



AND CONTROLLED ENTITY

ABN 53 142 165 080

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2011

TABLE OF CONTENTS

CORPORATE DIRECTORY.....	3
DIRECTORS' REPORT.....	4
AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	9
CONSOLIDATED STATEMENT OF CASH FLOWS.....	10
NOTES TO THE FINANCIAL STATEMENTS.....	11
DIRECTORS' DECLARATION	15
INDEPENDENT AUDITOR'S REPORT.....	16

CORPORATE DIRECTORY

DIRECTORS

Mr Grant Mooney (Non Executive Chairman)
Mr Zlad Sas (Non Executive Director)
Mr Brynmor Hardcastle (Non Executive Director)
Mr Leigh Ryan (Non Executive Director)

COMPANY SECRETARY

Mr Grant Mooney

REGISTERED OFFICE AND BUSINESS ADDRESS

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ASX CODES

AYA
AYAO (20c expiry 29 June 2014)

COUNTRY OF INCORPORATION AND DOMICILE

Australia

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of Attila Resources Limited (referred to hereafter as the 'Company') and the entity it controlled for the half-year ended 31 December 2011.

Directors

The names of Directors who held office during or since the end of the half-year are set out below. Directors were in office for the entire period unless otherwise stated.

Grant Mooney B Bus., CA

Zlad Sas B.Sc. (Hons), MAusIMM

Brynmor Hardcastle LLB, BA (appointed on 8th December 2011)

Leigh Ryan BSc (Geology), MSc (prelim.), MAIG (appointed on 23rd January 2012)

Dr Bernardo da Veiga B Comm. (Hons), PHD (resigned on 8th December 2011)

Review of Operations

The operating loss of the consolidated entity for the six months after providing for income tax amounted to \$295,742.

	31 December 2011	31 December 2010
Operating Loss	\$295,742	\$256,961

At the Tallisker North Coal Project, The Company completed 16 aircore holes for a total of 1,052 metres drilling to a maximum depth of 128 metres. Most drill holes were spaced 2 kilometres apart but some were spaced 1 kilometre apart along E-W and NW-SE trending station tracks that traverse the prospective Bogardie Syncline. One hole intercepted a 4 metre coal seam at 50 metres depth in one reconnaissance aircore drill hole, Tal-006. One other hole, Tal-012, also intersected a 1 metre thick coal seam and another hole Tal-004 terminated in coal at depth. Hole Tal-006, which intersected the 4 metre coal seam at 50 metres depth, is located on the eastern side of the axis of the prospective Bogardie Syncline, in an area where no exploration drilling has been carried out previously by other companies. The Company has completed planning for a further drilling program of prospects some 30 kilometres north-east of the discovery hole and intends to undertake further drilling in closer proximity to discovery hole Tal-006 later in 2012.

The coal analysis indicates a thermal coal at Talisker North that compares favourably in quality to Collie coal. Collie coal is sub-bituminous, with an average calorific value of 20MJ/kg (4800 kcal/kg) on an "as received" basis and is suitable for power generation. Although Collie coal has a lower ash and sulphur content, the calorific value of Talisker North coal is 4348 kcal/kg on an "as received" basis, 4396 kcal/kg on an "air dried" basis, and 5447 kcal/kg on a "dry" basis. The calorific value of Talisker North coal is 7263 kcal/kg on a "dry ash-free" basis and is also comparable in calorific value to Collie coal on this basis. Further test work is planned to determine the washability of the coal and its potential as an exportable product.

The Company has also undertaken a desktop study on its Cotters Run and Lefroy projects.

During the period, the Company increased its tenement holding in the Talisker North region to 1,922km² through the application for an additional 6 exploration licences totalling 1,345km² over 436 Blocks. This establishes Attila as the majority landholder of the under-explored Talisker North Coal Basin.

The Company placed 2,582,128 options, being the shortfall of listed options pursuant to the pro rata non renounceable rights issue prospectus dated 31 May 2011. The options are exercisable at \$0.20 each on or before 29 June 2014 and were issued at \$0.005 each raising gross proceeds of \$12,910.64 in working capital.

The Company continued to evaluate new project opportunities.

Dividends

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial half year ended 31 December 2011.

Auditor's Independence Declaration

The lead auditor's independence declaration under s.307C of the Corporation Act 2001 for the half-year ended 31 December 2011 is set out on page 6.

Made and signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Grant Mooney', is written over a horizontal line.

Grant Mooney
Chairman

Signed at Perth this 6th day of March 2012

Competent Person Statement

The information for this announcement is based on information compiled by Mr Zlad Sas BSc (Hons) who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Sas is a Director of Attila Resources Limited, 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sas consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ATTLA RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011 there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review;
and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

Maxim Audit

Maxim Audit
Chartered Accountants

Mal Lester

M A Lester
Perth WA

Dated this 6th day of March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated	
		31 December 2011 \$	31 December 2010 \$
Revenue		43,120	13,942
Depreciation and amortisation expense		(404)	(386)
Exploration and evaluation expenditure	3	(138,400)	(158,375)
Employee benefits		(57,112)	(44,727)
Professional expenses		(85,410)	(14,739)
Administration expenses		(57,536)	(52,676)
Loss before income tax expense		(295,742)	(256,961)
Income tax expense		-	-
Loss for the year		(295,742)	(256,961)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(295,742)	(256,961)
Loss for the year attributable to:			
Members of the entity		(295,742)	(256,961)
		(295,742)	(256,961)
Total comprehensive loss for the year attributable to:			
Members of the entity		(295,742)	(256,961)
		(295,742)	(256,961)
Earnings per share from continuing operations:		Cents	Cents
Basic loss per share		(1.34)	(2.62)
Diluted loss per share		(0.84)	(2.12)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

		Consolidated	
	Note	31 December 2011	30 June 2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,774,789	2,073,890
Trade and other receivables		3,750	4,812
Other current assets		9,966	3,515
TOTAL CURRENT ASSETS		1,788,505	2,082,217
NON CURRENT ASSETS			
Property, plant and equipment		551	955
Intangible assets		3,395	3,395
TOTAL NON CURRENT ASSETS		3,946	4,350
TOTAL ASSETS		1,792,451	2,086,567
CURRENT LIABILITIES			
Trade and other payables		26,953	36,657
TOTAL CURRENT LIABILITIES		26,953	36,657
TOTAL LIABILITIES		26,953	36,657
NET ASSETS		1,765,498	2,049,910
EQUITY			
Issued capital	4	2,498,005	2,498,005
Share option reserves	4	61,084	49,754
Accumulated losses		(793,591)	(497,849)
TOTAL EQUITY		1,765,498	2,049,910

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Ordinary shares \$	Accumulated Losses \$	Share Option Reserve \$	Total equity \$
Balance at 1 July 2010	1,501	(16,427)	7,665	(7,261)
Issue of shares/options	2,556,000	-	-	2,556,000
Issue of Directors' Options	-	-	-	-
Transaction costs	(53,523)	-	-	(53,523)
Loss attributable to members of the entity	-	(256,961)	-	(256,961)
Balance at 31 December 2010	2,503,978	(273,388)	7,665	2,238,255

	Ordinary Shares \$	Accumulated Losses \$	Share Option Reserve \$	Total equity \$
Consolidated				
Balance at 1 July 2011	2,498,005	(497,849)	49,754	2,049,910
Issue of shares/options	-	-	12,911	12,911
Issue of Directors' Options	-	-	-	-
Transaction costs	-	-	(1,581)	(1,581)
Loss attributable to members of the entity	-	(295,742)	-	(295,742)
Balance at 31 December 2011	2,498,005	(793,591)	61,084	1,765,498

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31 December 2011	31 December 2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of GST)	(348,760)	(118,998)
Interest received	43,120	13,942
Bank charges	(379)	(559)
Purchase of tenement options	-	(55,000)
Net cash outflow from operating activities	(306,019)	(160,615)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for intangible assets	-	-
Payments for property, plant, equipment	-	-
Net cash from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	-	2,409,312
Proceeds from advance payment of seed capital	-	-
Proceeds from issue of options	6,918	-
Net cash inflow from financing activities	6,918	2,409,312
Net (decrease) increase in cash and cash equivalents	(299,101)	2,248,697
Cash and cash equivalents at the beginning of the half-year	2,073,890	27,026
Cash and cash equivalents at the end of the half-year	1,774,789	2,275,723

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 1: Summary of significant accounting policies

Basis of preparation of half-year financial statements

These general purpose financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2011 and any public announcements made by Attila Resources Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

a. New, revised or amending Accounting Standards and Interpretations adopted

For the half-year reporting period to 31 December 2011, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group. A discussion of these new and revised requirements that are relevant to the Group is provided below:

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

Application of the amendments in AASB 2010–4 did not have a significant impact on the financial statements of the Group.

- AASB 1054: Australian Additional Disclosures and AASB 2011–1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

Application of AASB 1054 did not have a significant impact on the financial statements of the Group.

Note 2. Operating segments**a. Description of segments**

The Board of Directors which is the chief operating decision maker has determined the operating segments based on geographical location as it reviews internal reports based on this. The Group has two reportable segments; namely, Australia and Indonesia which are the Group's strategic business units.

The Australian segment incorporates the Group's mining exploration and evaluation process.

b. Other segment information

	Australia		Indonesia		Eliminations		Consolidated Group	
	31 December		31 December		31 December		31 December	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Interest Income	43,120	13,942	-	-	-	-	43,120	13,942
Total Revenue	43,120	13,942	-	-	-	-	43,120	13,942
Segment Result								
Loss after Income Tax	(295,742)	(256,961)	-	-	-	-	(295,742)	(256,961)
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2011	2011	2011	2011	2011	2011	2011	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Segment Assets	1,792,451	2,086,567	1	-	(1)	-	1,792,451	2,086,567
Liabilities								
Segment Liabilities	(26,953)	(36,657)	-	-	-	-	(26,953)	(36,657)
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Depreciation and amortization	(404)	(386)	-	-	-	-	(404)	(386)
Impairment of amount receivable from subsidiaries	(50)	-	-	-	50	-	-	-
Exploration and evaluation expenses	(138,450)	(158,375)	50	-	-	-	(138,400)	(158,375)
Employee benefits	(57,112)	(44,727)	-	-	-	-	(57,112)	(44,727)
Professional expenses	(85,410)	(14,739)	-	-	-	-	(85,410)	(14,739)
Administration expenses	(57,486)	(52,676)	(50)	-	-	-	(57,536)	(52,676)

Note 3: Exploration and evaluation expenses

	Consolidated	
	Half-Year ended 31 December 2011	Half-Year ended 31 December 2010
	\$	\$
Opening balance	-	-
Net expenditure incurred during the half-year	138,400	8,375
Tenement acquisition costs during the half-year	-	150,000
Tenement disposed during the half-year	-	-
Expenditure written off	(138,400)	(158,375)
Total	-	-

Note 4: Issued Capital**a. Issue of ordinary shares during the half-year**

	Half-Year ended 31 December 2011		Year ended 30 June 2011	
	Number of shares	\$	Number of shares	\$
Opening balance	22,000,001	2,498,005	1,500,001	1,501
Shares Issued 01 August 2010 @\$0.001 per share	-	-	6,000,000	6,000
Shares Issued 30 September 2010 @\$0.05 per share	-	-	1,000,000	50,000
Shares Issued 15 October 2010 @\$0.10 per share	-	-	2,000,000	200,000
Shares Issued 29 November 2010 @\$0.20 per share	-	-	11,500,000	2,300,000
Less:				
Costs arising from issue	-	-	-	(59,496)
	22,000,001	2,498,005	22,000,001	2,498,005

Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the parent entity, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options Over Ordinary Shares

Type of option	Number	Exercise price	Exercise date
Unlisted options	1,500,000	20c	10 March 2014
Unlisted options	1,000,000	20c	1 August 2014
Listed options	<u>11,000,000</u>	20c	29 June 2014
	<u>13,500,000</u>		

Each option entitles the holder to subscribe for one share upon exercise of each option.

On the 15 July 2011, the Company issued 2,582,128 listed options which are exercisable at \$0.20 by 29 June 2014. Total options issued by the Company as at 31 December 2011 are 13,500,000 (30 June 2011: 10,917,872).

Note 5: Contingent assets and liabilities

The Group had no contingent assets or liabilities as at 31 December 2011.

Note 6: Events subsequent to reporting date

Other than the following, the Directors are not aware of any significant events since the end of the interim period. From January 2012, Attila Resources Limited has entered into a one year lease with respect to its office premises located at Suite 23, 513 Hay Street in Subiaco, for \$3,000 (GST exclusive) per month.

The financial effects of this event have not been brought to account as at 31 December 2011.

Note 7: Commitments

Exploration commitments

For Exploration Licence E09/1747 in the Talisker Basin, Attila Resources Limited has agreed to pay the Vendor \$200,000 or issue 1,000,000 fully paid ordinary shares after the announcement of one or more categories of Inferred, Indicated, or Measured coal Mineral Resources, as defined in the JORC Code, in excess of 100,000,000 tonnes. The vendor has the right to elect whether to take the contingent consideration in cash or shares.

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required as per the Mining Act.

The minimum expenditure commitments for all granted tenements for the next 12 months amount to \$245,000.

The group also has tenements at 31st December 2011 that have not been granted. As and when they are granted the group's expenditure commitment will increase.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 14 are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standards AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the financial position as at 31 December 2011 and of the performance for the half-year ended on that date of the consolidated entity;
- 2.. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Grant Mooney', with a large, stylized initial 'G'.

Grant Mooney

Chairman

Dated this 6th day of March 2012

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ATILA RESOURCES LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Attila Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Attila Resources Limited are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of Interim and Other Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Attila Resources Limited's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Attila Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Attila Resources Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Attila Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of Attila Resources Limited's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and *Corporations Regulations 2001*.

Maxim Audit

Maxim Audit
Chartered Accountants

M A Lester

M A Lester
Perth WA

Dated this 6th day of March 2012.