

ASX / Media Release

**ASX: AYA, AYAO  
31 October 2012**

## Quarterly Activities Report September 2012

### HIGHLIGHTS

#### Kodiak Coking Coal Project, Alabama USA

- Maiden Inferred JORC Compliant Resource of 81Mt of premium hard coking coal
- Drilling results indicate continuous coal seams with no apparent fault offsets
- Testing results to date indicate extremely low ash, low sulphur hard coking coal with superior fluidity
- Drilling continuing with 5 drill rigs on site to upgrade the JORC Compliant Resource to measured and indicated categories
- Operation fully permitted and licensed on private land
- Full infrastructure already in place to recommence operations including wash plant and rail infrastructure
- Underpins the potential for a long life coking coal operation

#### Talisker North Coal Project, WA

- Attila confirms latest WA coal discovery at Talisker North
- Verona coal seam intersected in 13 drill holes
- Range of thickness between 3.5 metres and 4.3 metres
- Shallow dipping seam at approximately 3 degrees
- 100kg sample obtained for metallurgical and washability testing

#### Corporate

- Appointment of Max Brunsdon and Evan Cranston as executive directors
- Appointment of Alan Thom as non-executive director

**Head Office**  
Suite 23, 513 Hay Street, Subiaco WA 6008  
PO Box 1311, Subiaco WA 6904  
Phone +61 (8) 6142 0989  
Fax +61 (8) 9388 8824  
Email [admin@attilaresources.com](mailto:admin@attilaresources.com)  
ABN 53 142 165 080

[www.attilaresources.com](http://www.attilaresources.com)

#### Fast Facts

Total Shares on Issue	27m
Convertible Notes (\$0.50)	26m
Options on Issue	15m
Market Capitalisation (undiluted)	\$17m
Cash at 30 Sept 2012 (post raise)	\$3.6m

#### Directors

Mr Max Brunsdon  
Mr Evan Cranston  
Mr Bryn Hardcastle  
Mr Leigh Ryan  
Mr Alan Thom

#### Kodiak Coking Coal, Alabama

- 7,770 acre property
- 81Mt Maiden Inferred Coal Resource
- Fully owned infrastructure on private land
- Fully permitted to commence mining
- Resource drilling continuing

#### Talisker North Coal, WA

- New coal discovery
- 1,922km<sup>2</sup> land package
- Under explored coal basin
- Coal intersected in maiden program
- 4m of coal @ 50m

#### Cotter's Run Gold, WA

- 3 block Exploration Licences within St Ives – Junction structural corridor
- Prospective for gold

#### Lefroy Gold, WA

- 2 ELA's covering over 50km<sup>2</sup> Eastern Gold Fields
- Prospective for gold and nickel

## Exploration Activities

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

Following the acquisition of the Kodiak Coking Coal Project in Shelby County, Alabama (Figure 1), the Company commenced a 12,400 metre diamond core drill program in July 2012 with the initial aim of converting the 80-100Mt exploration target into a JORC Compliant Resource. In October 2012, the Company was pleased to announce that a maiden JORC Compliant Inferred Resource of 81Mt had been defined as follows:

Coal Seam	Category	Tonnes
<b>Coke</b>	<i>Inferred</i>	40,001,000
<b>Atkins</b>	<i>Inferred</i>	40,952,000
<b>TOTAL</b>	<b><i>Inferred</i></b>	<b>80,953,000</b>

The Inferred Resource has been defined by Attila's independent consultants, Stagg Resource Consultants Inc. and is based on data collected by the Company from its current diamond core drilling and sampling program, of which eleven holes have been completed, and from historic data acquired from the property owner and from prior operators. The tonnage estimates are classified as inferred until such time as the complete results of the current drilling and sampling program are received.

The Inferred Resource is solely contained within the Company's current mineral lease area of 7,770 acres and there is excellent scope to expand this resource via the acquisition of additional leases from adjacent mineral rights owners.

Coal seams outcrop along the western margin of the property and generally dip to the southeast to a depth of around 780 metres at the deepest point on the Atkins seam, with 75 percent of the resource lying at depths of less than 600 metres. The drilling results to date indicate that the coal seams are continuous with no apparent offsetting or faulting.

The current drill program will also be used to gain knowledge regarding the geologic conditions for use in mine planning and development and for providing a basis for the preparation of a detailed feasibility study. Gas desorption testing will be done on the Atkins and Coke coal cores to assist in designing the ventilation systems for the planned mines. Work will be conducted in sequential phases and it is estimated this will take up to 6 months to complete. The programs of work will be supervised by geological consulting firm, Stagg Resource Consultants.

The results used to define the 81Mt Inferred Resource indicate that the coal found at the Kodiak Coking Coal Project is a premium hard coking coal with the following important characteristics over the major portion of the property:

Dry Basis							
Ash (%)	Sulphur (%)	Volatile Matter (%)	Fixed Carbon (%)	P (%)	Calorific Value (kcal/kg)	FSI	Max Fluidity (DDPM)
2-5	0.5-0.7	32-35	59-62	0.006	8,180-8,350	9	+20,000

Further, the following raw coal characteristics are extremely encouraging:

As Received Basis				
Coal Bed	Moisture (%)	Ash (%)	Sulphur (%)	Calorific Value (kcal/kg)
Coke	2.33	5.57	0.51	7,860

The Kodiak Project is ideally located to take advantage of existing logistical infrastructure that can cater to both the domestic and export markets (Figure 2). With a heavy gauge rail line running through the Kodiak property and a loadout facility on site, there is immediate access to the extensive rail network traversing the United States and from there, 3 major coal handling ports. There is also the possibility of barging coal along the Black Warrior and Tombigbee Rivers which will be investigated as part a study on the export market potential. Importantly, it is envisaged that there will no major CAPEX requirements necessary for either domestic or export sales. With no existing offtake agreements in place, the Company has maximum flexibility to derive value.

#### Talisker North Coal Project, WA (Attila Resources 100%)

In September 2012, the Company completed a step-out drill program at its Talisker North Thermal Coal Project (Figure 3) which intersected the same coal seam (named the Verona seam) in 13 holes. This program followed the coal discovery made by Attila Resources last year where a 4 metre seam was intersected at a depth of 50 metres in drill hole Tal-006. 21 aircore holes for a total of 1,459 metres were drilled on grid spacings of 200 metres or 400 metres stepping out from drill hole Tal-006 (Figure 4) with 8 holes failing to reach target depth due to adverse drilling conditions. The intercepts range between 3.5 metres to 4.3 metres in thickness at depths of between 47 metres to 91 metres over an area of approximately 50 hectares.

All holes of interest were logged with down-hole geophysical tools. The Verona coal seam is consistent in thickness and depth trending in a south-westerly and north-easterly direction of drill hole Tal-006, parallel with the axis of the syncline. However, traversing the syncline in a north-westerly direction, the seam appears to be deepening approximately 20m to 25m for every 400m of horizontal step-out. This equates to a 3 degrees dip for the coal seam.

The drill program also involved re-entering and drilling deeper hole Tal-005 which is approximately 800m to the north-west of discovery hole Tal-006. A 3.6 metre interval of the Verona coal seam was intersected at 91m depth in hole Tal-005 suggesting that further to the north-west of hole Tal-005, the seam may be deepening further.

With this in mind, the Company is considering another drill program (subject to heritage survey clearance) along a line extending 10 kilometres to the south-west of drill hole Tal-006, parallel with the axis of the syncline and stepping out to the north-west. Using this approach, Attila will be refining its exploration target at Talisker North of \*50 to 100 million tonnes of sub-bituminous coal (see qualification at end of report).

A 100kg sample of the coal was obtained in the recent drilling program for metallurgical and washability testing to assist in determining the export quality of the coal at Talisker North. The thermal coal recovered previously from discovery hole Tal-006 at Talisker North compares favourably in quality to the sub-bituminous coal found at Collie which is suitable for power generation.

### **Cotters Run Gold Project, WA (Attila Resources Limited 100%)**

The Cotters Run Project comprises a three-block exploration license E15/1120 that covers a known gold occurrence within the structural corridor of the strongly-mineralised St Ives-Junction Gold Belt (>8moz endowment). Previous exploration at Cotters Run by Billiton Australia and Acacia Resources during the period 1989 to 2003 delineated an area of gold soil anomalism at the Le Mans Prospect.

The regional structural location, a local anticlinal closure immediately to the west of the Boulder-Lefroy Fault, indicates strong prospectivity in this structural environment. The greater St Ives-Junction area is well-recognised for the development of 'blind' gold lodes associated with flat-lying thrusts, and any near-surface gold occurrence within the Boulder-Lefroy corridor warrants detailed evaluation.

No significant work was conducted on the Project during the quarter.

### **Lefroy Gold Project, WA (Attila Resources Limited 100%)**

The Lefroy Project comprises two exploration license applications in an area 80 kilometres southeast of Kalgoorlie. E15/1227 is an eight-block (23km<sup>2</sup>) license covering a segment of greenstone terrain within the prospective Hogans Find structural zone located 19 kilometres east of Kambalda. E15/1228 is a 9 block (26km<sup>2</sup>) application a further 8 kilometres to the east that contains magnetic chert/BIF stratigraphy within the Mt Belches sedimentary sequence.

A review of previous exploration available from The Department of Mines and Petroleum Open File reports shows that the tenement areas are lightly explored with partial surface geochemical coverage and no reported drilling on E15/1227 or E15/1228.

No significant work was conducted on the Project during the quarter.

## **Corporate Activities**

Subsequent to the end of the quarter, the Company held a general meeting to approve the conversion of 52 convertible notes, the issue of 5,000,000 shares at \$0.20 to convertible note holders, the issue of shares to facilitators, the ratification of the share placement and the issue of options to a consultant. All resolutions were passed on a show of hands. The June 2012 raising via convertible notes was oversubscribed and, subsequent to the general meeting, the Company agreed to issue a further two convertible notes raising \$500,000 (before costs) with the conversion subject to shareholder approval. These notes were issued on 30 October 2012. Further, the Company has additional commitments for up to three more convertible notes which the Company may elect to issue.

On 10 October 2012, the Company announced the restructure of the Board to assist in the transition from coal explorer to near-term producer. Max Brunson and Evan Cranston were appointed to the Board as Executive Directors. Grant Mooney and Zlad Sas stepped down from the Board. The Company would like to thank Grant and Zlad for their contributions to the successful growth of Attila since listing.

On 30 October 2012, the Company announced the appointment of Alan Thom as a Non-Executive Director. The additions of Max, Evan and Alan to the Board are invaluable to the Company as it enters the exciting next phase of development.

As stated in the June 2012 Quarterly Activities Report (ASX: 31 July 2012), the Company received a statement of claim filed at the Supreme Court relating to an alleged contract with Monomatapa Coal Limited for a fee in respect of the acquisition of the Kodiak Coal Project. At this stage, the Company intends to file a defence.

**For further information please contact:**

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

Competent Person Statements

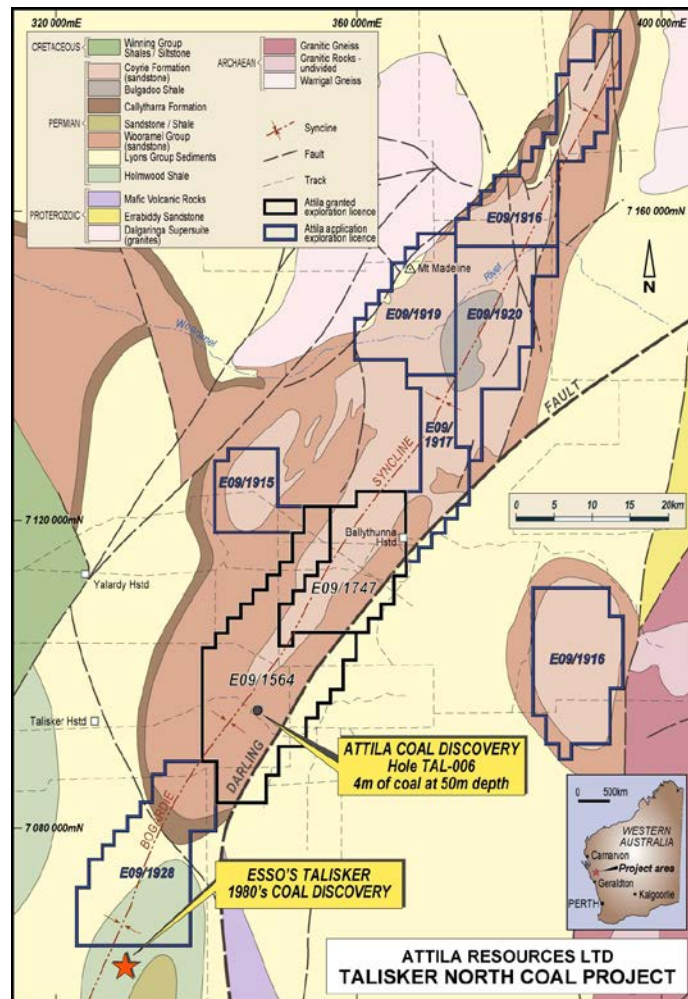
*The information in this report that relates to exploration results is based on information compiled by Mr. Leigh Ryan, a director of the Company, who is a member of the Australian Institute of Geoscientists. Mr. Ryan has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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. Ryan consents to the inclusion in the report of the matters based on information in the form and context in which it appears.*

*The information in this report that relates to the JORC Compliant (Coal) Resource for the Kodiak Coking Coal Project in Shelby County, Alabama, USA has been reviewed and is based on information compiled by Mr Alan Stagg, a consultant to the Company through 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 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.*

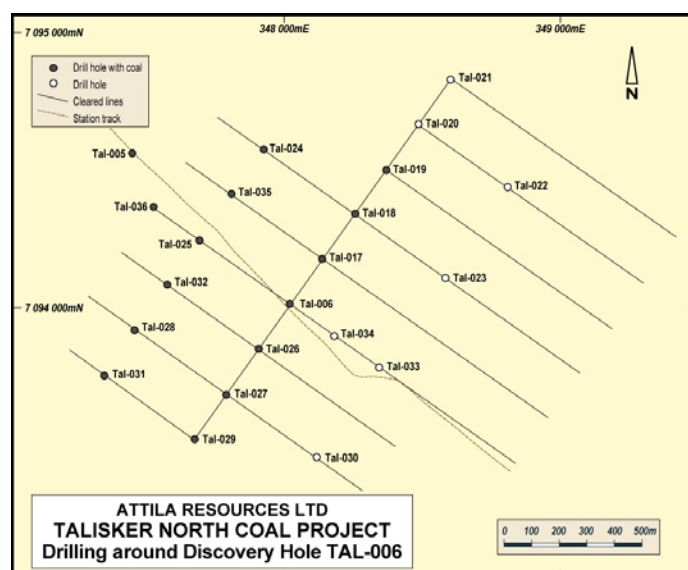
*Qualification of Exploration Target – Talisker North*

*This exploration target is based on recent exploration drilling by Attila, and previous programs by Griffin Coal and CRAE at the Talisker North Project. The exploration target at Talisker Range is conceptual in nature, not a Mineral Resource pursuant to the JORC Code and may never become a resource. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. \* 50-100Mt exploration target of sub-bituminous coal ranging in quality from 7-20% moisture, 14-28% ash, 22-39% volatile matter, 35-41% fixed carbon, 0.7-1.71% sulphur, and a calorific range of 4061-4300 kcal/kg ("analysis on an air dried basis") based on recent exploration drilling by Attila, and previous programs by Griffin Coal and CRAE at the Talisker North Project.*





**Figure 3.** Location of Talisker North coal discovery hole, Tal-006.



**Figure 4.** Step-out drill program around TAL-006.