



ACN 119 057 457

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

14 September 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

Attached is a copy of the following documents being mailed to shareholders;

Notice of Extraordinary General Meeting
Proxy Form for Extraordinary General Meeting
Explanatory Statement

Raymond F Buscall
Company Secretary

FISSION ENERGY LIMITED
(ACN 119 057 457)
(the **Company**)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of the members of the Company will be held at Level 40, Exchange Plaza, 2 The Esplanade, Perth, Western Australia on Wednesday 17 October 2007 at 10:30am.

SPECIAL BUSINESS

The business of the Extraordinary General Meeting is to consider and (if thought fit) to pass, with or without modification, the following ordinary resolutions:

1. Issue of options to Gregory Howard Solomon

"That, for the purposes of Part 2E.1 of the Corporations Act 2001 (the **Act**) and Chapter 10 of the ASX Listing Rules (the **Rules**), and for all other purposes, approval is given for the Company to issue to Gregory Howard Solomon (a current director of the Company) 1,000,000 options in the Company, each to acquire one fully paid ordinary share in the Company at an exercise price per option of \$0.20, which options shall be exercisable at any time prior to 5.00pm WST on 28 February 2011 (the **Time of Expiry**) and otherwise on the terms and conditions set out in the explanatory statement attached to this notice."

Note: The options will be issued no later than 1 month from the date of the Extraordinary General Meeting.

2. Issue of options to Douglas Howard Solomon

"That, for the purposes of Part 2E.1 of the Act and Chapter 10 of the Rules, and for all other purposes, approval is given for the Company to issue to Douglas Howard Solomon (a current director of the Company) 1,000,000 options in the Company, each to acquire one fully paid ordinary share in the Company at an exercise price per option of \$0.20, which options shall be exercisable at any time prior to the Time of Expiry and otherwise on the terms and conditions set out in the explanatory statement attached to this notice."

Note: The options will be issued no later than 1 month from the date of the Extraordinary General Meeting.

3. Issue of options to Guy Touzeau Le Page

"That, for the purposes of Part 2E.1 of the Act and Chapter 10 of the Rules, and for all other purposes, approval is given for the Company to issue to Guy Touzeau Le Page (a current director of the Company) 1,000,000 options in the Company, each to acquire one fully paid ordinary share in the Company at an exercise price per option of \$0.20, which options shall be exercisable at any time prior to the Time of Expiry and otherwise on the terms and conditions set out in the explanatory statement attached to this notice."

Note: The options will be issued no later than 1 month from the date of the Extraordinary General Meeting.

Dated this 31 day of August 2007

By order of the Board

.....
RF Buscali
Company Secretary

NOTES RELATING TO PROXIES:

A member entitled to attend and vote at the Extraordinary General Meeting of the Company may appoint not more than two proxies to attend and vote in his or her place. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy may be, but need not be, a member of the Company.

Proxy forms (and the Power of Attorney or other authority, if any, under which the proxy form is signed) must be deposited at the registered office of the Company at Level 40, Exchange Plaza, 2 The Esplanade, Perth, Western Australia, 6000 not less than 48 hours before the time for holding the Extraordinary General Meeting.

FISSION ENERGY LIMITED
(ACN 119 057 457)

(the Company)

PROXY FORM
EXTRAORDINARY GENERAL MEETING

I/We

being a member/members of the Company entitled to attend and vote at the meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairperson of the meeting or the Chairperson's nominee, to vote in respect of ____% of my/our voting rights in accordance with the following directions, or if no directions have been given, as the proxy sees fit at the Extraordinary General Meeting of the Company, to be held on Wednesday, 17 October 2007 and at any adjournment thereof. If no directions are given, the Chairperson will vote in favour of all of the resolutions.

	FOR	AGAINST	ABSTAIN
Ordinary Resolutions:			
1. To issue options to Mr GH Solomon	☐	☐	☐
2. To issue options to Mr DH Solomon	☐	☐	☐
3. To issue options to Mr GT Le Page	☐	☐	☐

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not intended to be counted in computing the required majority on a poll.

Signed this day of 2007

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

The Chairperson intends to vote in favour of all 3 resolutions in respect of all undirected proxies.

If you do not wish to direct your proxy how to vote please place a mark in the box.

By marking this box you acknowledge that the Chairperson may exercise your proxy even if he or she has an interest in the outcome of the resolution and votes cast by him or her other than as proxy holder will be disregarded because of that interest.

Notes:

1. To be effective, this proxy and the power of attorney (if any) under which it is signed must be received at the Registered Office of the Company, Level 40, Exchange Plaza, 2 The Esplanade, Perth, WA 6000 not less than 48 hours before the time for holding the Extraordinary General Meeting, or any adjournment thereof.
2. If the member is a corporation, the form of proxy should be signed under seal if appropriate.

FISSION ENERGY LIMITED

(ACN 119 057 457)

(the **Company**)

**EXPLANATORY STATEMENT
ACCOMPANYING NOTICE OF EXTRAORDINARY GENERAL MEETING**

This Explanatory Statement is an important document and you should read it carefully. If you have any queries regarding the matters set out in this Explanatory Statement or the Notice to which it is attached please contact the Company or your professional advisor.

Resolutions 1, 2 and 3 – Issue of Options to Company Directors

Background

Resolutions 1, 2 and 3 seek member approval for the purposes of Part 2E.1 of the *Corporations Act 2001* (the **Act**) and Chapter 10 of the ASX Listing Rules (the **Rules**), and for all other purposes, for the Company to issue options to the current directors of the Company.

The directors of the Company have resolved that, subject to receiving approval of the Company's members in accordance with resolutions 1, 2 and 3 and the approval of the members of Tasman Resources NL (ACN 009 253 187) (**Tasman**), each of the current directors of the Company will be issued with 1,000,000 options in the Company (the **Options**). The directors of the Company as at the date of this Explanatory Statement are Gregory Howard Solomon, Douglas Howard Solomon and Guy Touzeau Le Page (the **Directors**). The approval of the members of Tasman is required because Tasman (which is a public company) owns approximately 43.86% of the issued share capital of the Company, and therefore controls the Company for the purposes of section 50AA of the Act.

The Options are being issued to the Directors in consideration of services which they have provided, and will subsequently provide, to the Company.

The Company's intention to issue the Options was disclosed in the Company's IPO Prospectus dated 11 April 2007.

The terms and conditions upon which the Options will be issued (**Terms and Conditions**) are as follows:

1. The Options are exercisable at any time prior to 5.00pm WST 28 February 2011 (the **Time of Expiry**). Options not exercised on or before the Time of Expiry will automatically lapse.
2. The Options may be exercised wholly or in part by completing a notice of exercise of options in a form approved by the Company (a **Notice of Exercise**) and delivering it to the Company's registered office at any time prior to the Time of Expiry.
3. The Options entitle the holder to subscribe (in respect of each Option held) for one fully paid ordinary share in the Company (**Share**) at an exercise price per Option of \$0.20.
4. Upon the exercise of the Options and receipt of all relevant documents and payment, Shares will be issued ranking equally with the then issued Shares, and the Company will apply to ASX Limited (ACN 008 624 691) (**ASX**) to have the Shares so issued granted official quotation.
5. Any Notice of Exercise received by the Company prior to the Time of Expiry will be deemed to be a Notice of Exercise as at the last business day (a day other than a Saturday or a Sunday on which banks are open for business in Perth, Western Australia) of the month in which it is received.
6. There are no participating entitlements inherent in the Options to participate in new issues of capital, which may be offered to members of the Company during the currency of the Options. Prior to any new pro rata issue of securities to members of the Company, holders of Options will be notified by the Company and afforded 10 business days before the Record Date (as defined in the Rules to determine entitlements to the issue), to exercise their Options.

7. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Time of Expiry, the number of Options or the exercise price of the Options (or both) shall be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the holders of the Options which are not being conferred on members of the Company and (subject to the provisions with respect to rounding entitlements as sanctioned by the meeting of Company members approving the reconstruction of capital) in all respects, the terms for the exercise of the Options shall remain unchanged. For these purposes, the rights of the holders of the Options may be changed from time to time to comply with the Rules applying to reorganisation of capital, at the time of reorganisation.
8. The Options may be transferred at any time prior to the Time of Expiry.
9. Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the Notice of Exercise.

The Terms and Conditions of the Options to be issued to the Directors are the same as the 12,500,000 Options already on issue to Tasman. In addition, the Company has issued:

- (a) 1,000,000 options to Taylor Collison Limited, which entitle it to subscribe (in respect of each option held) for one Share at an exercise price per option of \$0.20 exercisable at any time on or before 18 June 2010 (subject to ASX escrow).
- (b) 300,000 options to three employees of Tasman under the Company's Employee Share Option Scheme. These options have different vesting dates, but entitle the holder to subscribe (in respect of each option held) for one Share at an exercise price per option of \$0.20 exercisable at any time after they have vested prior to 31 March 2011.

In addition on 30 July 2007 the Company lodged a prospectus with ASIC and ASX (the **Prospectus**) containing an offer to all members of the Company whose registered addresses are in Australia and New Zealand of one option for every two shares held as at 9 August 2007 (the record date) at \$0.01 per option (each option to acquire one Share in the Company at an exercise price of \$0.20 per share exercisable at any time up to and including 28 February 2011). Approximately 28,500,000 further options in the Company may be issued under the Prospectus (assuming that the offer contained in the Prospectus is fully subscribed and none of the existing options are exercised before the record date).

The Directors have agreed with the Company that the Options to be issued to them will be escrowed for a period of 24 months from the date of issue.

The Directors (or their related parties) currently hold the shares in the Company set out below. None of the Directors currently hold any options in the Company (although to the extent to which they held shares in the Company as at the record date, they will be entitled to apply for options under the Prospectus). If all of the Options proposed to be issued to the Directors are exercised, an additional 3,000,000 shares in the Company will then be on issue. The capital structure of the Company as it currently stands and as it will stand if all of the Options are exercised (assuming all of the other options currently on issue in the Company are also exercised) is set out below:

Holders	Shares	Options ¹	Upon Exercise
Tasman Resources NL	25,000,000	12,500,000	37,500,000
Taylor Collison Limited	0	1,000,000	1,000,000
Tasman Employees	0	1,500,000	1,500,000
G H Solomon	400,000	1,000,000 ²	1,400,000
D H Solomon	250,000	1,000,000 ²	1,250,000
G T Le Page	150,000	1,000,000 ²	1,150,000
Other	32,000,000	0	32,000,000
Totals	57,000,000	18,000,000	75,000,000

¹ The table above does not take into account the issue of options under the Prospectus (or the exercise of those options).

² Assuming shareholder approval to the issue of Options is obtained.

Subject to the significant qualifications detailed below the Directors have estimated, using the valuation methodology summarised below, that the value of each of the Options to be issued to the Directors is \$0.0224 per Option. Therefore the total value of each Director's 1,000,000 Options would be \$22,400.00 (estimated).

The Options have been indicatively valued using the Black-Scholes Option Valuation Model (the **Model**), which takes account of factors including option exercise price, the current underlying share price volatility, risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected option life. The Model attributes an indicative value of \$0.0224 per Option on the following assumptions:

- (a) the Options are exercisable at a price per Option of \$0.20;
- (b) a current underlying Share price volatility of 54.7%;
- (c) a risk-free interest rate of 6.5% per annum (based on the 5-year bond rate as at 29 August 2007);
- (d) the underlying value of each Share being \$0.14 (based on the value of the Company's shares on the ASX on 29 August 2007);
- (e) no dividends being payable; and
- (f) the Options are exercisable at anytime after 24 months of the date of the issue (i.e. at the expiration of the voluntary escrow period) and before the Time of Expiry.

The estimated value of each Option is subject to considerable uncertainty because many of the parameters of the Model are difficult to estimate. For example, the current underlying Share price volatility is considerably uncertain because the Shares have only a very short trading history (the Company was admitted to the official list of the ASX on 18 June 2007). Further, the share price may after 29 August 2007 go above, or below, 14 cents per Share.

Other parameters, such as the exercise price, the expected option life and the risk-free interest rate, are more certain.

The Act

Part 2E.1 of the Act regulates the provision of "financial benefits" by public companies. The Company is a public company.

Section 208(1) of the Act provides that the Company can only give a financial benefit to a "related party" of the Company if the Company obtains the approval of its members in accordance with the procedures set out in Part 2E.1 of the Act.

Section 208(1) of the Act also requires the Company to obtain the approval of Tasman's members to give a financial benefit to a related party of Tasman, because the Company is an entity controlled by Tasman for the purposes of section 50AA of the Act.

Directors of public companies are related parties for the purposes of the Act. Gregory Howard Solomon, Douglas Howard Solomon and Guy Touzeau Le Page are Directors, and therefore related parties, of the Company. Gregory Howard Solomon, Douglas Howard Solomon and Guy Touzeau Le Page are also directors, and therefore related parties, of Tasman.

The Act deems the issue of an option by a public company to a related party to constitute the giving of a financial benefit to that related party.

In the circumstances, the resolution by the Directors to issue the Options will result in the Company giving a financial benefit to Gregory Howard Solomon, Douglas Howard Solomon and Guy Touzeau Le Page, who are related parties of the Company.

The Options are being issued to the Directors in consideration of services which they have provided, and will subsequently provide, to the Company. Section 211 of the Act provides an exception to the need to obtain member approval to the giving of a financial benefit to a related party where the

financial benefit is remuneration given to an officer (including a director) of a public company and giving the remuneration would be reasonable given the respective circumstances of the public company and the related party (including the responsibilities involved in the office or employment).

The Directors consider that the issue of the Options to the Directors is reasonable given the circumstances of the Company and the Directors. However to avoid doubt the Company is seeking member approval for the purposes of Part 2E.1 of the Act.

The issue of the Options to the Directors will also require the approval of Tasman's members. This approval is to be sought at an extraordinary general meeting of Tasman's members to be held on or around the date of this Extraordinary General Meeting. If the approval of the members of either the Company or Tasman is not obtained, the Options will not be issued to the Directors.

As required by Part 2E.1 of the Act, and in particular section 219 of the Act, the following information contained in paragraphs A, B and C below is provided to allow the members of the Company sufficient information to determine whether or not they should approve these resolutions.

A. Resolution 1

1. The proposed financial benefit will be given to Gregory Howard Solomon (who is a Director).
2. The nature of the financial benefit is the issue of Options in the Company.
3. Gregory Howard Solomon (the person to whom the financial benefit will be given) does not wish to make a recommendation to members about this resolution on the basis that he has an interest in the resolution's passage. All of the Directors who do not have an interest in this resolution recommend that members approve this resolution on the basis that the Options are being issued to the Directors in consideration of services which they have provided, and will subsequently provide, to the Company.
4. Gregory Howard Solomon, as a Director and the person to whom the financial benefit will be payable, has an interest in this resolution.
5. The Directors are not aware of any other information (other than the information contained in this Explanatory Statement) that would be reasonably required by members to allow them to make a decision whether it is in the best interest of the Company to pass the resolution.

The fact that it was proposed to seek approval to issue these Options was disclosed in the Company's IPO Prospectus dated 11 April 2007.

The Company will disregard any votes cast on Resolution 1 by Gregory Howard Solomon (being the related party of the Company to whom the resolution would permit the financial benefit to be given) and his associates (who are all prohibited from voting).

B. Resolution 2

1. The proposed financial benefit will be given to Douglas Howard Solomon (who is a Director).
2. The nature of the financial benefit is the issue of Options in the Company.
3. Douglas Howard Solomon (the person to whom the financial benefit will be given) does not wish to make a recommendation to members about this resolution on the basis that he has an interest in the resolution's passage. All of the Directors who do not have an interest in this resolution recommend that members approve this resolution on the basis that the Options are being issued to the Directors in consideration of services which they have provided, and will subsequently provide, to the Company.
4. Douglas Howard Solomon, as a Director and the person to whom the financial benefit will be payable, has an interest in this resolution.
5. The Directors are not aware of any other information (other than the information contained in this Explanatory Statement) that would be reasonably required by members to allow them to make a decision whether it is in the best interest of the Company to pass the resolution.

The fact that it was proposed to seek approval to issue these Options was disclosed in the Company's IPO Prospectus dated 11 April 2007.

The Company will disregard any votes cast on Resolution 2 by Douglas Howard Solomon (being the related party of the Company to whom the resolution would permit the financial benefit to be given) and his associates (who are all prohibited from voting).

C. Resolution 3

6. The proposed financial benefit will be given to Guy Touzeau Le Page (who is a Director).
7. The nature of the financial benefit is the issue of Options in the Company.
8. Guy Touzeau Le Page (the person to whom the financial benefit will be given) does not wish to make a recommendation to members about this resolution on the basis that he has an interest in the resolution's passage. All of the Directors who do not have an interest in this resolution recommend that members approve this resolution on the basis that the Options are being issued to the Directors in consideration of services which they have provided, and will subsequently provide, to the Company.
9. Guy Touzeau Le Page, as a Director and the person to whom the financial benefit will be payable, has an interest in this resolution.
10. The Directors are not aware of any other information (other than the information contained in this Explanatory Statement) that would be reasonably required by members to allow them to make a decision whether it is in the best interest of the Company to pass the resolution.

The fact that it was proposed to seek approval to issue these Options was disclosed in the Company's IPO Prospectus dated 11 April 2007.

The Company will disregard any votes cast on Resolution 3 by Guy Touzeau Le Page (being the related party of the Company to whom the resolution would permit the financial benefit to be given) and his associates (who are all prohibited from voting).

The Rules

The Company was admitted to the official list of the ASX on 14 June 2007.

Rule 10.11 provides that unless an entity has the approval of the holders of "ordinary securities", that entity must not issue or agree to issue "equity securities" to a "related party", or a person whose relationship with the entity or a related party of the entity is, in the opinion of the ASX, such that approval should be obtained.

The Rules define equity security to include an option over an issued or unissued share in an entity. The Options will therefore be equity securities for the purposes of the Rules.

Under the Rules, the term related party (in relation to a body corporate) has the same meaning as that set out in section 228 of the Act. Section 228(2) of the Act provides that the directors of a public company are related parties of that public company. Gregory Howard Solomon, Douglas Howard Solomon and Guy Touzeau Le Page are Directors, and therefore related parties, of the Company.

The Company is therefore also seeking member approval for the purposes of Rule 10.11 to the issue of the Options to the Directors. If the approval of the members of the Company is not obtained, the Options will not be issued to the Directors.

The following information is provided to members of the Company pursuant to Rule 10.13:

1. The Directors propose to issue 1,000,000 Options to each of Gregory Howard Solomon, Douglas Howard Solomon and Guy Touzeau Le Page (who are Directors of the Company).
2. The maximum number of Options that will be issued is 3,000,000.

3. The Company will issue the Options not more than one month after the date of the Extraordinary General Meeting.
4. The Company will disregard any votes on Resolution 1 by Gregory Howard Solomon or any of his associates. However, the Company will not disregard a vote if:
 - 4.1 it is cast by Gregory Howard Solomon or any of his associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - 4.2 it is cast by the person chairing the Extraordinary General Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.
5. The Company will disregard any votes on Resolution 2 by Douglas Howard Solomon or any of his associates. However, the Company will not disregard a vote if:
 - 5.1 it is cast by Douglas Howard Solomon or any of his associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - 5.2 it is cast by the person chairing the Extraordinary General Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.
6. The Company will disregard any votes on Resolution 3 by Guy Touzeau Le Page or any of his associates. However, the Company will not disregard a vote if:
 - 6.1 it is cast by Guy Touzeau Le Page or any of his associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - 6.2 it is cast by the person chairing the Extraordinary General Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.
7. The Options will be issued on the Terms and Conditions described above in this Explanatory Statement. The Options are being issued to the Directors in consideration of services which they have provided, and will subsequently provide, to the Company.
8. No funds will be raised by the Company by the issue of the Options to the Directors.