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NEW COAL SEAMS INTERSECTED AT NGAKA

Highlights

- Multiple new coal seams identified at Mbuyura-Mkapa & Mbalawala
- Drilling confirms integrity of previous exploration
- Potential for significant resource increase for Ngaka Coal Project

Atomic Resources Limited (ASX Code: ATQ) ("Atomic") has recently completed 1,579 metres of diamond drilling at its Ngaka Coal Project in southern Tanzania, and is pleased to report it has intersected multiple new coal seams at Mbuyura-Mkapa and at Mbalawala. Atomic currently has two diamond drilling rigs and one percussion drill rig on site and will complete a total of 6,500 metres of diamond drilling in the current program.

At the Mbuyura-Mkapa Prospect, eleven drill holes have been completed (MMDD0001-MMDD0011) for a total of 1,171 metres, with two more holes yet to be drilled. Of the drill holes completed, MMDD0001 was designed to twin an old Colonial Development Corporation ("CDC") diamond drill hole, BH02, which was drilled in the 1950s as part of a British due diligence program. MMDD0001 intersected three coal seams of 2.0, 5.7 and 4.4 metres width respectively.

The logging of this drill hole demonstrates a very close correlation between the CDC drill results and confirms the integrity of previous exploration results produced by the CDC. This in turn increases our confidence in the potential for the area to host significantly larger coal resources than has been verified by more recent drilling.

The remaining drill holes completed to date within the Mbuyura-Mkapa Prospect area were aimed at proving up new resources. These results are as follows;

- MMDD0002 intersected one coal seam of 21.4 metres thickness
- MMDD0003 intersected one coal seam of 2.9 metres thickness,
- MMDD0004 intersected two coal seam of 2.1 and 3.3 metres thickness
- MMDD0008 intersected one coal seam of 12.0 metres thickness
- MMDD0010 intersected one coal seam of 2.5 metres thickness.

MMDD0005 & MMDD0007 were abandoned in highly fractured and faulted coal seams and will be re-drilled later in the program.

Atomic's General Manager Ray Bailey said, "The results from the Mbuyura-Mkapa Prospect are highly encouraging and will have the effect of substantially increasing our resource base for the Ngaka Coal Project. These results confirm that the CDC drilling data is very accurate and that there is significant potential for new coal discoveries in the area."

At the Mbalawala Prospect, two drill holes were recently completed, for a total of 409 metres. Geological logging intersected one coal seam of 2.3 metres (MBDD0117) and one of 1.0 metre (MBDD0118).

Samples will be shipped to Atomic's preferred assay laboratory in Witbank, South Africa throughout the months of December and January. Using previous CDC coal evaluation results, the estimated coal quality at Mbuyura-Mkapa is anticipated to be 6,700Kcal/kg, 0.3%S, 14.2% Ash, 59.3% Fixed Carbon, 24.3% Volatile Matter & 2.2% Moisture.

Further results from the current drilling campaign will be announced when they become available.

Alastair Walker
Atomic Resources Limited – Acting Managing Director

The information in the release that relates to Exploration Results, Mineral Resources or Ore Reserves was compiled by Mr D. J. Holden, who is a Member of The Australian Institute of Mining and Metallurgy, with over 20 years experience in the mining industry. Mr Holden has sufficient experience, as to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Mineral Resources and Ore reserves". Mr Holden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Background

Atomic Resources Limited ("Atomic") is exploring for coal in Tanzania through its subsidiary Pacific Corporation East Africa ("PCEA") (85% Atomic) which has entered into a Joint Venture partnership with local coal company Tancoal Energy Limited ("Tancoal") (70% PCEA/30% National Development Corporation of Tanzania ("NDC")) to develop Tanzania's vast coal resources.

To date, Atomic has established over 200 million tonnes of JORC compliant coal resources at the Ngaka Coal Project. Based on its confidence in previous drilling conducted by CDC in the 1950's and the potential for new discoveries in the Ngaka Project area, Atomic is confident this resource base will be substantially increased in coming months.

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