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**JOINT NEWS RELEASE**

**August 25th, 2009**

**SPARTON RESOURCES INC.  
NUCOAL ENERGY CORPORATION**

**SPARTON AND NUCOAL SIGN AGREEMENT TO EVALUATE NUCOAL'S  
SASKATCHEWAN COAL HOLDINGS FOR GERMANIUM AND URANIUM**

**Sparton Resources Inc. (SRI:TSX-V) ("Sparton") and NuCoal Energy Corporation ("NuCoal")** a private Saskatchewan based energy company, (collectively the "Companies") announced today that they have executed a Memorandum of Understanding ("MOU") wherein Sparton and NuCoal will jointly evaluate the potential of NuCoal's lignitic coal holdings in Saskatchewan to host commercial germanium and uranium mineralization. In addition the program will also test the feasibility of recovering valuable metals from residue material produced by the coal to liquids ("CTL") program being developed by NuCoal in this area.

NuCoal presently controls over 1.8 million hectares (4 million acres) of mineral leases and claims in southern and central Saskatchewan with historical resources (non NI 43-101 compliant) exceeding 6 billion tonnes of coal. These resources are based on a database of over 4,600 drill holes on the NuCoal properties and are currently being updated to NI 43-101 standards by NuCoal's independent consultants.

**AGREEMENT TERMS**

The MOU sets out the general terms and conditions under which Sparton and NuCoal would work together in a co-operative fashion to evaluate the potential for uranium or other metals recovery from the waste products generated by NuCoal's proposed coal-to-liquids ("CTL") production facility in Saskatchewan and also to evaluate the potential for primary uranium and germanium mineralization in certain of NuCoal's coal and other mineral title holdings.

The evaluation program will be conducted in stages as a 50:50 joint venture between the Companies. The work will have an initial Phase 1 budget of \$250,000 to be shared equally by NuCoal and Sparton over a one year period. Depending on technical results the program may be extended by mutual agreement.

**EVALUATION PROGRAM**

The initial joint program will involve a thorough investigation of all the available data for NuCoal's extensive coal and mineral holdings, including the 4,600 drill hole historical data base. Drill logs and various types of electrical and radiometric logs are available for most of these holes. As well there are many samples archived by the Saskatchewan Department of Mines and Energy that may be re-sampled and analyzed. The southern part of NuCoal's land holdings cover parts of the vast Ravenscrag coal basin where extensive lignite deposits are being mined and used in thermal electrical power generation in Saskatchewan and the neighbouring states of North Dakota and Montana. Parts of this coal basin are known to contain coals with high amounts of uranium and germanium and these have been used historically for uranium production. Available records indicate that as much as 3 million pounds of uranium oxide were produced from burning high uranium lignitic coals in the late 1960's and early 1970's in North Dakota alone.

## **NUMEROUS URANIUM OCCURRENCES**

An initial review of Saskatchewan government geological data and mineral occurrences for the NuCoal properties has indicated that there are over 50 documented uranium showings with analyses equal to or exceeding 0.03% U308. These occur both in lignitic coal itself and in the sedimentary host rocks of the Ravenscrag Formation. Some of the occurrences are documented from samples taken in drill holes and some from surface sampling. The highest recorded value is 0.22% U308. Various companies conducted uranium exploration programs in parts of the area in the late 1970's and left many targets untested when the uranium market collapsed shortly thereafter. All known occurrences will be visited and re-evaluated with new sampling and mapping. There are no records of significant amounts of recent uranium exploration in these areas. In addition to hosting uraniferous or germanium bearing coals, Sparton and NuCoal believe the lease areas also have the significant potential to host sandstone type uranium deposits which could be developed by non invasive in situ leach techniques. The joint technical program also will conduct a comprehensive evaluation of these opportunities.

## **GERMANIUM**

There is at least one germanium occurrence known in the NuCoal area but the database has very sparse analytical data for this metal. Pacmag Metals, an Australian based company is focussing on evaluating a large shallow depth lignite area of potentially commercial uranium –germanium-molybdenum mineralization in North Dakota, to the south of some of the NuCoal holdings. The Pacmag Sentinel project lignites are hosted in the same Ravenscrag formation as the NuCoal Saskatchewan deposits and were part of the historic uranium production area from lignite by four separate operations in the late 1960's. Based on analytical and metallurgical data from nearly 300 drill holes, Pacmag is expected to report a resource for the Sentinel Project in the third quarter of 2009. The analytical database for germanium and other metals in the joint NuCoal- Sparton area will be updated with new analyses of archived samples or a new field sampling program to establish the potential for commercial germanium mineralization.

## **COAL TO LIQUIDS RESIDUES**

NuCoal's main program to produce liquid hydrocarbon products from pyrolysis treatment of the lignitic coals will produce significant amounts of residue which are expected to contain significant quantities of metals. The quantities are dependent on the amounts of metal contained in the coal feedstock. The joint Sparton NuCoal program will undertake testing of the residues produced by NuCoal's CTL work for the recovery of valuable metals including uranium and germanium.

## **ABOUT NUCOAL ENERGY**

NuCoal is a private company managed and supported by an experienced team of business and technical professionals familiar with the hydrocarbon energy industry. Since early 2008 the company has focussed on the acquisition of extensive lignitic coal deposits in Saskatchewan and the development of a major CTL project proposal with several key strategic partners. The company is committed to a long term program to convert its huge lignite holdings into liquid products such as gasoline and methanol, as well as industrial nitrogen, hydrogen, and carbon dioxide. All of these can be marketed locally or internationally for fuel, petrochemical, fertilizer, or various other clean energy applications.

NuCoal currently has strategic agreements with Sherritt International, Saskatchewan's largest coal producer; Hatch Energy a major international engineering organization, and the North Rim Explorations and Smart Science Solutions consulting groups. This latter team is currently generating an NI 43-101 compliant coal resource estimate for the various NuCoal properties.

As well, the company is in the advanced stages of negotiating an agreement with Sinopec, China's 2<sup>nd</sup> largest energy company, to provide contracted services for the final design, construction and commissioning of its first CTL operation in Saskatchewan. Sinopec is fully familiar with all aspects of CTL operations and distributes the production of coal liquids from the Shenhua Group CTL operations in Inner Mongolia PRC. This is currently one of the world's largest coal liquids producers with a capacity of 1 million tonnes of liquids per year.

The exploration, development, and evaluation programs for this project will be carried out under the direct supervision of A. Lee Barker, P. Eng., P. Geol., Sparton's President and CEO, and Rod. Oglivy, P. Geol., Nucoal's Vice President Operations both of whom are Qualified Persons under National Instrument 43-101.

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**Company website: [www.nucoalenergy.ca](http://www.nucoalenergy.ca)**

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