

ATOMIC RESOURCES LIMITED

ABN 65 124 408 751

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2008

ATOMIC RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT
31 DECEMBER 2008

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ATOMIC RESOURCES LIMITED

DIRECTORS REPORT

Your directors submit their report for the half year ended 31st December 2008.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of the report are as follows:

Clive Raymond Hartz	
David James Holden	
Alastair Hugh Walker	
Prof Thomas Neff	(Resigned 30 September 2008)
Mr Patrick Michaels	(Resigned 30 September 2008)

PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the period was mineral exploration within Australia and Tanzania.

REVIEW AND RESULTS OF OPERATIONS

The consolidated loss of the economic entity for the half year ended 31st December 2008 was \$2,030,415. The cash in bank at the end of the half year was \$3,351,155 and the net assets and total equity at 31st December 2008 was \$6,978,505.

Regarding activities in Africa, during the half year the group secured concession rights to two new major exploration blocks, Mkapa and Mbuyuru, covering the northern extension of the Ngaka Coalfield in western Tanzania. Drilling conducted in the 1950's on these two blocks identified numerous thermal coal seams, suitable for use in coal-fired power generation. Atomic intends to conduct a drilling program on these blocks to verify the extent and quality of these seams in mid 2009.

Drilling performed on the existing Mbalawala block has resulted in the company announcing a combined maiden JORC compliant resource of 179 million tones of thermal coal. The Tanzanian Government recently announced its intention to build a number of new 400mw thermal coal power stations by 2011 which will form the basis of the nations domestic power supply. Atomic's substantial thermal coal fields in western Tanzania are ideally situated to provide feed stock for these power stations and has engaged an engineer to progress these developments.

As previously announced, the company has entered into a joint venture arrangement ("JVA") with Scimitar Resources ("Scimitar") who will continue to explore the company's Uaroo uranium project. Scimitar has also agreed to spend a minimum of \$100,000 before it may withdraw from the JVA.

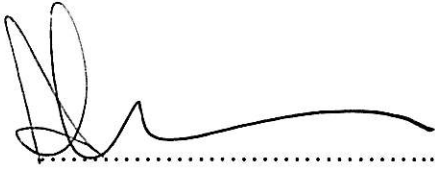
LIKELY DEVELOPMENTS

Information on likely developments in the operations of the group and the expected results of those operations in future financial years has not been included in this director's report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the group.

AUDITORS INDEPENDENCE DECLARATION

The lead auditors independence declaration under Section 307C of the Corporations Act 2001 is set out on page 14.

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a long, horizontal, slightly wavy line.

Alastair Walker

Director

Perth Western Australia 16th March 2009

ATOMIC RESOURCES LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated Half-year ended 31 December 2008 \$	Consolidated Half-year ended 21 September 2007 \$
REVENUE		
Interest	142,813	96,671
TOTAL REVENUE	<u>142,813</u>	<u>96,671</u>
EXPENSES		
Compliance and regulatory expenses	25,344	14,074
Consulting expenses	50,313	18,856
Depreciation	2,354	1,316
Employee benefits expense	26,930	13,209
Exploration expenditure	1,967,691	311,996
Insurance expense	20,505	9,625
Legal expenses	2,394	2,670
Share based payments	-	551,600
Other expenses	77,697	126,537
TOTAL EXPENSES	<u>2,173,228</u>	<u>1,049,883</u>
LOSS BEFORE INCOME TAX	(2,030,415)	(953,212)
Income tax	<u>-</u>	<u>-</u>
LOSS FOR HALF-YEAR	<u>(2,030,415)</u>	<u>(953,212)</u>
Basic loss per share (cents per share)	(3.5)	(3.3)
Diluted loss per share (cents per share)	(3.5)	(3.3)

ATOMIC RESOURCES LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	Consolidated 31 December 2008 \$	Consolidated 30 June 2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,351,155	5,411,121
Trade and other receivables		46,086	22,902
Other Current Assets		10,361	81,629
Total Current Assets		3,407,602	5,515,652
Non-current Assets			
Mining properties & tenements		3,718,108	3,608,421
Plant & equipment		97,348	65,759
Total Non-current Assets		3,815,456	3,674,180
TOTAL ASSETS		7,223,058	9,189,832
LIABILITIES			
Current Liabilities			
Trade and other payables		241,339	193,738
Provisions		3,214	3,214
Total Current Liabilities		244,553	196,952
TOTAL LIABILITIES		244,553	196,952
NET ASSETS		6,978,505	8,992,880
EQUITY			
Issued capital	2	12,784,514	12,784,514
Reserves	3	1,038,014	1,021,974
Accumulated losses		(6,844,023)	(4,813,608)
Total equity attributed to equity holders of the Company		6,978,505	8,992,880
Minority Interest		-	-
TOTAL EQUITY		6,978,505	8,992,880

ATOMIC RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Total Equity (Deficiency)
	\$	\$	\$	\$	\$
Consolidated					
Opening at 21 March 2007	-	-	-	-	-
Loss for the period	-	(953,212)	-	-	(953,212)
Exchange differences arising on translation of foreign operations	-	-	-	2,575	2,575
Issue of shares and options	13,280,000	-	551,600	-	13,831,600
Equity transaction costs	(474,917)	-	-	-	(474,917)
As at 21 September 2007	12,805,083	(953,212)	551,600	2,575	12,406,046
At 31 December 2008					
Opening at 1 July 2008	12,784,514	(4,813,608)	982,062	39,912	8,992,880
Loss for the period	-	(2,030,415)	-	-	(2,030,415)
Exchange differences arising on translation of foreign operations	-	-	-	16,040	16,040
Issue of shares and options	-	-	-	-	-
Equity transaction costs	-	-	-	-	-
As at 31 December 2008	12,784,514	(6,844,023)	982,062	55,952	6,978,505

ATOMIC RESOURCES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated Half-year Ended 31 December 2008 \$	Consolidated Half-year ended 21 September 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(2,166,000)	(368,441)
Interest Received	142,813	75,167
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<hr/> (2,023,187)	<hr/> (293,274)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral exploration expenditure	(99,986)	-
Purchase of property, plant and equipment	(31,449)	(45,720)
Payment for mining properties	-	(245,184)
Acquisition of subsidiary net of cash acquired	-	(599,622)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<hr/> (131,435)	<hr/> (890,526)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	7,580,000
Payment of share issue costs	-	(474,917)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<hr/> -	<hr/> 7,105,083
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	<hr/> (2,154,622)	<hr/> 5,921,283
Effect of exchange rate changes on cash and cash equivalents	94,656	(1,916)
Cash and cash equivalents at beginning of period	<hr/> 5,411,121	<hr/> -
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<hr/> 3,351,155	<hr/> 5,919,367

ATOMIC RESOURCES LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

This is the Company's half-year financial report for the period 01 July 2008 to 31 December 2008. The comparatives for the previous half-year are for the six month period from the date of incorporation to 21 September 2007.

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

The half-year financial report does not include all notes of the type normally included in an annual financial report. It is recommended that this half-year financial report should be read in conjunction with the annual report for the period ended 30 June 2008 and any public announcements made by Atomic Resources Limited during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis.

b) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company and consolidated entity is in a position to pay their debts as and when they fall due in the next 12 months.

The Directors have also prepared projections beyond the next 12 months in line with its intention to develop the Tanzanian coal seams which show that there may be a requirement to generate funds by a combination of capital raisings or debt financing.

The Directors are satisfied that additional funding can be obtained and therefore the report can be prepared on a going concern basis.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in this financial report. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

c) Significant Accounting Policies

The accounting policies applied by the Company in this half year financial report are the same as those applied by the company in its financial report as at and for the period ended 30 June 2008.

d) Comparatives

As no half-yearly accounts were prepared at 31 December 2007, the comparatives for Income Statement items are for the consolidated half-year ended 21 September 2007.

ATOMIC RESOURCES LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	31 December 2008	30 June 2008
	\$	\$
2. ISSUED CAPITAL		
(a) Fully Paid Ordinary Shares		
57,800,000 shares	<u>12,784,514</u>	<u>12,784,514</u>
(30 June 2008: 57,800,000 ordinary shares)		
There were no changes during the period in shares.		
3. RESERVES		
(a) Share Options Reserve		
38,900,000 share options	<u>982,062</u>	<u>982,062</u>
(30 June 2008: 38,900,000 share options)		
There were no changes during the period in options		
(b) Translation Reserve		
Opening Balance	39,912	-
Translation of foreign operations	<u>16,040</u>	<u>39,912</u>
Closing Balance	<u>55,952</u>	<u>39,912</u>
Total	<u><u>1,038,014</u></u>	<u><u>1,021,974</u></u>

ATOMIC RESOURCES LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

4. SEGMENT INFORMATION

The Group operates in one business and two geographical segments being the mineral exploration industry in Australia and Africa

Geographical Segment	Australia	Australia	Africa	Africa	Consolidated	Consolidated
	Half Year Ended 31 Dec 08 \$	Half Year Ended 21 Sep 07 \$	Half Year Ended 31 Dec 08 \$	Half Year Ended 21 Sep 07 \$	Half Year Ended 31 Dec 08 \$	Half Year Ended 21 Sep 07 \$
Revenue						
Other Revenue	142,813	96,671	-	-	142,813	96,671
Unallocated Revenue	-	-	-	-	-	-
Total Revenue	142,813	96,671	-	-	142,813	96,671
Results						
Segment result	(283,135)	(863,648)	(1,747,280)	(89,564)	(2,030,415)	(953,212)
Unallocated expenses					-	-
Loss from ordinary activities before income tax expense					(2,030,415)	(953,212)
Income tax expense					-	-
Loss attributable to outside equity interests					-	-
Net Loss					(2,030,415)	(953,212)

5. CONTINGENT LIABILITIES

The Group is not aware of any contingent liabilities which existed at the end of the half-year or have arisen as at the date of this report.

6. POST BALANCE SHEET EVENTS

There are no post balance sheet events that have arisen since 31st December 2008 and which would have a material effect on the state of affairs of the Group.

ATOMIC RESOURCES LIMITED

DIRECTORS' DECLARATION

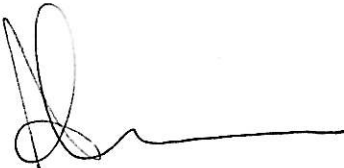
In accordance with a resolution of the directors of Atomic Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Alastair Walker
Director

Dated at Perth this 16th of March 2009

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ATOMIC RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Atomic Resources Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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 designing, implementing and maintaining internal controls 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 Engagements ASRE 2410 *Review of an Interim and Other Financial Reports 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 consolidated entity's financial position as at 31 December 2008 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 Atomic Resources 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

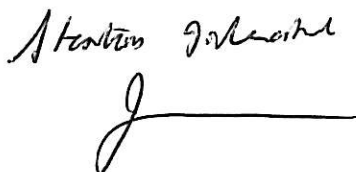
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Atomic Resources Limited on 16 March 2009.

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 Atomic Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(An authorised audit company)

A handwritten signature in black ink, appearing to read "John P Van Dieren", with a long horizontal flourish extending to the right.

John P Van Dieren
Director

West Perth, Western Australia
16 March 2009

Stantons International

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16 March 2009

Board of Directors
Atomic Resources Limited
Level 1, 18 Kings Park Road,
West Perth, WA Australia 6005

Dear Sirs

RE: ATOMIC RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Atomic Resources Limited.

As Audit Director for the review of the financial statements of Atomic Resources Limited for the period ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



John Van Dieren
Director