ASX / Media Release **ASX: AYA**

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ATTILA TO SELL ITS 70% INTEREST IN THE KODIAK COKING COAL PROJECT FOR US$55.3 MILLION (~A$63.5 MILLION)

Highlights

- **US$55.3m (~A$63.5m) cash purchase price (pre-tax) represents a significant premium to Attila's current market capitalisation of A$24 million and enterprise value of A$33.8 million**
- **Cash offer confirms the robust nature and fundamental value of the Kodiak Project**
- **Completion of the Transaction, which is subject to certain conditions, including finance, is expected to occur in Q1 2015 and will leave Attila debt free and holding a strong cash position**

Attila Resources Limited ("Attila" or the "Company") (ASX:AYA) advises that its wholly-owned subsidiary, Attila Resources US Holding Ltd. has entered into a binding Membership Interests Purchase Agreement (the "**Agreement**") to sell its 70% interest in Attila Resources US LLC ("**Attila US**") which holds a 100% interest in Kodiak Mining Company LLC ("**Kodiak**") to Magni Resources, LLC ("**Magni Resources**"), a US limited liability company ("**Transaction**").

Background to the Transaction

In July 2014 Attila received a confidential, unsolicited expression of interest from Magni Resources indicating Magni Resources' desire to acquire the Kodiak Coking Coal Project ("**Kodiak Project**"). Subsequent to this approach, Magni Resources has conducted extensive due diligence on the Kodiak Project, which was completed prior to entering into the Agreement.

Under the Agreement, Attila will sell its 70% interest in Attila US for US$55.3 million (~A$63.5 million). Following completion of the Transaction, Magni Resources will also replace the bonds lodged by Attila with Kodiak Mining Company, returning an additional ~A$810,000 to Attila.

The Agreement is not subject to due diligence, with an extensive due diligence process having been completed by Magni Resources prior to the terms of the Agreement being finalised. The Agreement is subject to:

- Magni Resources securing financing to complete the Transaction;
- Approval of Attila shareholders at a general meeting of Attila shareholders to be held in early 2015;
- There being no material adverse effect occurring following the date of the Agreement; and
- Any requisite governmental and third party consents being provided.

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A summary of the additional conditions precedent and other material terms of the Agreement can be found in Appendix A

Attila has also executed a Facilitation Deed with Magni, which imposes certain obligations of exclusivity on Attila, including "no shop" and "no talk" prohibitions, which are considered standard for a transaction of this nature. These exclusivity obligations, which will continue to apply until completion of the Agreement or the earlier of 31 March 2015 or termination of the Agreement, are summarised in further detail in Appendix A.

The major shareholder of Attila, Kingslane Pty Ltd ("**Kingslane**") has executed an Option Deed with Magni, which provides Magni Resources with an option to acquire Kingslane's 11.9% interest in Attila in the event of a third party making a "superior proposal" to the Transaction, and Magni Resources matching that superior proposal. Full terms of the Option Deed will be attached to the notice of initial substantial holder to be lodged by Magni Resources.

Attila Executive Director, Mr Evan Cranston said “We are pleased to have reached agreement on a Transaction that we believe will generate strong value for Attila shareholders in light of the current market conditions. The price offered to Attila represents a significant premium to the value of our interest in the Kodiak Project implied by our share price and will leave the Company with a strong cash position, significantly greater than our current market capitalisation, and debt free.”

“The strong premium offered by Magni, combined with the extensive due diligence process undertaken by the group, provides strong third party validation of the quality of the Kodiak Project and its ability to generate significant cash flow over the initial life of mine.”

“Whilst the transaction remains conditional on financing being secured, the pedigree of the executives at Magni Resources and their relationships provides confidence that this condition will be met. The team behind Magni Resources are US mining experts, having constructed and operated a number of coal and natural resource mines in the US in the past.”

Magni Resources is a metals and mining company formed for the purpose of acquiring, developing and mining of underground natural resources. Under the leadership of mining veterans Kevin Loughrey and Donald Brown, Magni Resources plans to use Kodiak as the cornerstone asset in Magni’s acquisition strategy.

Kevin Loughrey, Chairman of Magni Resources, commented “The acquisition of the Kodiak mine is a significant first step in our strategy and provides us with a foothold into the attractive Cahaba metallurgical coal basin. Magni Resources is committed to seeking financing for the transaction and the development of the Kodiak Mine, this financing being a condition precedent to completion. We are confident that this financing can be obtained in a timely manner.”

The Magni Resources management team has over 200 years of collective metals and mining experience including expertise in mine development, mergers and acquisitions and raising funds in capital markets.

Mr Kevin Loughrey has over 35 years of mining industry experience, including 30 years as a mining lawyer and executive, and was most recently the Chairman and CEO of Thompson Creek Metals Company. Under his leadership, Thompson Creek Metals raised over $2 billion in debt and equity financing. Mr Loughrey led the successful transition of Thompson Creek Metals from a private to a public company and fostered relationships with dozens of global investment banks. In 2006 Mr Loughrey negotiated a merger between Thompson Creek Metals Company and Blue Pearl Mining Ltd., and was responsible for raising $625 million in debt and equity to complete the transaction. In 2010 Mr Loughrey negotiated the acquisition of Terrane Metals Corp., and its primary asset the Mt. Milligan copper and gold mine, by Thompson Creek Metals Company. During his term Mr Loughrey was responsible for managing the engineering, construction and commissioning of the Mt. Milligan copper and gold mine, from early development to a successful startup, at a total cost of $1.5 billion.

Mr Donald Brown, President and CEO of Magni Resources, has over 40 years of coal mining experience. Mr Brown has worked for companies including Cyprus Minerals Company, Cyprus Amax Coal Company, Addington Resources, Inc., and Horizon Natural Resources. During his 9 year tenure as President of Cyprus Coal Company Mr Brown oversaw the Cyprus/Amax merger and subsequent integration. As President of Addington Resources, the company raised over $1 billion in debt and equity (including project financing) for mergers and acquisitions and project development. In addition, Don is a highly skilled operator and will lead the team that will reopen the Kodiak mine and future development projects.

The transaction has unanimously received all necessary corporate approvals of Magni Resources.

Transaction Timetable

Magni Resources must use its commercially reasonable efforts to secure the finance required to complete the acquisition of Attila US and fund the development of the Kodiak Project. This process is expected to be completed in Q1 2015. Magni has informed Attila that it has a reasonable basis for believing that it will be able to secure the financing within 60 business days of executing the Agreement.

Attila intends to seek shareholder approval for the Transaction at a general meeting to be held in Q1 2015. Each of Attila's Board members intends to vote their shareholdings in favour of the Transaction and recommend that shareholders vote in favour of the Transaction, in the absence of a superior proposal.

Investors are cautioned that there is no certainty if and when the conditions precedent to the Transaction will be satisfied. Attila will keep the market updated as to the progress of the satisfaction of the conditions precedent.

Completion is anticipated to occur approximately 14 days following receipt of shareholder approval and all other approvals and conditions being satisfied.

Tax

Attila notes that US state and federal taxes will be payable on capital gains realised upon completion of the Transaction at a rate of 39%. High level tax advice has been received by Attila however definitive tax advice is yet to be received. Full details will be set out in the notice of meeting to be sent to shareholders prior to shareholders voting on the Transaction.

Cash Return and Future Strategy

Following completion of the Transaction, payment of the necessary taxes and repayment of the outstanding convertible notes, Attila will retain a significant cash balance. Attila will consider using a portion of this cash to pay a special dividend and or undertake a capital return to shareholders. Full details will be set out in the notice of meeting to be sent to shareholders prior to shareholders voting on the Transaction.

Hartleys Limited acted as financial adviser to Attila. Bellanhouse Legal acted as legal adviser to Attila.

Moelis & Company is Magni Resources' exclusive financial adviser in connection with the transaction. McDermott, Will & Emery LLP is Magni Resources' U.S. legal counsel and Allen & Overy is its Australian legal counsel.

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About Magni Resources, LLC.

Magni Resources is a US limited liability company led by Mr Kevin Loughrey (Chairman) and Mr Donald Brown (President and CEO). The Company is primarily engaged in the acquisition, development and mining of underground coal mines.

About Attila Resources Limited

Attila Resources Limited (ASX: AYA) is a metallurgical coal development company focused on bringing its 70% (option to acquire 100%) owned Kodiak Coking Coal Project in Alabama USA into production. Attila has completed a PFS study indicating that Kodiak has the potential to be a long life, low cost producer with a low capital intensity and short lead time to production. The Company's strategy is to develop and export high quality metallurgical coal from the Cahaba Basin.

Appendix A: Material Terms of Membership Interest Purchase Agreement

1. Summary

(a) Attila Resources Holdings US Ltd (**Attila US**) has executed a Membership Interests Purchase Agreement (**MIPA**) with Magni Resources, LLC (**Magni**), a Delaware limited liability company, pursuant to which Attila US will sell its 70% interest in Attila Resources US, LLC (**JV Entity**) for a total consideration of US$55,300,000 (**Transaction**). Section 2 contains a summary of the key terms of the MIPA.

(b) As part of the Transaction, Attila Resources Limited (**Attila**) also executed a Facilitation Deed with Magni, which imposes certain confidentiality and exclusivity obligations on Attila and its representatives. Section 3 contains a summary of the key terms of the Facilitation Deed.

(c) The major shareholder of Attila, Kingslane Pty Ltd (**Kingslane**) has also executed an Option Deed, which provides Magni Resources with an option to acquire Kingslane's 11.9% interest in Attila in the event of a third party making a "superior proposal" to the Transaction, and Magni Resources matching that superior proposal, and a subsequent superior proposal being made. Full terms of the Option Deed will be attached to the notice of initial substantial holder to be lodged by Magni Resources.

2. Membership Interests Purchase Agreement

2.1 *Purchase price*

The total purchase price payable by Magni Resources for the acquisition of its 70% interest in the JV Entity is US$55,300,000 (**Purchase Price**). In addition to the Purchase Price, Magni Resources must also pay to Attila US an amount to compensate it for the bonds paid in relation to the permits held by Kodiak Mining Company LLC (**Kodiak**). This is understood to be currently approximately US$707,062.

2.2 *Drag-along*

The MIPA requires Attila US to sell its 70% interest in the JV Entity and to exercise its drag-along right under the constituent document for the JV Entity (**JV Agreement**) to require TBL Metallurgical Resources LLC (**TBL**) and KC Coal Corp (**KC Coal**) to sell their interests in the JV Entity, as follows:

(a) US$15,800,000 to be paid to TBL for its 20% interest in the JV Entity; and

(b) US$7,900,000 to be paid to KC Coal for its 10% interest in the JV Entity.

2.3 *Conditions precedent*

The conditions precedent (**CP**) to the Transaction are as follows:

(a) (**Financing**) Magni Resources must have obtained from third-party lenders or other financing sources a principal amount of cash that, together with the cash on hand of Magni, will finance the payment of the Purchase Price and the post-completion capital needs of Magni Resources to re-establish mining operations on terms satisfactory to Magni, acting reasonably.

(b) (**Shareholder approval**) Receipt of Attila shareholder approval.

(c) (**Material Adverse Effect**) No "Material Adverse Effect" has occurred or is expected to occur. A Material Adverse Effect means any event, occurrence, fact, condition, change, violation, inaccuracy, circumstance or effect that individually or in the aggregate:

(i) diminishes, or would reasonably be expected to diminish, the net asset value of the JV Entity or Kodiak by 10% or more; or

(ii) has the result, or would reasonably be expected to have the result:

(A) that the JV Entity or the Company would be unable to carry on its business in substantially the same manner as carried on as at the date of execution of the MIPA; or

(B) of materially preventing the JV Entity or the Company from being able to re-establish mining operations at the Kodiak Project.

Notwithstanding the above, any adverse change, event, development, or effect arising from or relating to the following matters will not constitute a Material Adverse Effect:

(i) general business or economic conditions in the United States, but only to the extent such effects do not disproportionately affect the Company as compared to similarly situated companies;

(ii) a change in commodity prices, exchange rates or financial markets;

(iii) national or international business, political or social conditions, but only to the extent such conditions do not disproportionately affect the Company as compared to similarly situated companies;

(iv) changes in United States generally accepted accounting principles;

(v) changes in law, rules, regulations, orders, or other binding directives issued by any governmental authority, but only to the extent such effects do not disproportionately affect Kodiak as compared to similarly situated companies;

(vi) any matter, event, circumstance or change disclosed by Attila US prior to the date of the MIPA;

(vii) any matter, event, circumstance or change required by the MIPA or any other transaction document;

(viii) fluctuations in the working capital of Kodiak in the ordinary course of business; and

(ix) any matter, event, circumstance or change that occurs with the prior written consent of Magni.

(d) (**Representations and warranties**) The R&W given by Attila US must be true and correct in all material respects and Attila US must have provided Magni Resources with a notice to this effect. A reciprocal CP exists in relation to the R&W given by Magni.

(e) (**Performance of covenants**) Attila US must have performed in all material respects all material covenants and agreements required to be performed by it and Attila US must have provided Magni Resources with a notice to this effect. A reciprocal CP exists in relation to Magni's covenants and agreements.

(f) (**Donald Brown release**) Magni Resources must provide Attila US with an agreement executed by Donald Brown releasing Attila US and its related entities from all claims against any of them (with a reciprocal release by Attila US and its related entities in favour of Donald Brown).

(g) (**Releases**) Attila US must provide Magni Resources with agreements executed by Attila US, TBL and KC Coal releasing the JV Entity and Kodiak from any claims they may have. Magni Resources must provide Attila US with an agreement executed by the JV Entity and Kodiak releasing Attila US and its related entities from claims the JV Entity or Kodiak may have.

(h) (**Redemption of convertible notes**) Attila US must provide Magni Resources with a payoff letter with respect to the redemption of the convertible notes, and releases of the convertible notes liens.

(i) (**Governmental action**) There must be no action or proceeding before any governmental authority (or reasonably expected action or proceeding) or governmental order which would prevent or declare unlawful the Transaction.

(j) (**Officer's certificate**) Attila US must have provided Magni Resources with an officer's certificate in relation to Attila US, the JV Entity and Kodiak. Magni Resources must provide Attila US with an officer's certificate in relation to Magni.

(k) (**Executed transaction documents**) Each party must provide the other with executed copies of all transaction documents.

(l) (**Good standing**) Attila US must provide Magni Resources with a certificate of good standing in relation to Attila US, the JV Entity and Kodiak.

(m) (**Governmental consents**) All required governmental consents must have been obtained and delivered to Magni.

(n) (**Third party consents**) Attila US must have provided Magni Resources with written consent to the Transaction by any lessor or optionor of any property interest that is required to be obtained under any contract of Kodiak.

(o) (**Resignations and terminations**) Magni Resources must have received written resignations of all directors, managers and officers of Kodiak and the JV Entity and written evidence from Attila US that all agreements between Attila US and its affiliates and the JV Entity or Kodiak have been terminated, and a certificate certifying this.

(p) (**Instruments of sale**) Attila US must have provided Magni Resources with all required instruments of sale and transfer for the transfer of the membership interests in the JV Entity.

(q) (**Affiliate held assets)** Attila US must have provided Magni Resources with evidence that each of its affiliates has contributed any assets owned or held by them for the business of Kodiak to Kodiak and a certificate certifying this.

(r) (**Estoppel certificates**) Attila US must have obtained estoppel certificates from leased property interest lessors and property interests option optionors.

2.4 *Covenants*

The MIPA imposes certain covenants and restrictions on Attila US during the period from execution of the MIPA until the Transaction is either completed or terminated. These covenants and restrictions include, amongst other things, requirements that Attila US:

(a) conduct the business of Kodiak in the usual and ordinary course;

(b) make all minimum payments with respect to license fees, commissions or royalties;

(c) not enter into any contract which, if entered into prior to the date of the MIPA would have been required to be disclosed;

(d) not sell, lease, assign, license or transfer any assets or properties or mortgage, pledge or subject them to any lien;

(e) not enter into any employment agreement;

(f) not incur, assume or become subject to any material liabilities; and

(g) not create, incur, assume or guarantee and indebtedness.

2.5 *Termination*

The MIPA may be terminated prior to completion in the circumstances described below:

(a) (**Mutual consent**) Mutual consent of Attila US and Magni.

(b) (**Material breach by either party**) If one party has provided written notice to the other party of a material breach of the R&W in the MIPA or material breach of covenant and the party at fault has not rectified this breach within 10 days after the provision of the notice.

(c) (**End Date**) By either party if the Transaction is not completed before 31 March 2015 (provided that reason for the delay was not the terminating party being in breach of the MIPA).

(d) (**Governmental authority**) By either party if a governmental authority issues an order, decree or ruling or takes any other action permanently prohibiting the Transaction.

(e) (**Facilitation Deed**) If the Facilitation Deed is terminated.

(f) (**Material Adverse Effect**) By either party if a Material Adverse Effect occurs.

2.6 *Representations and warranties*

(a) Attila US is required to provide representations and warranties (**R&W**) which are considered customary for a transaction of this nature and are largely consistent with the R&W given by Walter Minerals, Inc in favour of Attila US. Magni Resources is also required to provide R&W considered customary for a transaction of this nature.

(b) Attila US will only be liable for a claim for a breach of R&W if:

 (i) the amount finally agreed or adjudicated to be payable in respect of that R&W claim is in excess of US$10,000 and the aggregate of all R&W claims in in excess of US$400,000; and

 (ii) Attila US is notified of the claim on or before the Closing Date (or, if the MIPA is terminated, on or before the 30th day after the effective date of the termination).

(c) The maximum aggregate amount Attila US will be liable for a R&W claim is US$1,400,000.

(d) The time and monetary caps described above do not apply to claims alleging fraud or wilful misconduct or a breach of post-closing covenants (including to provide the various releases or payment of taxes).

3. Facilitation Deed

3.1 *Exclusivity period*

The exclusivity and confidentiality obligations imposed on Attila under the Facilitation Deed, which are summarised below, apply during the period starting on the date of execution of the Facilitation Deed, and ending on the earlier of completion or termination of the MIPA (**Exclusivity Period**).

3.2 *No shop*

During the Exclusivity Period, Attila must not, and must procure that its representatives do not, directly or indirectly:

(a) solicit, invite, encourage any "Competing Proposal", or any offer, proposal, expression of interest, enquiry, negotiation or discussion with any third party in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal; or

(b) assist, encourage, procure or induce any person to do any of the things referred to in paragraph 3.2(a) on its behalf.

A "Competing Proposal" is any takeover bid, scheme of arrangement, reverse takeover, capital reduction, sale of assets, sale of securities, strategic alliance, joint venture, partnership, dual listed companies structure, economic or synthetic merger or combination or other transaction or arrangement which, if completed, would result in a third party:

(a) directly or indirectly acquiring or being entitled to acquire a relevant interest or any other direct or indirect interest in more than 20% of the shares of Attila or more than 20% of the shares in any other member of the Attila group that contributes 20% or more of the consolidated net profit after tax of the Attila group or whose assets represent 20% or more of the total consolidated assets of the Attila group; or

(b) directly or indirectly acquiring or being entitled to acquire the whole of the business or assets of the Attila group or any part of the business or assets of the Attila group that contributes 20% or more of the consolidated net profit after tax of the Attila group or that represents 20% or more of the total consolidated assets of the Attila group; or

(c) acquiring control of Attila or merging or amalgamating with Attila or any other member of the Attila group that contributes 20% or more of the consolidated net profit after tax of the Attila group or whose assets represent 20% or more of the total consolidated assets of the Attila group,

or which would otherwise require Attila to abandon, or otherwise fail to proceed with, the Transaction.

3.3 *No talk and no due diligence*

During the Exclusivity Period, Attila must not, and must ensure that its representatives do not directly or indirectly:

(a) participate in any negotiations or discussions or enter into any agreements with a third party in relation to, or that may be reasonably expected to lead to a Competing Proposal;

(b) communicate to any person an intention to do any of the things referred to in paragraph 3.3(b);

(c) assist, encourage, procure or induce any person to do any of the things referred to in paragraph 3.3(b)on its behalf.

(d) make available any non-public information about Attila that could assist with the formulation of a Competing Proposal; or

The exception to the "no talk" and "no due diligence" restriction is where the Board determines that the Competing Proposal (provided it has not been solicited by Attila) is or could reasonably be considered to become a "Superior Proposal" and, acting in good faith, after taking advice from Attila's lawyers and financial advisers, the Board further determines that failing to respond to the Competing Proposal would or would reasonably be likely to constitute a breach of fiduciary duties or statutory obligations of any member of the Board.

A "Superior Proposal" is a written bona fide Competing Proposal received after the date of the Facilitation Deed that:

(a) does not result from a breach by Attila of any of its exclusivity obligations under the Facilitation Deed or from any act by an Attila group member which, if done by Attila, would constitute a breach of Attila's exclusivity obligations under the Facilitation Deed; and

(b) the Attila Board determines, acting in good faith and after having taken advice from its external legal and financial advisers:

    (i) is reasonably capable of being valued and implemented, taking into account all aspects of the Competing Proposal, including any timing considerations, any conditions precedent and the identity of the proponent; and

    (ii) would, if completed substantially in accordance with its terms, be more favourable to Attila's shareholders (as a whole) than the Transaction (as the Transaction may be amended or varied following the "matching right" process described below), taking into account all the terms and conditions of the Competing Proposal and the Transaction.

A Competing Proposal which satisfies paragraphs (a) and (b) above and has a lower level of consideration may be a Superior Proposal if the other terms are such that it is more favourable to Shareholders (as a whole).

3.4 *Matching Right*

During the Exclusivity Period, if a Competing Proposal emerges, Magni Resources will be given 5 business days to match the offer being made by the third party.

3.5 *Break fee*

A reimbursement fee of $1,400,000 is payable by Attila to Magni Resources in the following circumstances:

(a) a Competing Proposal in respect of Attila is announced or made after the Facilitation Deed is executed and is completed within 6 months of the date it is announced or made;

(b) any Director fails to recommend that shareholders vote in favour of the Transaction (or any part of it) in the absence of a Superior Proposal or, having made such a recommendation, makes a public statement which withdraws, revises, revokes or qualifies that recommendation;

(c) any Director recommends a Competing Proposal;

(d) Magni Resources terminates the Facilitation Deed due to a material breach by Attila; or

(e) the Attila shareholder meeting is not held before 31 March 2015 following a deliberate act or omission by Attila in breach of its obligations under the Facilitation Deed.