

ASX / Media Release

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Quarterly Activities Report June 2014

HIGHLIGHTS

Kodiak Coking Coal Project

- **Sedgman Limited and Norwest Corporation appointed as independent engineers for DFS**
- **DFS design work on track for completion in the December 2014 quarter**
- **Geotechnical results from previous drilling received indicate competent roof and floor for mine plan**
- **Additional geotechnical hole completed for mine design and assays dispatched for testing**
- **MSHA approves safety plan to re-enter historical Coke No.1 Mine**
- **Bulk sampling program successfully undertaken**

Corporate

- **Scott Sullivan appointed as Chief Executive Officer to lead the development of the Kodiak Project**

Kodiak Coking Coal Project, Alabama USA (Attila Resources 70%)

During the quarter, Attila Resources Ltd (**Attila** or the **Company**) announced the appointment of leading engineering firms Sedgman Limited (**Sedgman**) and Norwest Corporation (**Norwest**) to complete the core mine, processing and infrastructure design for the definitive feasibility study (**DFS**) on the Kodiak Coking Coal Project in Alabama, USA (Figures 1 and 2).

Sedgman, which specialises in the design, construction and operation of coal handling and preparation plants (CHPPs), has been engaged by Attila to undertake all aspects of the DFS relating to the preparation and handling of the coal and surface infrastructure. Norwest, a leading US based natural resources consultancy with a global reputation, has been engaged by Attila to undertake all mining aspects of the DFS including mine planning and design, hydrology, geotechnical design and ventilation engineering.

Fast Facts

Total Shares on Issue	82m
Convertible Notes (\$0.50)	28m
Cash at 30 June 2014	\$6.0m
Market Capitalisation at \$0.35 (undiluted)	\$28.7m

Directors

Mr Russell Clark
Mr Max Brunson
Mr Evan Cranston
Mr Shaun Day
Mr Bryn Hardcastle
Mr Alan Thom

Kodiak Coking Coal Project, Alabama

- 11,700 acre Project area over 2 properties
- PFS on Coke and Atkins seams on Gurnee Property completed:
 - 2Mtpa circa production based on 48.2Mt Proven and Probable JORC Reserves
 - Total upfront funding requirement of \$52.1Mt after leasing equipment and machinery – staged development could almost halve costs
 - All in cash costs of US\$90/t FOB for LOM including rail, port, taxes and royalties
- Fully owned infrastructure on private land
- Fully permitted to commence mining at Gurnee
- Recent strategic acquisitions of additional seams at Gurnee – not included in PFS
- Maiden drilling completed on Seymour Property

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A successful engineering workshop was completed on site in May involving key engineering and executive staff from Sedgman and Norwest, together with key project and executive staff from Attila. The full scope of the DFS work program was reviewed and finalized with expected completion of design work in the December 2014 quarter.

Mine Re-entry and Bulk Sampling

During the quarter, Attila received approval from the district office of the Mine Safety and Health Administration (**MSHA**) to re-access the old Coke Mine No.1 workings to enable collection of a bulk sample for plant design, further coal analysis and marketing samples. Site works on the highwall and portals were undertaken and mine dewatering successfully lowered the water levels in the mine to the level required to carry out the bulk sampling (Figure 3).

A bulk sampling program to produce approximately 2 tonnes of hard coking coal has been completed with samples taken from 3 locations within the mine of approximately 700kgs each (Figure 4). Samples have been delivered to ALS Global Laboratories in Vancouver for analysis of sizing and washability tests for plant design purposes and standard coking and petrographic analysis prior to dispatch to potential customers.

Samples were extracted using Attila's re-conditioned mining equipment already on site, acquired as part of the original purchase (Figure 5).

Attila has had considerable interest in its coal from potential customers and offtake partners, notwithstanding the recent downturn in the international coal markets. Attila has had requests to ship its coal samples to some of the biggest markets and end users in the world including Europe, Brazil, China, Japan, South Korea and India.

Geotechnical Data

All geotechnical data has now been received from the Phase 1 drill program and reviewed by Norwest and their geotechnical specialists as well as Stagg Resources, Attila's consulting geologists and engineers. The review confirmed that both the Coke and the Atkins seams have competent roof and floors and will only require regulation bolting patterns.

Following the meeting with the DFS engineers in May, an additional limited program of geotechnical work, incorporating one diamond drill hole and a wedging program was undertaken to characterize the coal strength parameters for both the Coke and Atkins seams. Results will be interpreted and incorporated into the DFS mine design work, specifically pillar design.

Corporate Activities

Scott Sullivan joined the management team as Chief Executive Officer on 2 April 2014. A highly experienced mining engineer, Scott brings considerable coal mine feasibility, construction and commissioning expertise to the Company following previous roles at BHP Billiton and Peabody Energy. At BHP Billiton, Scott was directly responsible for the operation and rapid expansion of Mt Arthur, one of Australia's most iconic and highest producing coal mines, and the Caroon Coal Project. With Peabody Energy, he successfully commissioned the Wambo underground longwall mine and expanded

the coal preparation plant, helping it become one of the world's most productive thin seam longwall mines.

Funding

Attila has commenced a program to identify funding sources for the project. The Company has engaged with a number of potential capital providers including strategic investment partners, off take partners and other debt providing financial institutions. Significant interest from multiple off-take partners and potential debt financiers has already been received by Attila. Given the relatively low capital required to recommence production, Attila will assess all financing alternatives available, including off-take financing, to ensure maximum shareholder value is maintained in the currently depressed equity markets.

For further information please contact:

Scott Sullivan – Chief Executive Officer: +61 (0) 427 698 693

Evan Cranston – Executive Director: +61 (0) 408 865 838

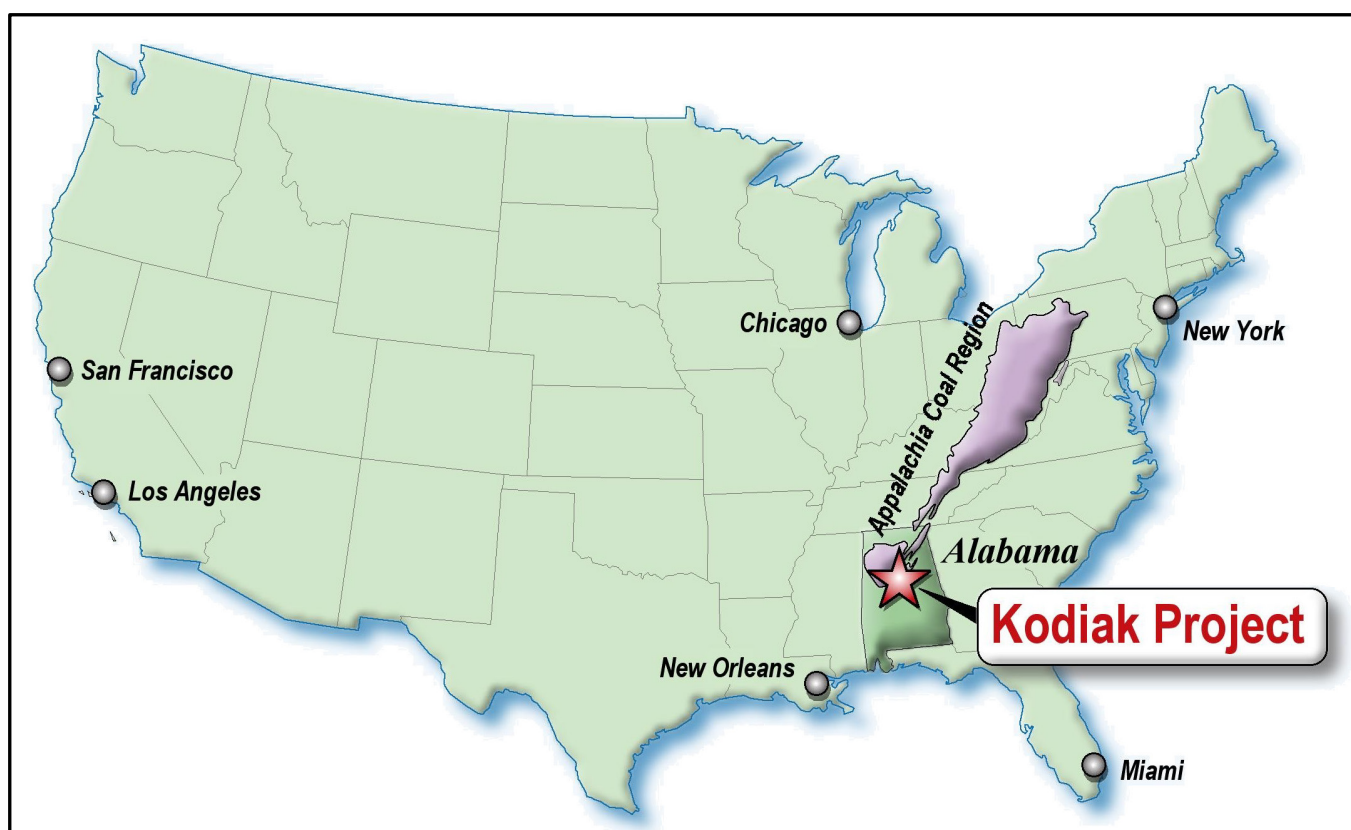


Figure 1. Kodiak Hard Coking Coal Project, Alabama, USA

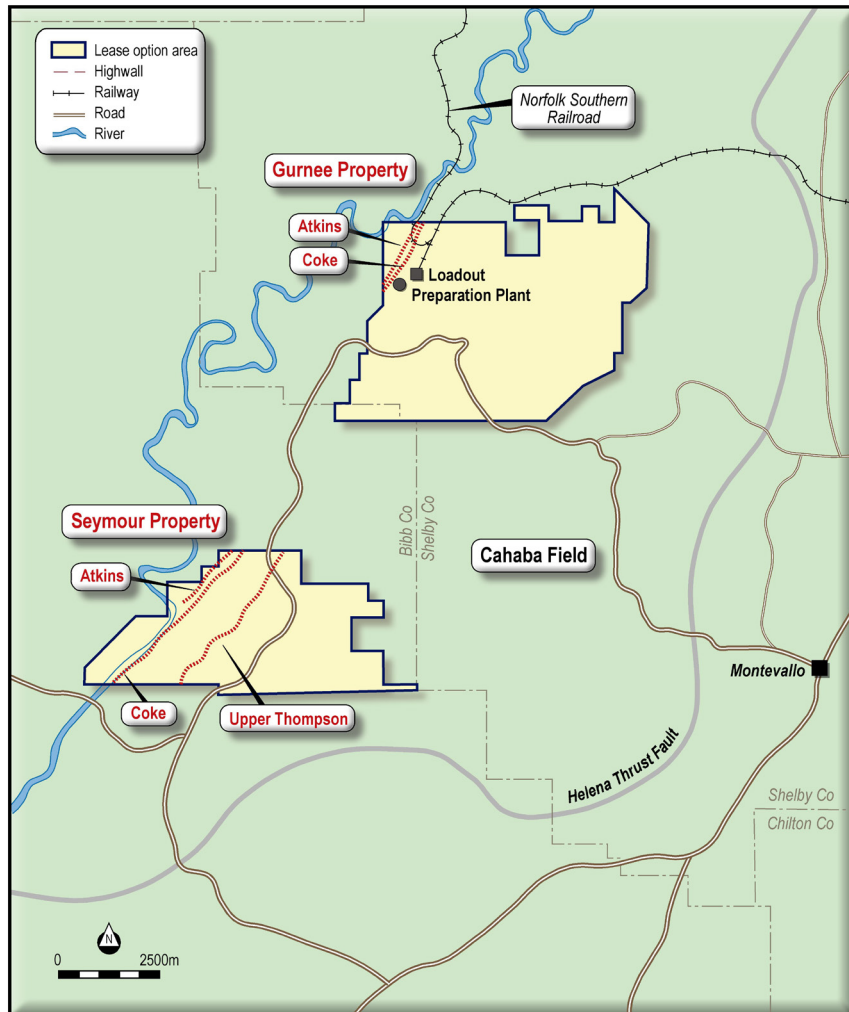


Figure 2. Kodiak Coking Coal Project – Gurnee and Seymour Properties



Figure 3: Site works have been undertaken to enable re-opening of the portals in accordance with MSHA standards



Figure 4. Samples being sealed in drums for transportation to ALS in Vancouver



Figure 5. Attila's coal scoop transporting coal out of the Coke No.1 Mine

Coal Seam	Measured	Indicated	Inferred	Total
Gurnee Property				
Coke	34.0Mt	3.2Mt	2.0Mt	39.2Mt
Atkins	37.6Mt	1.6Mt	-	39.2Mt
Seymour Property				
Upper Thompson	-	-	13.5Mt	13.5Mt
Coke	-	-	17.3Mt	17.3Mt
Atkins	-	-	17.4Mt	17.4Mt
TOTAL	71.6Mt	4.8Mt	50.2Mt	126.6Mt

Figure 6. Global Resource – Kodiak Coking Coal Project

Appendix 1

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2014:

Project	Location	Status	Interest
Kodiak Coking Coal Project	Alabama, USA		
Coke Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Atkins Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Gholson Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Clark Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Upper Thompson Seam, Gurnee Property	Shelby & Bibb Counties	Option to lease	70%
Coke Seam, Seymour Property	Bibb County	Option to lease	70%
Atkins Seam, Seymour Property	Bibb County	Option to lease	70%
Upper Thompson Seam, Seymour Property	Bibb County	Option to lease	70%
Big Bone Seam, Seymour Property	Bibb County	Option to lease	70%

There were no mining tenements or interests in farm-in/farm-out agreements acquired or disposed of during the quarter.

Stagg Resource Consultants Inc

Stagg Resource Consultants, Inc. ("Stagg") provides a full range of professional services to the natural resource industry throughout the U.S. and internationally. The firm routinely works in the coal, petroleum, metals, and industrial mineral sectors. Stagg's professional services are divided into seven basic areas being geology, mining, appraisal, environmental, acquisitions and divestitures, expert testimony, and mineral economics and market research. In particular, Stagg's relevant experience covers:

- **Geology** – a comprehensive range of services is provided, from pre-project field reconnaissance through the development and implementation of major exploration programs. Stagg has extensive experience in evaluating coal deposits at all levels of investigation, ranging from preliminary assessments of reserve potential to detailed reserve studies conforming to public reporting requirements. Additionally, Stagg is experienced in assessing the impact of geologic conditions on mining in both pre-development stages and during the course of mining. The firm has worked in every coal basin of any significance in the U.S. as well as in a number of other countries, with Alan Stagg, the lead professional, having more than 40 years' experience in coal. Stagg is a registered or licensed geologist in thirteen states in the U.S., is a Registered Member of the Society of Mining, Metallurgy, and Exploration (SME), and is qualified as a Competent Person under the reporting requirements of Australia's JORC Code and as a Qualified Person under Canada's National Instrument 43-101.
- **Mining** – Stagg provides a broad spectrum of operation-related services to the mining industry, ranging from involvement in the preparation of mining-related permits through road design and layout, mine layout and design, processing plant evaluation and design, and operational analysis. Members of this service group routinely prepare detailed forecasts of mining costs during the evaluation of both proposed and existing mines using Stagg's spreadsheet-based MineCost models. These services have been provided for surface and underground coal mines throughout the Appalachian Region, the Eastern Interior Region (Illinois Basin), the Powder River Region, and the Rocky Mountain Region of the U.S., as well as internationally. With regard to underground coal mines, both room-and-pillar and longwall operations have been evaluated.
- **Mineral Economics and Market Research** – Stagg is experienced in the preparation of detailed mine costing studies, the economic analysis of proposed and operating mines, and the financial analysis and appraisal of mining enterprises. In conducting mine costing studies, Stagg utilizes MineCost, a proprietary mine-costing spreadsheet program developed by the firm for both surface and underground coal mines. This mine costing program is routinely used in due diligence investigations conducted in the course of proposed acquisitions, in operational analyses conducted for mine operators, and in the formal appraisal of mines and mining enterprises. This software is also used routinely in the preparation of expert reports and testimony in the course of litigation and arbitration matters.

For further information on Stagg Resource Consultants visit www.staggconsultants.com

Competent Person Statement

The information in this report relating to Exploration Results and to JORC Compliant (Coal) Resources and Reserves for the Gurnee Property of the Kodiak Coking Coal Project in Shelby County, Alabama, USA has been reviewed and is based on information compiled by Mr Alan Stagg of Stagg Resource Consultants Inc. Mr Stagg is a Registered Member of the Society of Mining, Metallurgy, and Exploration, Inc. (SME), registration number 3063550RM, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Stagg consents to the inclusion in the report on the matters on this information in the form and context in which it appears. The information in this report was first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to the JORC Compliant (Coal) Resource for the Seymour Property of the Kodiak Coking Coal Project in Shelby County, Alabama, USA has been reviewed and is based on information compiled by Mr Alan Stagg of Stagg Resource Consultants Inc. Mr Stagg is a member of SME Registered Member of the Society of Mining, Metallurgy, and Exploration, Inc., registration number 3063550RM, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Stagg consents to the inclusion in the report on the matters on this information in the form and context in which it appears.

Further information on the Exploration Target – Seymour Property

This exploration target is based primarily on information gained during exploration drilling for coal bed methane beginning in the late 1980's and continuing on an intermittent basis to the present. Although none of these programs were intended to define exploration targets and to quantify Mineral (Coal) Resources and Reserves related to the mining of coal, the geophysical logs of these holes provide a wealth of information in this regard. Approximately a hundred such wells have been drilled on or in close proximity to the property to be leased, with the geophysical logs from all wells on the property having been reviewed and coal beds correlated by Mr Stagg. Additionally, information regarding the thickness and general bed composition of the Upper Thompson, Coke, Atkins, and Big Bone has been extracted and used by Mr Stagg to quantify tonnage in these beds. The information gathered in this fashion has been supplemented with the results of nine diamond core drill holes at various locations on the property and with data from prospect pits along the beds' outcrops. Accordingly, the lateral continuity and geometry of the Upper Thompson, Coke, Atkins, and Big Bone coal beds is well established. Because no quality data can be derived from the geophysical logging and because visual observations of the target coal beds and the strata lying above and below cannot be made, the tonnage estimated does not qualify as a Mineral (Coal) Resource.