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**QUARTERLY REPORT
December 2008**

Atomic Resources Limited ("Atomic") is pleased to present its quarterly report for the period ended December 2008.

Highlights from the quarter include:

- *2,940metres of diamond drilling (19 holes) completed on the Mbalawala block, Ngaka Coal deposit with 340 samples of coal taken for full and proximate analyses.*
- *Internal Scoping Study completed and final review by the Tanzanian Government and Atomic's board due by mid February.*
- *Atomic's Tanzanian subsidiary Pacific Corporation East Africa Limited ("PCEA") seeks to increase equity position to 70% of Tancoal Energy Limited ("Tancoal"), the Special purpose JV vehicle which holds the Ngaka and Muhukuru coalfield projects in Tanzania.*
- *Elevated in uranium identified rock chip samples collected in reconnaissance geological survey work at Larringanni Project, Western Australia. Confirmation of field results by laboratory analyses awaited.*

Key activities planned for the quarter ending March 2009 include:

- *Commence BFS and viability of a power generation adjunct to the coal mining project*
- *Commence regional basin studies in the Southern Tanzanian region to identify further prospective areas for coal and initiate exploration at Muhukuru coalfield in Southern Tanzania.*
- *Pending confirmation of successful grant of exploration concessions by the vendor (Upendo Group Limited), finalize the Joint Venture agreement for the Rukwa Coal Deposit, South-western Tanzania*
- *Identify and review other energy related opportunities in Africa, including potential joint ventures, acquisitions or investments which the Board considers will enhance shareholder value.*

OPERATIONS

Tanzania Exploration

NDC/Atomic Resources JV – Ngaka and Muhukuru coal fields

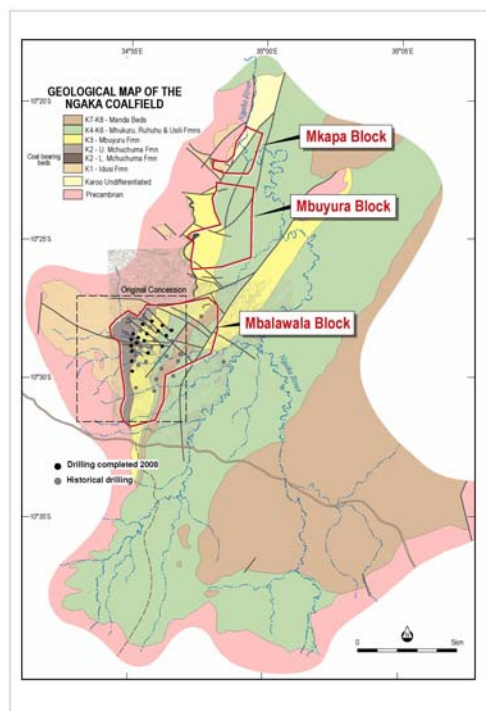
Based upon geological data obtained from the recent diamond drilling core the company is pleased that initial observations from this drilling programme not only confirm the historical data but indicate probable thickening of the main seam (No 3 Seam) towards the eastern margin of the Ngaka sedimentary Basin. In total 2,940 metres (19 holes) of HQ3 diamond drilling was completed with 340 separate samples of coal selected for subsequent analyses.

The results of the drilling will allow the company to define a coal resource in line with the JORC Code with a full resource estimate anticipated before the end of the next quarter. Initial results of the internal scoping study indicate that the deposit has strong economic potential and that the decision to proceed to BFS and subsequent production seems likely.

The National Development Corporation of Tanzania is now in the process of transferring the full rights of the current coal concessions (and recent applications covering ground to the East and South) into Tancoal and Atomic's subsidiary, PCEA, will then move to a 70% shareholding in Tancoal.

Atomic is also in the process of identifying a suitable consultant to assist the Tanzanian Government in the planning, developing and constructing a coal fired power plant close to the Ngaka coal field. This will aim to enhance the economics of coal production for Atomic and assist the Tanzanian Government in addressing the deepening power crisis within the country.

Preliminary interpretation of analytical results received to date indicate a low sulphur, low moisture high ash thermal coal suitable for power generation



Upendo – Atomic Resources JV -Rukwa

No work has been undertaken on this project, as the company awaits notification that all concessions within the project group have been formally granted by the Tanzanian Government. Once completed, the company will sign a formal Joint Venture with Upendo Group Limited and commence exploration.

Other projects: Tanzania

The remaining Tanzanian concessions are the subject of a Joint Venture with International Gold Mines Limited ("IGML") as the operators. IGML has not reported any exploration activities to Atomic this quarter.

Western Australia Exploration

Uaroo Uranium Project E50/1494 and E59/1495

The Uaroo Project is the subject of a Joint Venture with Scimitar Resources Limited as the operators. Scimitar has not reported any exploration activities to Atomic this quarter

Sturt Hills E80/139; Larranganni E80/1795 (100% Resource Search Pty Ltd, a wholly owned subsidiary of Atomic)

A regional geological field survey was completed on the the Sturt Hills and Laraganni Projects, Tanami Region north Western Australia. Whilst the surface rock chip samples that were collected are to be analyzed in the laboratory for a broad suite of elements including gold and base metals, 20 of the 34 samples collected at Larranganni were analyzed in the field using a hand held spectrometer with four indicating potentially anomalous uranium. This result is to be further evaluated in the field once verified through the laboratory analysis of the samples.

| Spectrometer sample name | Easting | Northing | K ppm | U ppm | Th ppm |
|--------------------------|------------|--------------|-------|-------|--------|
| GR15 | 487,707.00 | 7,847,799.00 | 0.00 | 43.20 | 4.50 |
| GR16 | 487,122.00 | 7,851,314.00 | 0.00 | 6.60 | 5.50 |
| GR17 | 487,700.00 | 7,851,791.00 | 0.00 | 4.40 | 9.70 |
| GR18 | 487,097.00 | 7,852,058.00 | 0.00 | 2.00 | 5.70 |
| GR19 | 486,275.00 | 7,852,629.00 | 0.00 | 4.90 | 505.00 |
| GR20 | 486,041.00 | 7,852,921.00 | 0.00 | 0.80 | 7.10 |
| GR21 | 486,232.00 | 7,852,815.00 | 0.00 | 8.90 | 41.90 |
| GR22 | 486,531.00 | 7,852,825.00 | 0.40 | 0.00 | 6.00 |
| GR23 | 486,685.00 | 7,852,800.00 | 0.10 | 3.20 | 4.40 |
| GR24 | 486,914.00 | 7,852,768.00 | 0.20 | 0.70 | 4.40 |
| GR25 | 487,007.00 | 7,852,812.00 | 0.00 | 6.00 | 4.30 |
| GR26 | 487,112.00 | 7,852,777.00 | 1.10 | 0.00 | 3.60 |
| GR27 | 487,228.00 | 7,852,760.00 | 0.30 | 0.10 | 10.00 |
| GR28 | 487,316.00 | 7,852,724.00 | 0.00 | 1.70 | 11.30 |
| GR29 | 487,392.00 | 7,852,619.00 | 0.40 | 1.40 | 4.60 |

| Spectrometer sample name | Easting | Northing | K ppm | U ppm | Th ppm |
|--------------------------|------------|--------------|-------|-------|--------|
| GR30 | 487,532.00 | 7,852,561.00 | 0.40 | 0.00 | 15.70 |
| GR31 | 487,596.00 | 7,852,517.00 | 0.00 | 4.50 | 8.40 |
| GR32 | 487,700.00 | 7,852,459.00 | 0.00 | 3.80 | 85.00 |
| GR33 | 487,678.00 | 7,852,198.00 | 0.00 | 4.20 | 4.40 |
| GR34 | 487,693.00 | 7,851,344.00 | 0.00 | 0.30 | 8.50 |

Other projects: Australia

No further work has been completed on the remaining Australian concessions.

David Holden
Managing Director

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr D. J. Holden, who is a Member of The Australian Institute of Mining and Metallurgy, with over 18 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.

For further information contact:

Shareholder Enquiries

David Holden
Atomic Resources Limited
Ph: (08) 9322 2033
www.atomicresources.com.au

Media Enquiries

Tony Dawe
Dawe Media Group
Mob: 041 3322 110
tony.dawe@bigpond.com