located approx. 60km west of Port Augusta in South Australia. A small portion of Tasman Resources' tenements at Parkinson Dam (approximately 15 km²) are excluded from Fission's uranium exploration rights. An outcropping uraninite occurrence is known at the "Torbernite Hill" prospect. Previous surface sampling here by PNC Exploration in the 1980's returned 970ppm U. Tasman initially tested this prospect with several RC holes in 2006 and interpretation of these results indicates possible along strike potential which will be tested with further drilling.

The known uranium occurrence is located near the base of the Mesoproterozoic Corunna Conglomerate adjacent to the unconformity with Palaeoproterozoic Hutchinson Group quartzite and the area has potential for unconformity style uranium mineralisation. Suitable carbonaceous host rocks for uranium mineralisation are known to exist within the Hutchinson Group.

A drilling program to follow up the uraninite occurrence at the "Torbernite Hill" prospect is planned for 2008.

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Frasers Uranium Project (Fission 100% Uranium rights)

The Frasers Project, which adjoins Tasman Resources Parkinson Dam Project, is located approximately 75km west of Port Augusta in South Australia. The area is prospective for both Tertiary palaeochannel uranium mineralisation.

Fission has recently identified a number of potential Tertiary palaeochannel uranium targets in the west of the Parkinson Dam Project at the Frasers prospect. The potential source of the uranium is extensive, outcropping relatively uranium-rich Gawler Range Volcanics, and the inferred palaeochannels are part of a larger system recently documented by Primary Industries and Resources SA (PIRSA).

Three of the six holes drilled recently over a large area (30 km²) at Frasers confirmed the presence of thin Tertiary palaeochannel sediments up to 18m thick overlying the Gawler Range Volcanics. The sediments here are totally oxidised and downhole gamma logging did not locate any significant uranium anomalism. It is likely however, that the palaeochannels will be better developed further downstream in the north of Fission's exploration licence and may contain reduced sediments prospective for roll front uranium mineralisation.

Western Australian Projects (Fission 100%)

The application for EL 29/650 (Barlee East) was granted in December 2007 and notification was received that EL 29/651 (Elvire), located nearby, was granted on the 22nd January 2008. Both tenements cover airborne radiometric uranium anomalies on Lake Barlee, a Tertiary playa lake located in Archaean granite terrain on the Yilgarn Craton approx. 500 km north east of Perth (Figure 1b). The remainder of the WA tenements are still in the application stage. Exploration programmes are planned for 2008 on the granted tenements.

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Table 1: Wynbring Project - Equivalent Uranium (eU₃O₈*) Drilling Results

(based on 100ppm cut off and minimum downhole thickness of 0.6m)

Hole No.	East	North	Hole Depth m	From m	To m	Interval m	eU ₃ O ₈ ppm
W006	379048	6634001	53	43.6	44.6	1.0	111
W007	378842	6634004	63	43.6	44.6	1.0	122
				45.2	46.4	1.2	134
W008	378736	6634011	54	43.2	44.8	1.6	120
				45.8	47.6	1.8	138
W034	379545	6635010	66	26	26.8	0.8	199
W042	379598	6640165	51	45.6	46.4	0.8	126
W056	379067	6634395	60	47.2	50.4	3.2	136
W057	379264	6634393	60 includes includes	46.0	52.0	6.0	178
				48.0	50.0	2.0	255
				49.0	49.2	0.2	415
W058	379452	6634410	53	31.4	32.2	0.8	150
				42.6	44.4	1.8	224
				45.2	46.0	0.8	125
W059	379482	6634871	54	33.8	34.4	0.6	123
				43.4	44.2	0.8	195
W060	379271	6634873	60	48.4	51.4	3.0	128

* Equivalent uranium values were estimated from down hole gamma logging assuming all of the gamma radiation measured is due to uranium and that uranium and its daughter products are in equilibrium. Generally only background values were detected in the oxidised fluvial sands, therefore the high count rates measured in the stratigraphically equivalent reduced portions are believed to be due solely to uranium rather than a thorium bearing heavy mineral component as heavy minerals are unlikely to be affected by oxidation. The state of equilibrium of the palaeochannel uranium is currently unknown.

The eU₃O₈ estimates have been carried out by an independent technical consultant and are based on calibration of Fission's downhole logging equipment by PIRSA geophysicists at their test pits in Adelaide.

All holes were vertical and logged through the drill rods and appropriate corrections have been applied for hole diameter and attenuation of the gamma count rate due to drill rods and ground water. These results are approx. 2% higher than the preliminary results reported in the announcement of 15/01/08 following revision of the hole diameter correction factor.

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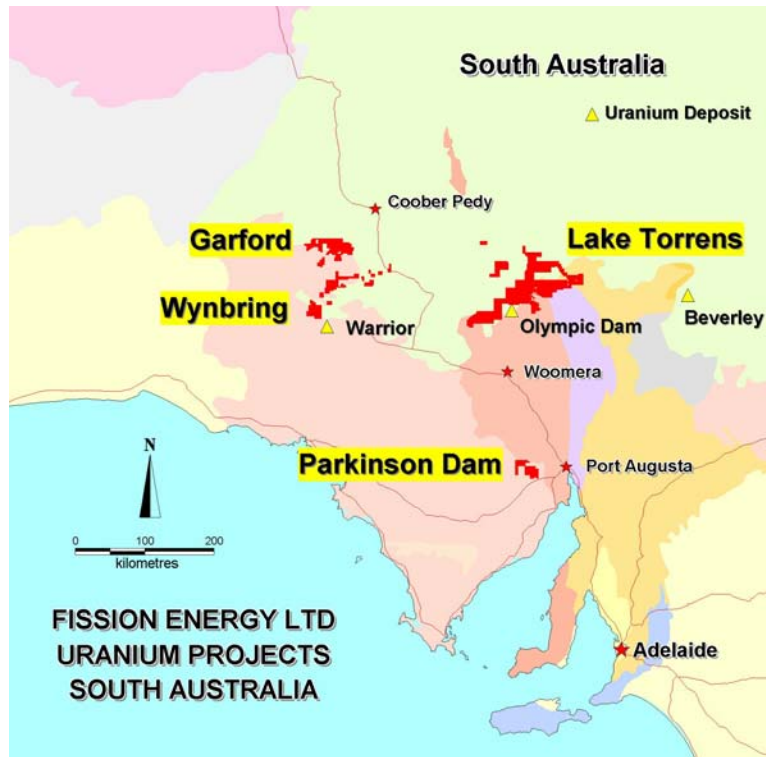


Figure 1a: South Australia Project Locations

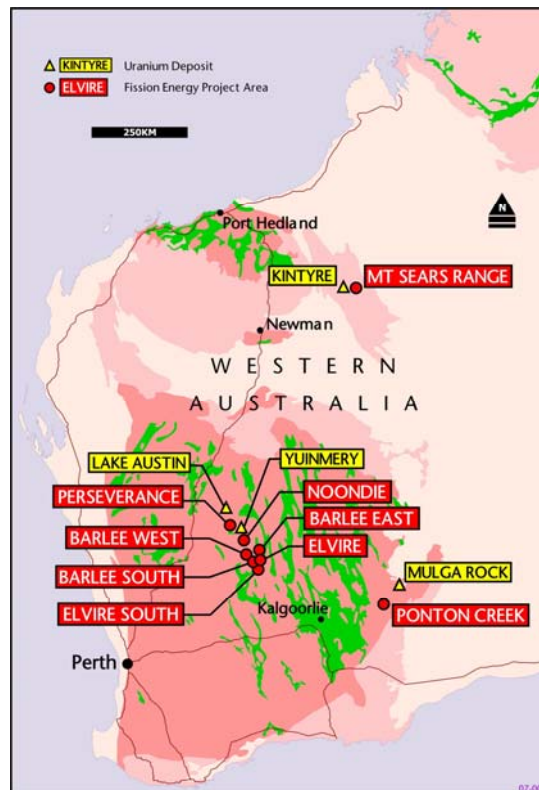


Figure 1b: Western Australia Project Locations

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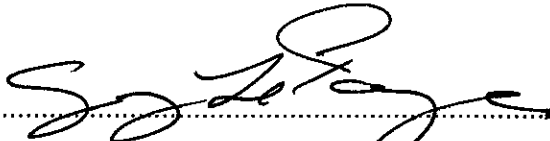
DIRECTORS' REPORT

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 10 for the half-year ended 31 December 2007.

This report is signed in accordance with a resolution of the Board of Directors.

Director



Guy Touzeau Le Page

Dated this 12th day of March 2008

AUDITORS' INDEPENDENCE DECLARATION
Under Section 307C of the Corporations Act 2001

To the Directors of Fission Energy Limited

I declare that, to the best of my knowledge and belief during the period ended 31 December 2007, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON (WA) PARTNERSHIP



MJ HILLGROVE
Partner
Perth

Date: 12 March 2008

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INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	31 Dec 2007	31 Dec 2006
		\$	\$
Revenue	2	203,354	-
Employee benefits expense		(198,843)	-
Depreciation and amortisation expense		(3,376)	-
Exploration expenditure written-off		(4,018)	-
Administration expenses		(158,837)	-
Loss before income tax		(161,720)	-
Income tax expense		-	-
Loss from continuing operations		(161,720)	-
Loss for the period		(161,720)	-
Loss attributable to members of the parent entity		(161,720)	-
Overall Operations			
Basic earnings per share (cents per share)		(0.2837)	-

The accompanying notes form part of these financial statements

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BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	31 Dec 2007	30 June 2007
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,734,490	5,773,797
Trade and other receivables		22,299	42,530
TOTAL CURRENT ASSETS		<u>5,756,789</u>	<u>5,816,327</u>
NON-CURRENT ASSETS			
Property, plant and equipment		52,275	3,024
Intangible assets		2,480	345
Other non-current assets		292,656	78,580
TOTAL NON-CURRENT ASSETS		<u>347,411</u>	<u>81,949</u>
TOTAL ASSETS		<u>6,104,200</u>	<u>5,898,276</u>
CURRENT LIABILITIES			
Trade and other payables		212,903	110,270
TOTAL CURRENT LIABILITIES		<u>212,903</u>	<u>110,270</u>
TOTAL LIABILITIES		<u>212,903</u>	<u>110,270</u>
NET ASSETS		<u>5,891,297</u>	<u>5,788,006</u>
EQUITY			
Issued capital		6,118,645	5,853,634
Accumulated losses		(227,348)	(65,628)
TOTAL EQUITY		<u>5,891,297</u>	<u>5,788,006</u>

The accompanying notes form part of these financial statements

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STATEMENT OF CHANGES IN EQUITY

	Issued Capital		\$	\$
	Ordinary Shares	Options	Accumulated Losses	Total
Balance at 1 July 2006	1	-	(1,215)	(1,214)
Loss attributable to members	-	-	-	-
Sub-total	1	-	(1,215)	(1,214)
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2006	1	-	(1,215)	(1,214)
Balance at 1 July 2007	5,853,634	-	(65,628)	5,788,006
Shares issued during the year	-	-	-	-
Options issued during the year	-	285,000	-	285,000
Transaction costs	(19,989)	-	-	(19,989)
Loss attributable to members	-	-	(161,720)	(161,720)
Subtotal	5,833,645	285,000	(227,348)	5,891,297
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2007	5,833,645	285,000	(227,348)	5,891,297

The accompanying notes form part of these financial statements

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CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	31 Dec 2007	31 Dec 2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(379,407)	-
Interest received	203,354	-
Goods and services tax refunds	62,578	-
Net cash provided by (used in) operating activities	<u>(113,475)</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(86,792)	-
Purchase of property, plant and equipment	(50,350)	-
Purchase of intangibles	(2,200)	-
Repayment of loans from associated entities	(634)	-
Net cash provided by (used in) investing activities	<u>(139,976)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of options	285,000	-
Share issue costs	(70,856)	-
Dividends paid	-	-
Net cash provided by (used in) financing activities	<u>214,144</u>	-
Net increase (decrease) in cash held	(39,307)	-
Cash at beginning of period	<u>5,773,797</u>	1
Cash at end of period	<u><u>5,734,490</u></u>	1

The accompanying notes form part of these financial statements

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 1: BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Fission Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the company and are consistent with those in the June 2007 financial report apart from the changes in accounting policy noted below.

The half-year report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Changes in Accounting Policies

Since 1 July 2007 the group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the group.

- AASB 7 – Financial Instruments: Disclosures
- AASB 2005 -10 - Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007 - 4 – Amendments to Australian Accounting Standards Arising from ED 151 and Other Amendments
- AASB 2007 – 5 – Amends AASB 102 Inventories
- Interpretation 8 – Scope of AASB 2
- Interpretation 9 – Reassessment of Embedded Derivatives
- Interpretation 10 – Interim Financial Reporting and Impairment
- Interpretation 11 – Share based payments

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 2: LOSS FOR THE PERIOD

	31 Dec 2007	31 Dec 2006
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Interest received	203,354	-
Amortisation expense	(65)	-
Depreciation expense	(3,311)	-
Exploration expenditure written-off	(4,019)	-

NOTE 3: SEGMENT INFORMATION

The company operates predominantly in one business and geographical segment being the exploration for uranium in Australia.

NOTE 4: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the consolidated group in future financial years.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 16:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Guy Touzeau Le Page

Dated this 12th day of March 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF FISSION ENERGY LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Fission Energy Limited (the Company), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement/description of accounting policies, and other selected explanatory notes.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Fission Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fission Energy Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001.



GRANT THORNTON (WA) PARTNERSHIP



MJ HILLGROVE
Partner
Perth

Date: 12 March 2008