



ASX ANNOUNCEMENT

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NGAKA COAL PROJECT UPDATE

HIGHLIGHTS

- **BFS on track for completion by early 2010**
- **Bulk sampling to commence in early 2010**
- **Drilling to recommence in February 2010**
- **Management team strengthened**

Atomic Resources Limited (ASX Code: ATQ) ("Atomic") is pleased to provide shareholders with an update on the Bankable Feasibility Study (BFS) to develop the Ngaka Coal Project in southwest Tanzania and other recent activities.

Ngaka Coal Project BFS

The Ngaka Coal Project BFS has been progressing smoothly and is on track to be completed in early 2010. Most of the key elements of the BFS are now complete and those elements that are yet to be completed are expected to be finalised within the next few weeks.

Atomic Resources' General Manager Ray Bailey stated, "The release of the BFS will mark a major milestone in Atomic's brief history and provide an excellent opportunity for a market re-rating. I'm confident that mine development work can commence within 12 months of the completion of the BFS."

Key elements of the BFS that have already been completed include the Logistics & Infrastructure Study, a Mine Plan has been prepared in accordance with the BFS, a Hydrological Study and a major drilling campaign to prove up a substantial JORC compliant resource.

Bulk Sampling & Drilling

Seasonal rains in Tanzania have prevented the Company commencing an initial 300 tonne bulk sampling program, however when the rains ease the bulk sampling will begin as soon as the ground has dried out sufficiently to allow heavy vehicle access. The bulk sampling program is expected to take approximately one month to complete and washable coal samples should then be available for testing by potential customers .

Assuming the results of the initial bulk sampling program are acceptable, Atomic anticipates commencing formal discussions with potential domestic and international customers and finalising a review of plant equipment requirements soon afterwards.

Atomic intends to recommence drilling at its Mbalawala and Mbuyura projects in early February weather permitting .

To date Atomic has drilled 28 holes for 3,566 metres at both Mbalawala and Mbuyura-Mkapa, and intends to drill a further 6 holes for 1,400 metres in February. Results from the February drilling campaign are expected to be received in March and are likely to result in a further upgrade to the Company's JORC-compliant Reserves/ Resources statement, which will be released in April 2010.

Atomic's geologist has advised , "Over the past 12 months Atomic has increased its JORC-compliant coal resources at Ngaka to over 210 million tonnes and we have confirmed the reliability and quality of the drilling data compiled by the British in the 1950's. There is still a huge amount of exploration upside we have not yet realized, and all the indicators, such as the number and thickness of coal seams we have intersected and the historical drilling data, suggest our current resource estimates are grossly understated."

Management team strengthened

In anticipation of Atomic's transition from an exploration company to coal producer, the Board has sought to strengthen the management team by appointing a new Managing Director and a new Chief Financial Officer (CFO).

As previously announced Mr. Ray Bailey has been appointed to the position of General Manager, with direct responsibility for completing the Ngaka Coal Project BFS.

The new MD and CFO join Atomic at a dynamic period in the Company's growth and will have a greater emphasis on promoting the Company to potential investors. Interviews have been conducted for both positions, and an announcement in respect to appointments for both positions is expected to be released shortly.

“As Atomic grows and evolves the Board will continue to inject new skills and new talent appropriate to the next stage in our development. We’re now gearing up to make the transition from explorer to producer. We’ve always had a very strong technical team but now we need to strengthen our corporate team to ensure we have the right balance of skills and experience for the hard work ahead” added Mr. Bailey.

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr R. Bailey LLB ME MIE(Aust) CPEng ADRs. Mr Bailey 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 Bailey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ENDS

About the company:

Atomic Resources Limited is an Australian-based exploration and resource development company with major thermal coal assets in Tanzania and uranium assets in both Tanzania and Australia.

Atomic, through its 85% owned Tanzanian subsidiary, Pacific East African Corporation, owns a 70% interest in the Tancoal Joint Venture with the National Development Commission (30%), which is the Tanzanian Government agency responsible for the development of Tanzania’s vast natural resources.

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