



Atomic Resources Limited

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Company Announcement Officer
Australian Securities Exchange

Dear Sir/Madam

ATOMIC RESOURCES LTD UNDERTAKES \$25 MILLION CAPITAL RAISING AND ANNOUNCES SHARE PURCHASE PLAN TO ELIGIBLE SHAREHOLDERS

Atomic Resources Limited (ASX: ATQ) ("Atomic") is pleased to announce that it has agreed to a placement of 55,555,556 ordinary shares to sophisticated and institutional investors to raise \$25 million before transaction costs at \$0.45 per share ("Placement").

Southern Cross Equities acted as Lead Manager and Book Runner to the institutional Placement.

The Placement will be conducted in two tranches:

- Tranche 1 – involves the proposed issue of 20,740,957 new shares to raise \$9,333,431. Settlement of Tranche 1 is due to take place on 5 March 2011 and will be issued without prior shareholder approval under Atomic's existing 15% capacity under ASX Listing Rule 7.1.
- Tranche 2 – involves the proposed issue of 34,814,598 new shares to raise \$15,666,569. The issue of Tranche 2 shares is conditional upon Atomic shareholder approval under ASX Listing Rule 7.1 which will be sought at Atomic's EGM to be held in April 2011.

The Board of Atomic has agreed with Aspac Mining Limited ("Aspac"), an entity controlled by the Chairman of Atomic and the major shareholder of Atomic, that Aspac may participate in the Placement in order to maintain its level of shareholding in the Company. Aspac will only participate in the Second Tranche of the Placement and its participation in the Placement is conditional on shareholder approval.

Share purchase plan

The Board has also decided to invite eligible shareholders to participate in the Atomic Share Purchase Plan ("SPP") to raise approximately \$5 million. The SPP entitles eligible shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$5,000 worth of shares in the Company at \$0.45 cents per share. The offer price under the SPP is to be at same price paid by institutional shareholders in the Placement. The record date for participation is 25 February 2011.

The SPP will be fully underwritten by Aspac and Farjoy Pty Ltd. Aspac's participation in the underwriting of the SPP offer is also subject to shareholder approval. The underwriting parties will be paid underwriting fees of 4.0% of the SPP proceeds.

Uses of funds

Atomic will use the funds raised in the Placement and SPP to:

- Commence First Stage Mining at Atomic's Ngaka coal project in Tanzania, through Tancoal Energy Limited, a joint venture between Atomic (via Atomic's subsidiary Pacific Corporation East Africa Ltd, or "PCEA") and the National Development Corporation of Tanzania. The Placement proceeds will be used to fund infrastructure and equipment purchases (A\$13 million) at the Mbalawala mine within the Ngaka Basin as well as initial working capital.
- Fund the cash component of the consideration to purchase the 15 per cent of PCEA Atomic does not already own from Mr. Peter Tsegas for US \$2.5 million in cash and 250,000 newly issued Atomic shares (as disclosed in the announcement on 23 February 2011).
- Fund initial exploration costs of the ASEAN coal Joint Venture announced 31 January 2011 (A\$ 1 million).
- Provide additional working capital to pursue other joint venture opportunities with highly experienced exploration and geological entities and targeting prospective coal resources for development in Australia, ASEAN and Africa.
- Fund transaction costs of approximately A\$1.7 million including Placement management and SPP underwriting costs.

The Board of Atomic has agreed that Intrasia Capital Pty Ltd, a related party of Chairman Graeme Robertson and executive director Jonathan Warrant, will receive a corporate advisory fee equal to 1% of the Placement and SPP proceeds for advising on those transactions. Mr Warrant does not receive remuneration from Atomic.

ENDS

U.S. Persons Disclaimer

The shares to be issued under the Placement and offered under the SPP ("Shares") have not been, and will not be, registered under the United States Securities Act of 1933, as amended ("Securities Act") or the securities laws of any state or other jurisdiction of the United States. This ASX release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States, or to any person that is or is acting for the account or benefit of any U.S. person as defined in Regulation S under the Securities Act ("U.S. Person"). The Shares may not be taken up by a U.S. Person, and may not be offered, sold or resold in the United States or to, or for the account or benefit of, a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction in the United States.

About the company:

Atomic Resources Limited is an Australian-based exploration and resource development company with major thermal coal assets in Tanzania. Our operating arm in Tanzania is Tancoal Energy Limited, which was formed by a Joint Venture between Atomic Resources Limited and the National Development Corporation of Tanzania (NDC).

Forward-Looking Statements

Certain statements made during or in connection with this statement, including, without limitation, those concerning exploration targets, contain or comprise certain forward-looking statements regarding Atomic's exploration operations, economic performance and financial condition. Although Atomic believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Atomic undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules.

For further information please contact:

Shareholder Enquiries

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