

ASX / Media Release

**ASX: AYA**  
**31 October 2014**

## Quarterly Activities Report September 2014

### HIGHLIGHTS

- **MSHA approval to re-enter historical Coke No.1 Mine**
- **Bulk sample extracted from the historical Coke No.1 Mine at Attila's Kodiak Coking Coal Project**
- **Significant interest received from potential customers and offtake partners**
- **DFS design work undertaken by Sedgman and Norwest**

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

Following approval from the district office of the Mine Safety and Health Administration (**MSHA**) to re-access the old Coke Mine No.1 workings, Attila Resources Limited (**Attila** or the **Company**) undertook a bulk sampling program at its 70%-owned Kodiak Coking Coal Project in Alabama, USA (Figures 1 and 2).

The sampling program was designed to enable collection of a bulk sample for plant design. 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 sampling (Figure 3).

The sampling program collected samples from 3 locations within the mine for analysis of sizing and washability tests for plant design purposes (Figure 4).

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

#### Fast Facts

Total Shares on Issue	83m
Convertible Notes (\$0.50)	28m
Cash at 30 Sept 2014	\$4.3m
Market Capitalisation at \$0.35 (undiluted)	\$29.1m

#### 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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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. Further samples will be required for these potential customers.

During the quarter, work continued on the Definitive Feasibility Study (DFS) on the Kodiak Coking Coal Project. Sedgman Limited and Norwest Corporation have been engaged by Attila to complete the core mine, processing and infrastructure design for the DFS.

### Corporate Activities

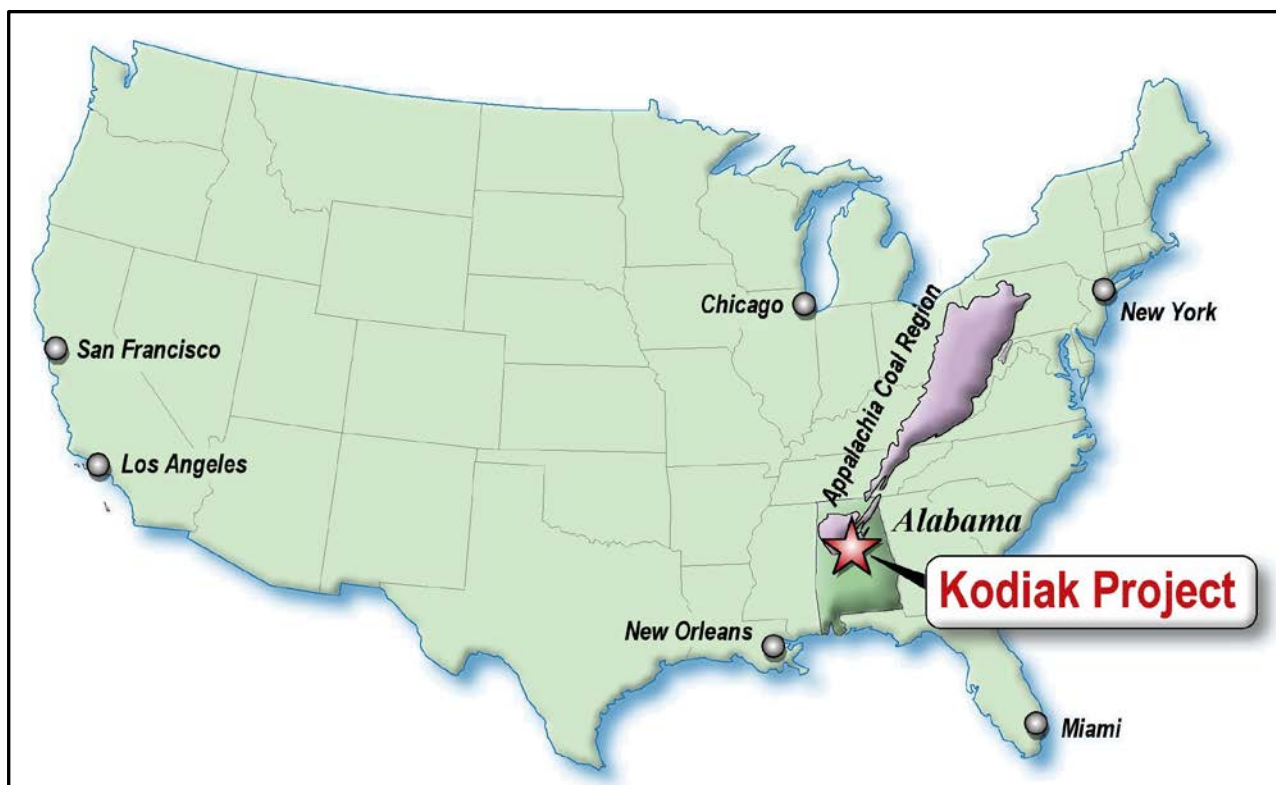
Attila has commenced a program to identify funding sources for the capital development of the project. The Company has engaged with a number of potential capital providers including strategic investment partners, off take partners and other debt providing financial institutions. Significant interest from multiple off-take partners and potential debt financiers has 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.

During the quarter, Attila commissioned The Sophisticated Investor, a company providing equity investment analysis using video as the key communication tool, to produce a series of videos including a research report, an operations overview and interviews with management. The videos give an insightful look into the development of the Kodiak Project and the existing infrastructure available to support a producing mine.

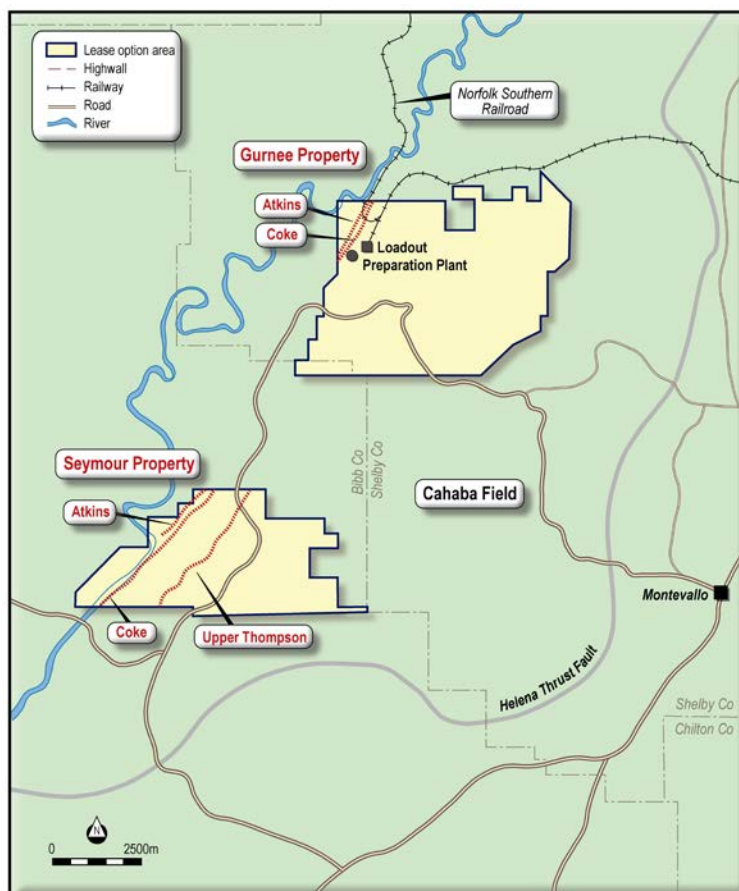
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**Figure 1.** Kodiak Hard Coking Coal Project, Alabama, USA



**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
<b>Gurnee Property</b>				
Coke	34.0Mt	3.2Mt	2.0Mt	39.2Mt
Atkins	37.6Mt	1.6Mt	-	39.2Mt
<b>Seymour Property</b>				
Upper Thompson	-	-	13.5Mt	13.5Mt
Coke	-	-	17.3Mt	17.3Mt
Atkins	-	-	17.4Mt	17.4Mt
<b>TOTAL</b>	<b>71.6Mt</b>	<b>4.8Mt</b>	<b>50.2Mt</b>	<b>126.6Mt</b>

**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 September 2014:

Project	Location	Status	Interest
<b>Kodiak Coking Coal Project</b>	<b>Alabama, USA</b>		
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](http://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.