ATTILA RESOURCES LIMITED

AND CONTROLLED ENTITIES

ABN 53 142 165 080

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 June 2012

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CORPORATE DIRECTORY

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

Company Secretary
Mr Grant Mooney

Stock Exchange
ASX Codes: AYA
AYAO (20c options expiring 29 June 2014)
Home Office: Perth

Country of Incorporation and Domicile
Australia

Registered and Business Address
Suite 23, 513 Hay Street
Subiaco WA 6008
Australia
Telephone: +61 8 6142 0989
Fax: +61 8 9388 8824
Email: admin@attilaresources.com.au
Web: www.attilaresources.com.au

Accountants
Acute Business Services
53/15 Labouchere Road
South Perth WA 6151

Auditors
Maxim Audit
243 Hay Street
Subiaco WA 6008

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Attila Resources Limited (referred to hereafter as the 'Company') and the entities it controlled for the year ended 30 June 2012.

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Grant Mooney	Non Executive Chairman
Bernardo da Veiga	Executive Director (resigned 8 December 2011)
Bryn Hardcastle	Non Executive Director (appointed 8 December 2011)
Leigh Ryan	Non Executive Director (appointed 23 January 2012)
Zlad Sas	Non Executive Director

Grant Mooney B Bus., CA. Age 45. **Non-Executive Chairman and Company Secretary**

Grant Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners Pty Ltd, specialising in corporate compliance administration to public companies. Mr Mooney has gained extensive experience in the areas of corporate and project management since commencing Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance.

Currently, Mr Mooney serves as a director and company secretary to ASX listed mineral exploration companies - Barra Resources Limited, Phosphate Australia Limited, Carbine Resources Limited and Wild Acre Metals Limited, and renewable energy company - Carnegie Wave Energy Limited. He is a member of the Institute of Chartered Accountants in Australia.

Bryn Hardcastle LLB, BA, Age 33. **Non-Executive Director**

Bryn Hardcastle is a partner of Perth-based law firm, Hardy Bowen Lawyers, specialising in corporate, commercial and securities law. He advises on equity capital markets, takeovers & schemes and corporate acquisitions, reconstructions and disposals predominantly in the energy and resources sector. Mr Hardcastle has previously worked in London, Melbourne and Dubai at Freehills and Allen & Overy.

Leigh Ryan BSc Geology, MAIG. Age 48. **Non-Executive Director**

Leigh Ryan is a highly qualified geologist with 24 years' experience throughout Africa and Australia. He has been involved in the targeting, evaluation, discovery and resource definition of numerous gold and base metal deposits and has successfully negotiated purchase, option and joint venture agreements in both Africa and Australia.

Mr Ryan currently serves as managing director to ASX listed company, Boss Resources Ltd.

Zlad Sas BSc (Hons), MAusIMM. Age 59. **Non-Executive Director**

Zlad Sas is a geologist with 37 years' experience in the diamond exploration and mining industry who has worked extensively on diamond projects in Australia, Africa, India, and Brazil. He graduated with an Honours degree in geology in 1974 from the University of Western Australia and is currently a member of the Australian Institute of Mining and Metallurgy.

Directors' Meetings

During the financial year ended 30 June 2012, 8 meetings of Directors were held. Attendances by each Director during the period were as follows:

Director	Number Attended	Number Eligible to Attend
Bernardo da Veiga	1	1
Bryn Hardcastle	7	7
Grant Mooney	8	8
Leigh Ryan	5	6
Zlad Sas	8	8

The Directors made and approved five circular resolutions during the financial period ended 30 June 2012.

Principal Activities

The principal activities of the Group are the review of mineral exploration and development projects. There were no significant changes in the nature of these activities during the year ended 30 June 2012.

Dividends

No dividend has been declared or paid by the Group during the financial year and the Directors do not at present recommend a dividend.

Operating Results

The consolidated comprehensive loss of the Group amounted to $1,215,149 (2011: $481,422) after providing for income tax.

Review of Operations

Talisker North Coal Project

During the financial year, the Company commenced exploration activities at the Talisker North Coal Project in Western Australia resulting in a maiden discovery of a 4 metre coal seam from 50 metres depth representing a potentially significant thermal coal discovery in an underexplored coal basin.

7 additional exploration licence applications were lodged increasing the Company's tenement holding at Talisker North to 1,922km^2 covering areas of prospectivity in this exciting new coal basin.

Initial testwork conducted indicates potential for export quality thermal coal that compares favourably with Collie Coal. Samples have returned results of 5,447 kcal/kg (dry basis) and 7,263 kcal/kg (dry ash-free basis) in respect of calorific value.

Kodiak Coking Coal Project (Attila 70%)

In June 2012, a controlled entity acquired a 70% interest in the Kodiak Coking Coal Project in the Cahaba Coal Basin, Shelby County, Alabama, USA. Although currently in care and maintenance, the operation is fully permitted and licensed on private land with full infrastructure in place to recommence operations including a wash plant and rail infrastructure. A drill program is scheduled to commence in the new financial year with the aim of defining a JORC compliant resource.

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Group occurred during the year ended 30 June 2012:

- On 15 July 2011, the Company issued 2,582,128 listed options at $0.005 each with an exercise price of $0.20 each on or before 29 June 2014.

- On 9 March 2012, the Company issued 1,500,000 options to Directors at an exercise price of $0.29 each on or before 9 March 2015.

- On 22 May 2012, the Company announced a controlled entity had entered into a binding heads of agreement with TBL Metallurgical Resources LLC to acquire a 70% interest in Kodiak Mining Company LLC which operated an underground high-volatile hard coking coal mine known as the Coke No. 1 Mine in Shelby County, Alabama, USA (Kodiak Coking Coal Project).

- On 8 June 2012, the Company issued 5,000,000 shares at $0.20 each to raise $1 million.

- On 25 June 2012, the Company announced a capital raising comprising $13 million of convertible notes and a $1 million share placement, both subject to shareholder approval. The terms of the notes are a 3 year term, a conversion price of $0.50, coupon 12% per annum in arrears paid annually for the first year and then half yearly thereafter and conversion subject to shareholder approval with no conversion for the first 6 months. Each convertible note holder will be entitled to subscribe for a fully paid ordinary share at an issue price of $0.20 to raise a total of $1 million on the basis of 1 share for every 13 convertible notes subscribed for.

- On 28 June 2012, the Company announced the completion of the acquisition of the Kodiak Coking Coal Project, Shelby County, Alabama, USA.

Matters Subsequent to the End of the Financial Year

The following matters occurred following the end of the financial year:

- On 16 July 2012, the Company issued 15,000 ordinary shares following the conversion of listed options at $0.20 each raising $3,000.

- On 10 August 2012, the Company issued 142,500 ordinary shares following the conversion of listed options at $0.20 each raising $28,500.

- On 23 August 2012, the Company issued 70,000 ordinary shares following the conversion of listed options at $0.20 each raising $14,000.

- On 21 September 2012, the Company issued 20,000 ordinary shares following the conversion of listed options at $0.20 each raising $4,000.

- The Company received a writ from Monomotapa Coal Limited for alleged unpaid introduction fees relating to the Kodiak Coal Project. The Directors are of the opinion that the claim is without merit and will be vigorously defended. Accordingly, no liability has been recorded in relation to this matter.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the result of these operations, or the state of the affairs of the Group in future financial year.

Future Developments, Prospects and Business Strategies

Disclosure of further information regarding likely developments in the operations of the Group in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice of those operations, or the state of affairs of the Group in future financial periods.

Share Options

At the date of this report the Group had 1,500,000 unlisted options over ordinary shares issued to Directors at an exercise price of $0.20 per share expiring on 10 March 2014, 1,000,000 unlisted options over ordinary shares issued to Directors at an exercise price of $0.20 per share expiring on 1 August 2014, 1,500,000 unlisted options over ordinary shares issued to Directors at an exercise price of $0.29 per share expiring on 9 March 2015 and 10,752,500 listed options at the exercise price of $0.20 to shareholders expiring on 29 June 2014. At the date of this report, the total unissued ordinary shares of Attila Resources Limited under option are 14,752,500.

Directors' interests

The relevant interest of each Director in the share capital of the Group shown in the Register of Directors' shareholdings as at the date of this report is:

DIRECTOR	ORDINARY SHARES FULLY PAID		OPTIONS	
	Direct	**Indirect**	**Direct**	**Indirect**
Bryn Hardcastle	-	-	-	*500,000
Grant Mooney	500,000	**50,000	1,250,000	*25,000
Leigh Ryan	-	-	-	***1,000,000
Zlad Sas	140,000	-	570,000	-
Total	**640,000**	**50,000**	**1,820,000**	**1,525,000**

* Indirect options held by Bryn Hardcastle are held in the name of BPH Family Account
** Indirect options and shares held by Grant Mooney are held in the name of Ocean Flyers Pty Ltd (S&G Mooney Super Fund A/c)
*** Indirect options held by Leigh Ryan are held in the name of Sandra Kay Ryan

Remuneration report

The remuneration report, which has been audited, outlines the Director and executive remuneration arrangements for the Group and the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Compensation of Key Management Personnel

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of appropriately qualified Directors and Executives. Presently there are no formalised arrangements which give rise to the payment of additional remuneration to Directors contingent on Group performance.

The Constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting.

Given the size of the Group and its operations there is no relationship between remuneration and Group performance and shareholder wealth other than options issued as remuneration.

Non-Executive Director remuneration will be determined according to market practice for junior listed companies based on information obtained from industry analysts.

Compensation of Key Management Personnel

2012	**Short-Term Benefits Cash salary and fees $**	**Post Employment Benefits Superannuation $**	**Share-Based Payment Shares/ Options $**	**Total $**	**Remuneration consisting of options %**
Non-Executive Directors:					
Mr Bryn Hardcastle	18,371	-	85,000	103,371	82%
Mr Grant Mooney	30,000	2,700	-	32,700	-
Mr Leigh Ryan	13,568	1,221	170,000	184,789	92%
Mr Zlad Sas	30,000	2,700	-	32,700	-
Sub-total Non-Executive Directors	91,939	6,621	255,000	353,560	72%
Executive Directors:					
Mr Bernardo Da Veiga	21,795	1,961	-	23,756	-
Total	**113,734**	**8,582**	**255,000**	**377,316**	**68%**

2011	**Short-Term Benefits Cash salary and fees $**	**Post Employment Benefits Superannuation $**	**Share-Based Payment Options $**	**Total $**	**Remuneration consisting of options %**
Non-Executive Directors:					
Mr Grant Mooney	20,000	1,800	-	21,800	-
Mr Zlad Sas	20,000	1,800	-	21,800	-
Sub-total Non-Executive Directors	40,000	3,600	-	43,600	-
Executive Directors:					
Mr Bernardo Da Veiga	50,000	4,500	-	54,500	-
Total	**90,000**	**8,100**	**-**	**98,100**	**-**

Consulting fees paid to Director related entities are set out in Note 21 and have not been included in the above tables.

Compensation Options

There were a total of 1,500,000 (2011:1,000,000) compensation options issued to Directors during the year.

Financial Year	Grant date	Vesting Date	Expiry date	Exercise price	Value per option at grant date	Amount paid/payable by recipient
2012	9 March 2012	9 March 2012	9 March 2015	$0.29	$0.17	$0.00
2011	1 August 2010	1 August 2010	1 August 2014	$0.20	nil	$0.00

Share Based Payment Compensations

Details of options over ordinary shares in the Company provided as remuneration to Directors are set out below. When exercised, each option is convertible into one ordinary share of Attila Resources Limited.

2012	**Numbers of options granted during the year**	**Value of options at grant date ***	**Numbers of options vested during the year**	**% vested during the year**	**Numbers of options lapsed during the year**	**Value at lapse date**
Non-Executive Directors						
Bryn Hardcastle	500,000	$85,000	500,000	100%	-	-
Leigh Ryan	1,000,000	$170,000	1,000,000	100%	-	-
Grant Mooney	-	-	-	-	-	-
Zlad Sas	-	-	-	-	-	-
Executive Directors						
Bernardo da Veiga	-	-	-	-	-	-
Total	**1,500,000**	**$255,000**	**1,500,000**	**100%**	**-**	**-**
2011						
Non-Executive Directors						
Grant Mooney	-	-	-	-	-	-
Zlad Sas	-	-	-	-	-	-
Executive Directors						
Bernardo da Veiga	1,000,000	-	1,000,000	100%	-	-
Total	**1,000,000**	**-**	**1,000,000**	**100%**	**-**	**-**

* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Refer to note 26.

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director. The major provisions relating to remuneration are set out below.

Name	Term of agreement	Base salary per annum including superannuation* (Non-performance based)	Contract details	Proportion of elements of remuneration related to performance
Grant Mooney Non-Executive Chairman	No specified term	$32,700	No fixed term or notice required to terminate	-
Bryn Hardcastle Non-Executive Director	No specified term	$32,700	No fixed term or notice require to terminate	-
Leigh Ryan Non-Executive Director	No specified term	$32,700	No fixed term or notice required to terminate	-
Zlad Sas Non-Executive Director	No specified term	$32,700	No fixed term or notice required to terminate	-

* Base salaries quoted are for the year ended 30 June 2012; they are reviewed annually.

Indemnifying Officers or Auditor

The Company has paid premiums to insure all Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Disclosure of the nature and the amount of the premium is prohibited by the confidentiality clause of the insurance contract.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the year ended 30 June 2012, to any person who is or has been an auditor of the Company.

Auditor

Maxim Audit has been appointed as auditor of the Group in accordance with section 327 of Corporations Act 2001.

Non-audit Services

These were no non-audit services were provided by a related practice of the Group's auditor during the year ended 30 June 2012.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Environmental Regulations

The Group is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities. The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 11.

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

Grant Mooney
Non-Executive Chairman

Signed at Perth this 28th day of September 2012

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF ATTILA RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there has been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Maxim Audit

MAXIM AUDIT
Chartered Accountants

M A Lester
Perth W.A.
Dated this 28th day of September 2012

243 Hay Street, Subiaco, WA 6008
PO Box 1938 Subiaco, WA 6904
Tel: +61 8 9489 2555
Fax: +61 8 9489 2556
Email: info@maximgroup.com.au
www.maximgroup.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	2011 $
Revenue	4	**76,712**	**63,865**
Depreciation and amortisation expense	10	(700)	(1,050)
Exploration and evaluation expenditure	5	(286,282)	(286,220)
Employee benefits	4	(373,474)	(105,638)
Professional expenses	4	(99,795)	(51,825)
General and administrative expenses	4	(534,328)	(100,554)
Loss before income tax expense		**(1,217,867)**	**(481,422)**
Income tax expense	6	**-**	-
Loss for the year		**(1,217,867)**	**(481,422)**
Other comprehensive income			
Exchange differences on translation of controlled entities		2,718	-
Total comprehensive loss for the year		**(1,215,149)**	**(481,422)**
Loss for the year attributable to:			
Members of the parent entity		(1,213,842)	(481,422)
Non-controlling interest		(4,025)	-
		(1,217,867)	**(481,222)**
Total comprehensive loss for the year attributable to:			
Members of the parent entity		(1,211,939)	(481,422)
Non-controlling interest		(3,210)	-
		(1,215,149)	**(481,222)**
Earnings per share from continuing operations:		**Cents**	**Cents**
Basic loss per share	25	5.44	3.03
Diluted loss per share	25	0.03	2.62

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Current Assets			
Cash and cash equivalents	7	3,753,080	2,073,890
Trade and other receivables	8	1,058,420	4,812
Other current assets	9	3,083	3,515
Total Current Assets		**4,814,583**	**2,082,217**
Non Current Assets			
Property, plant and equipment	10	1,463,871	955
Deferred exploration, evaluation and development expenditure	5	9,686,824	-
Intangible assets	11	3,395	3,395
Total Non Current Assets		**11,154,090**	**4,350**
TOTAL ASSETS		**15,968,673**	**2,086,567**
Current Liabilities			
Trade and other payables	12	867,583	36,657
Borrowings	13	13,000,000	-
Total Current Liabilities		**13,867,583**	**36,657**
TOTAL LIABILITIES		**13,867,583**	**36,657**
NET ASSETS (LIABILITIES)		**2,101,090**	**2,049,910**
Equity			
Issued capital	14	3,551,423	2,540,094
Reserves	15	264,568	7,665
Accumulated losses		(1,711,691)	(497,849)
Parent interest		2,104,300	2,049,910
Non - controlling interest		(3,210)	-
TOTAL EQUITY		**2,101,090**	**2,049,910**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR-ENDED 30 JUNE 2012

2011 Consolidated	Ordinary shares $	Accumulated Losses $	Option Reserve $	Foreign Currency Translation Reserve $	Listed Options $	Non-controlling Interest $	Total $
Balance at 1 July 2010	**1,501**	**(16,427)**	**7,665**	**-**	**-**	**-**	**(7,261)**
Issue of shares/options	2,556,000	-	-	-	42,089	-	**2,598,089**
Issue of Directors' Options	-	-	-	-	-	-	**-**
Transaction costs	(59,496)	-	-	-	-	-	**(59,496)**
Loss for the year	-	(481,422)	-	-	-	-	**(481,422)**
Balance at 30 June 2011	**2,498,005**	**(497,849)**	**7,665**	**-**	**42,089**	**-**	**2,049,910**

2012 Consolidated	Ordinary shares $	Accumulated Losses $	Option Reserve $	Foreign Currency Translation Reserve $	Listed Options $	Non-controlling Interest $	Total $
Balance at 1 July 2011	**2,498,005**	**(497,849)**	**7,665**	**-**	**42,089**	**-**	**2,049,910**
Issue of shares/options	1,000,000	-	255,000	-	12,911	-	**1,267,911**
Issue of Directors' Options	-	-	-	-	-	-	**-**
Transaction costs	(1,582)	-	-	-	-	-	**(1,582)**
Loss for the year	-	(1,213,842)	-	-	-	(4,025)	**(1,217,867)**
Exchange difference on translation of controlled entities	-	-	-	1,903	-	815	**2,718**
Balance at 30 June 2012	**3,496,423**	**(1,711,691)**	**262,665**	**1,903**	**55,000**	**(3,210)**	**2,101,090**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR-ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(1,080,584)	(369,520)
Interest received		76,712	63,865
Bank charges		(739)	(971)
Purchase of tenement options		-	(55,000)
Net cash (outflow) inflow from operating activities	24	**(1,004,611)**	**(361,626)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for subsidiaries, net of cash acquired	22	(10,310,529)	(3,395)
Payments for property, plant, equipment		-	(2,005)
Net cash (outflow) inflow from investing activities		**(10,310,529)**	**(5,400)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		981,419	2,371,801
Proceeds from issue of convertible notes		12,000,000	-
Proceeds from issue of options		12,911	42,089
Net cash from financing activities		**12,994,330**	**2,413,890**
Net increase in cash and cash equivalents		1,679,190	2,046,864
Cash and cash equivalents at the beginning of the financial year		2,073,890	27,026
Cash and cash equivalents at the end of the financial year	7	**3,753,080**	**2,073,890**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The financial report for Attila Resources Limited and Controlled Entities for the year ended 30 June 2012 was authorised for issue on 28 September 2012 in accordance with a resolution by the Board of Directors.

The consolidated financial statements and notes represent those of Attila Resources Limited and Controlled Entities (the "Group"). The separate financial statements of the parent entity, Attila Resources Limited, have not been presented within this financial report as permitted by the Corporation Act 2001.

Note 1: Summary of Significant Accounting Policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Going concern

For the year ended 30 June 2012, the Group has incurred a loss of $1,217,867 and generated net cash outflows of $1,004,611 from operating activities, as disclosed in the consolidated statement of comprehensive income and consolidated statement of cashflows respectively. There is also a deficiency in consolidated working capital as disclosed in the consolidated statement of financial position. As a result of the loss and cash outflows from operations the Directors have assessed the Group's ability to continue as a going concern and to pay its debts as and when they fall due.

The Directors of the Parent entity advise that in order for the Group to have sufficient cash reserves to fund the next 12 months of operations and exploration from balance date and to continue as a going concern and to pay its debts as and when they fall due is dependent on the following:

- the ability of the Group to secure additional funding through either the issue of further shares, debt or a combination of debt and equity. The form and value of such raisings is yet to be determined; and

- active management of the current level of discretionary exploration expenditure in line with the funds available to the Group.

Should the Group at any time be unable to continue as a going concern, it may be required to realize its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

Note 1: Summary of Significant Accounting Policies (continued)

b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Attila Resources Limited at the end of the reporting period. A controlled entity is any entity over which Attila Resources Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 22 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value *(full goodwill method)* or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets *(proportionate interest method).* In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the statement of comprehensive income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Note 1: Summary of Significant Accounting Policies (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

e. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Note 1: Summary of Significant Accounting Policies (continued)

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Buildings	25 years
Furniture, Fittings and equipment	3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Note 1: Summary of Significant Accounting Policies (continued)

g. Intangibles other than goodwill

Trademark, licences, and logo

Trademark, licences, and logo are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is calculated and determined based on case by case basis.

h. Exploration, Evaluation and Development Expenditure

All exploration and evaluation expenditure is expensed to the statement of comprehensive income.

Expenditure in relation to the acquisition of a defined resource including an option to enter a mining lease are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

j. Impairment of assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Note 1: Summary of Significant Accounting Policies (continued)

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

k. Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

l. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year ended 30 June 2012 which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

m. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

n. Employee benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Note 1: Summary of Significant Accounting Policies (continued)

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

o. Financial instruments

At present, the Group does not undertake any hedging or deal in derivative instruments.

Recognition

The Group recognises receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

p. Revenue and Other Income

Interest revenue is recognised using the effective interest method.

q. Parent entity financial information

The financial information for the parent entity, Attila Resources Limited, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries entity are accounted for at cost in the financial statements of Attila Resources Limited.

Tax consolidation legislation

Attila Resources Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation. The Group has applied to become consolidated tax entity and is still waiting for the Australia Taxation Office’s confirmation.

The head entity, Attila Resources Limited, and the controlled entity in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

Note 1: Summary of Significant Accounting Policies (continued)

In addition to its own current and deferred tax amounts, Attila Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entity in the tax consolidated group.

Attila Resources Limited will be responsible for any current tax payable, current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits of the wholly owned subsidiary, which are transferred to Attila Resources Limited under tax consolidation legislation.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising with the tax consolidated entity are recognised as current amounts receivable from or payable to other entity in the group.

Any difference between the amounts assumed and amounts receivable or payable are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entity.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

r. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of the lease term or estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

s. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

Note 1: Summary of Significant Accounting Policies (continued)

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

- simplifying the requirements for embedded derivatives;

- removing the tainting rules associated with held-to-maturity assets;

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the Group.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

Note 1: Summary of Significant Accounting Policies (continued)

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 17, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

  AASB 13 requires:

  - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

  - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

  These Standards are not expected to significantly impact the Group.

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

  The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

  This Standard affects presentation only and is therefore not expected to significantly impact the Group.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

  AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

  (i) for an offer that may be withdrawn – when the employee accepts;

  (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

  (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

  The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Note 1: Summary of Significant Accounting Policies (continued)

t. Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Note 2. Critical accounting judgements, estimates and assumptions

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Business combinations – acquisition of controlled entities

Under AASB 3 Business Combinations, Directors make an assessment of fair value of net assets acquired at the date of acquisition compared to the consideration paid. Directors make this assessment based on the technical expertise of the Board, by reference to due diligence reports obtained, by reference to geological expert reports, appraisals and the arm's length negotiated amounts set out in the purchase contracts.

Note 3. 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 three reportable segments; namely, Australia, the United State of America and Indonesia which are the Group's strategic business units.

b. Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Intersegment transactions

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Note 3. Operating segments (continued)

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

There are no items of revenue, expenses, assets and liabilities are not allocated to operating segments.

Comparative information

This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to the requirements of this Standard.

c. Other segment information

	Australia		Indonesia		United States of America		Eliminations		Consolidated Group	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue										
Interest Income	76,712	63,865	-	-	-	-	-	-	76,712	63,865
Total Revenue	**76,712**	**63,865**	**-**	**-**	**-**	**-**	**-**	**-**	**76,712**	**63,865**
Segment Result										
Loss after Income Tax	(1,204,401)	(481,423)	(50)	(79,219)	(13,416)	-	-	(79,220)	(1,217,867)	(481,422)
Assets										
Segment Assets	15,142,689	2,086,567	-	1	11,499,457	-	(10,673,473)	(1)	15,968,673	2,086,567
Liabilities										
Segment Liabilities	(13,030,901)	(36,657)	-	(79,219)	(836,682)	-	-	79,219	(13,867,583)	(36,657)
Other										
Depreciation and amortization	(700)	(1,050)	-	-	-	-	-	-	(700)	(1,050)
Impairment of amount receivable from subsidiaries	-	(79,219)	(50)	79,219	-	-	50	79,219	-	-
Exploration and evaluation expenses	(300,596)	(207,453)	-	(78,767)	14,314	-	-	-	(286,282)	(286,220)
Employee benefits	(373,474)	(105,638)	-	-	-	-		-	(373,474)	(105,638)
Professional expenses	(99,795)	(51,825)	-	-	-	-		-	(99,795)	(51,825)
Administration expenses	(506,598)	(100,102)	-	(452)	(27,730)	-	-	-	(534,328)	(100,554)

Note 4. Profit/(Loss) Before Income Tax

	Consolidated 2012 $	Consolidated 2011 $
Revenue from continuing operations		
Interest received	76,712	63,865
Total	**76,712**	**63,865**
Profit before income tax includes the following specific expenses:		
Employee benefit expenses		
Wages and salaries	113,735	90,000
Share based payments	255,000	-
Other employment expenses	4,739	15,638
	373,474	**105,638**
General and Administrative expenses		
Listing fees	13,568	31,278
Share registry expenses	9,681	14,458
Rent expenses	32,400	16,800
Travel expenses	84,594	6,714
Insurance	14,237	-
Administration Fees	50,400	-
Borrowing professional fees	277,500	-
Other administration expenses	51,948	31,304
	534,328	**100,554**
Professional expenses		
Legal fees	5,965	10,491
Auditor's Remuneration		
- audit or review of financial report	32,680	12,700
- taxation services	-	-
Other professional expenses	61,150	28,634
	99,795	**51,825**

Note 5. Deferred exploration and development expenditure

	2012 $	2011 $
Opening balance	-	-
Net expenditure incurred during the year	286,282	136,220
Tenement acquisition costs during the year	-	150,000
Tenement disposed during the year	-	-
Expenditure written off	(286,282)	(286,220)
Acquisition of mining lease option at fair value on acquisition (note 22)	9,686,824	-
Total	**9,686,824**	**-**

The ultimate recoupment of the deferred exploration and development expenditure is dependent upon the successful development and commercial exploration or alternatively the sale of respective areas of interest.

Note 6. Income Tax Benefit

a. Income tax expense

	2012 $	2011 $
Current tax	-	-
Deferred tax	-	-
Under/(over) provision in respect of prior years	-	-
	-	**-**

Note 6. Income Tax Benefit (continued)

b. Numerical reconciliation of income tax benefit to prima facie tax payable

	Consolidated	
	2012	**2011**
	$	**$**
Loss from continuing operations before income tax expense	(1,217,867)	(481,422)
Tax at the Australian tax rate of 30% (2011: 30%) and U.S. tax rate of 40%	(366,702)	(144,427)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	76,500	-
Accruals	-	5,713
Prepayments	-	(1,054)
Fundraising expenditure	(67,716)	(3,570)
Income tax benefit not recognised	357,918	143,338
Income tax expense	-	-

c. Unrecognised deferred tax assets – tax losses

Unused tax losses for which no deferred tax asset has been recognised	1,669,540	480,953
Potential tax benefit at 30%	**502,204**	**144,286**

The group has Australian related tax losses for which no deferred tax asset is recognised of $1,656,124 and U.S. related revenue tax losses of $13,416 for which no deferred tax asset is recognised.

d. Unrecognised temporary differences

Unrecognised deferred tax asset at 30 June relates to the following:		
Accruals	7,003	19,043
Capital raising costs through profit and loss	66,600	-
Capital raising costs recognised directly in equity	11,089	11,900
Prepayments	925	3,513
	85,617	**34,456**

The temporary differences have not been brought to account because the Directors do not believe it is appropriate to regard realisation of those deferred tax assets as being probable. The benefit of these deferred tax assets will only be obtained if:

(1) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the temporary differences to be realised;

(2) the Group continues to comply with the conditions for deductibility imposed by tax legislation; and

(3) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the temporary differences.

No franking credits are available.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2012	2011
	$	$
Cash on hand	1	1
Cash at bank	3,743,079	2,063,889
Cash on deposit	10,000	10,000
	3,753,080	**2,073,890**

The effective interest rate on cash on deposit was 5.50% (2011: 6.00%).

An amount of $29,008 (2011: $nil) was held in USD at balance date.

Note 8. Current assets - trade and other receivables

Receivable on shares issued	20,000	**-**
Receivable on convertible notes issued	1,000,000	**-**
GST receivable	38,420	4,812
	1,058,420	**4,812**

Note 9. Other current assets

Prepayments	**3,083**	**3,515**

Note 10. Non-current assets – property, plant and equipment

The property, plant and equipment recorded at fair value relates to the acquisition of Kodiak Mining Company LLC by a controlled entity.

Land – at fair value	228,132	-
Buildings – at fair value	114,765	-
Plant and equipment – at fair value	1,120,719	-
Office furniture and equipment – at cost	2,005	2,005
Accumulated depreciation	(1,750)	(1,050)
Total property, plant and equipment	**1,463,871**	**955**

Note 10. Non-current assets – property, plant and equipment (continued)

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Property, Plant and Equipment $	Total $
Consolidated		
Balance at 30 June 2010	-	-
Additions – at cost	2,005	2,005
Depreciation expense	(1,050)	(1,050)
Balance at 30 June 2011	**955**	**955**
Balance at beginning of the year	955	955
Additions – at fair value on acquisition		
Land	228,132	228,132
Building	114,765	114,765
Plant and Equipment	1,120,719	1,120,719
Depreciation expense	(700)	(700)
Balance at 30 June 2012	**1,463,871**	**1,463,871**

Refer to note 22 for the detailed fair value of property, plant and equipment acquired as part of the Kodiak Mining Company LLC acquisition.

Note 11. Non-current assets – intangible assets

	Consolidated 2012 $	2011 $
Logo at cost	3,395	3,395
Total intangible assets	**3,395**	**3,395**
Movements:		
Consolidated		
Balance at 1 July	3,395	3,395
Additions	-	-
Amortisation charge	-	-
Impairment losses	-	-
Balance at 30 June	**3,395**	**3,395**

Note 12. Current liabilities - trade and other payables

	2012	2011
Trade payables	3,100	9,620
Other payables and accrued expenses	864,483	27,037
Total	**867,583**	**36,657**

Note 13. Current liabilities – borrowings

The parent entity issued 52 convertible notes (Notes) for a total of $13 million on 25 June 2012. The Notes have a coupon rate of 12% p.a. The conversion and conversion period of each Note into ordinary shares of the parent entity are subject to the approval of the Company's shareholders at a general meeting to be be held on 9 October 2012.

The conversion rate is 500,000 ordinary shares for each Note held, which is based on a conversion price of $0.50 per share, but subject to adjustments for reconstructions for equity. The Notes shall be fully repaid at the expiry on 25 June 2015 unless converted or repaid earlier.

The Notes are presented in the State of Financial Position as follows:

	Consolidated	
	2012	**2011**
	$	**$**
Secured		
Convertible notes - Face value	13,000,000	-
Total secured current borrowings	**13,000,000**	**-**

Each shareholder of Attila US LLC has pledged their interest in that company which owns 100% of Kodiak as security to the noteholders. The security is held by Kingslane Pty Ltd as agent and security Trustee under the Convertible Note Agreement.

Note 14. Issued capital

a. Issue of ordinary shares during the year

27,000,001 (2011: 22,000,001) fully paid ordinary shares	3,551,423	2,540,094

	Consolidated			
	2012		**2011**	
	Number of shares	**$**	**Number of shares**	**$**
Opening balance	22,000,001	2,540,094	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
Share Issued on 8 June 2012 @ $0.20 per share	5,000,000	1,000,000		
Listed options issued (Note 14(b))		12,911		42,089
Less:				
Costs arising of issue	-	(1,582)	-	(59,496)
	27,000,001	**3,551,423**	**22,000,001**	**2,540,094**

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.

Note 14. Issued capital (continued)

b. Options over ordinary shares

On 11 March 2010 the Company issued 1,500,000 unlisted options exercisable at $0.20 by 10 March 2014.

On 1 August 2010, 1,000,000 unlisted options were issued which are exercisable at $0.20 by 1 August 2014. Each option entitles the holder to subscribe for one share upon exercise of each option. The fair value of unlisted options granted during the year ended 30 June 2011 was nil (2010: $7,665). The values were calculated as at the grant date using the Black Scholes option valuation method taking into accounts the terms and conditions upon which the options are granted.

On 30 June 2011, the Company issued 8,417,872 listed options at $0.005 each to the public exercisable at $0.20 by 29 June 2014. Each option entitles the holder to subscribe for one share upon exercise of each option.

On 14 July 2011, the Company issued 2,582,128 listed options at $0.005 each in addition to the options issued on 30 June 2011 each to the public exercisable at $0.20 by 29 June 2014.

On 9 March 2012, 1,500,000 unlisted options were issued which are exercisable at $0.29 by 9 March 2015. Each option entitles the holder to subscribe for one share upon exercise of each option. The fair value of unlisted options granted during the year ended 30 June 2012 was $255,000 (2011: $nil). The values were calculated as at the grant date using the Black Scholes option valuation method taking into accounts the terms and conditions upon which the options are granted.

Total options issued by the Company as at 30 June 2012 are 15,000,000 (2011: 10,917,872). The weighted average contractual life is 2.09 years. The weighted average exercise price is $0.22.

	Number of options	**Remaining contractual life years**	**Exercise price $**
2010			
Options issued 11 March 2010	1,500,000	1.69	0.20
2011			
Options issued 1 August 2010	1,000,000	2.09	0.20
Options issued 30 June 2011	8,417,872	2.00	0.20
2012			
Allotment of Shortfall 14 July 2011	2,582,128	2.00	0.20
Options issued 9 March 2012	1,500,000	2.69	0.29
Average		**2.09**	**0.22**

c. Capital management

The Company's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

The Board effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There has been no change in the strategy adopted by the Board to control the capital of the Group since the prior year.

Note 15. Reserves

	Consolidated	
	2012	2011
	$	$
Share based payments	262,665	7,665
Foreign currency translation	1,903	-
	264,568	**7,665**

Movements

Share based payments		
Opening balance	7,665	7,665
Options (unlisted) issued to the employees	255,000	-
Balance as at 30 June	**262,665**	**7,665**

The share based payments reserve records items recognised as expenses on valuation of employee share options and options issued to the general public.

Foreign currency translation		
Opening balance	-	-
Foreign currency translation	2,718	-
Less non-controlling interest	(815)	-
Balance as at 30 June	**1,903**	**-**

Note 16. Financial instruments

Financial Risk Management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- financial risk
- liquidity risk
- credit risk
- Interest rate risk
- Foreign exchange risk

This note presents information about the Group’s exposure to each of the above risks.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established by the Board of Directors to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group’s principal financial instruments are cash, receivables and payables (including convertible notes).

Note 16. Financial instruments (continued)

Financial Risk

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and foreign exchange risk.

	Consolidated	
	2012	2011
	$	$
Financial Assets		
Cash and cash equivalents	3,753,080	2,073,890
Trade and other receivables	1,058,420	4,812
Other current assets	3,083	3,515
	4,814,583	**2,082,217**
Financial Liabilities		
Trade and other payables	867,583	36,657
Convertible notes	13,000,000	-
	13,867,583	**36,657**

Liquidity Risk and Liquidity Risk Management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability if funding through an adequate amount of credit facilities or other fund raising initiatives.

The Group has funding through convertible notes of $13,000,000 at balance date. The Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Group has access to a credit card facility totalling $10,000. The credit card facility may be drawn at any time and may be terminated by the bank without notice.

The following are the contractual maturities of financial liabilities:

	Consolidated	
	2012	2012
Non derivative financial liabilities:	Carrying Amount	Under 6 Months
Trade and other payables	867,583	867,583
Convertible notes	13,000,000	13,000,000
	13,867,583	**13,867,583**

The conversion and conversion period of the Notes into ordinary shares of the parent entity are subject to the approval of the Company's shareholders at a General Meeting to be held on 9 October 2012.

Credit Risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Banks and financial institutions are chosen only if they are independently rated parties with a minimum rating of 'A'.

Note 16. Financial instruments (continued)

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than $1,000,000 due from a convertible note holder which was paid after balance date.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2012	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing in 1 Year or Less	Non-Interest Bearing	Total
	%	$	$	$	$
Financial Asset					
Cash and cash equivalents	1.31	3,743,080	10,000	-	3,753,080
Trade and other receivables	-	-	-	1,058,420	1,058,420
Other current assets	-	-	-	3,083	3,083
Financial Liabilities					
Trade and other payables	-	-	-	(867,583)	(867,583)
Convertible Notes	12.00	-	(13,000,000)	-	(13,000,000)
Net Financial Assets	**-**	**3,743,080**	**(12,990,000)**	**193,920**	**(9,053,000)**

2011	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing in 1 Year or Less	Non-Interest Bearing	Total
	%	$	$	$	$
Financial Asset					
Cash and cash equivalents	4.65	2,063,890	10,000	-	2,073,890
Trade and other receivables	-	-	-	4,812	4,812
Other current assets	-	-	-	3,515	3,515
Financial Liabilities					
Trade and other payables	-	-	-	(36,657)	(36,657)
Net Financial Assets	**4.65**	**2,063,890**	**10,000**	**(28,330)**	**2,045,560**

Note 16. Financial instruments (continued)

The following tables summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk:

2012		**-1%**		**+1%**	
	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Cash and cash equivalents	3,753,080	(37,531)	(37,531)	37,531	37,531
Trade and other receivables	1,058,420	-	-	-	-
Other current assets	3,083	-	-	-	-
Trade and other payables	(13,867,583)	-	-	-	-
Total increase/(decrease)	**(9,053,000)**	**(37,531)**	**(37,531)**	**37,531**	**37,531**

2011		**-1%**		**+1%**	
	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Cash and cash equivalents	2,073,890	(20,739)	(20,739)	20,739	20,739
Trade and other receivables	4,812	-	-	-	-
Other current assets	3,515	-	-	-	-
Trade and other payables	(36,657)	-	-	-	-
Other current assets	-	-	-	-	-
Total increase/(decrease)	**2,045,560**	**(20,739)**	**(20,739)**	**20,739**	**20,739**

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar may impact on the Group's financial results unless those exposures are appropriately hedged. The Group does not currently have any foreign currency hedging facility in place.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

Note 16. Financial instruments (continued)

2012	Net Financial Asset/(Liabilities) in AUD		
	USD	**AUD**	**Total AUD**
Consolidated Group	(807,477)	-	(807,477)

In respect of the above USD foreign currency risk exposure in existence at the balance sheet date a sensitivity of -10% lower and 6.5% higher has been applied. With all other variables held constant, post tax loss and equity would have been affected as follows:

AUD 80,748 loss; AUD 52,486 gain (2011: nil).

Financial risk management objectives

The Group's and parent entity's activities expose them to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's and parent entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group and parent entity use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Board of Directors. These policies include identification and analysis of the risk exposure of the Group and parent entity and appropriate procedures, controls and risk limits.

Unrecognised Financial Instruments

The Group does not have any unrecognised financial instruments.

Fair Value Estimation

The net fair value of cash and non interest bearing monetary assets and financial liabilities of the Group approximates their carrying amount

Note 17. Interests of Key Management Personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2012.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	Short-Term Benefits Cash salary and fees	**Post Employment Benefits Superannuation**	**Share-Based Payment Shares/ Options**	**Total**	**Remuneration consisting of option**
	$	**$**	**$**	**$**	**%**
2012 Total	113,734	8,582	255,000	377,316	68%
2011 Total	90,000	8,100	-	98,100	0%

Note 17. Interests of Key Management Personnel (continued)

Option holdings of Key Management Personnel

The number of options over ordinary shares held by each KMP of the Group during the year is as follows:

2012

Key Management Personnel	Balance at beginning of year	Granted as remuneration	Options exercised	Other changes during the year	Balance at year end	Vested during the year	Vested and exercisable
Grant Mooney	1,275,000	-	-	-	1,275,000	-	1,275,000
Bernardo da Veiga	1,250,000	-	-	-	1,250,000	-	1,250,000
Bryn Hardcastle	-	500,000	-	-	500,000	500,000	500,000
Leigh Ryan	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000
Zlad Sas	500,000	-	-	70,000	570,000	-	570,000
	3,025,000	**1,500,000**	**-**	**70,000**	**4,595,000**	**1,500,000**	**4,595,000**

2011

Key Management Personnel	Balance at beginning of year	Granted as remuneration	Options exercised	Other changes during the year	Balance at year end	Vested during the year	Vested and exercisable
Grant Mooney	1,000,000	-	-	275,000	1,275,000	275,000	1,275,000
Bernardo da Veiga	-	1,000,000	-	250,000	1,250,000	1,250,000	1,250,000
Zlad Sas	500,000	-	-	-	500,000	-	500,000
	1,500,000	**1,000,000**	**-**	**525,000**	**3,025,000**	**1,525,000**	**3,025,000**

Shareholdings of Key Management Personnel

The number of shareholdings in Attila Resources Limited held by each KMP of the Group during the financial year is as follows:

2012

Key Management Personnel	Balance at 1/07/2011	Granted as remuneration during the year	Issued on exercise of options during the year	Net Changes (other)	Balance at 30/06/12
Grant Mooney	550,000	-	-	-	550,000
Zlad Sas	140,000	-	-	-	140,000
	690,000	**-**	**-**	**-**	**690,000**

2011

Key Management Personnel	Balance at 1/07/2010	Granted as remuneration during the year	Issued on exercise of options during the year	Net Changes (other)	Balance at 30/06/11
Grant Mooney	500,000	-	-	50,000	550,000
Bernardo da Veiga	500,000	-	-	-	500,000
Zlad Sas	140,000	-	-	-	140,000
	1,140,000	**-**	**-**	**50,000**	**1,190,000**

Note 18. Remuneration of auditors

	Consolidated 2012 $	Consolidated 2011 $
Remuneration of the auditor of the parent entity for:		
- audit or review of the financial report	32,680	12,700
- taxation service	-	-
Total	**32,680**	**12,700**
Amount received or receivable by related practice of the auditor of the parent entity:		
- preparation of an investigating accountant's report in relation to the initial public offering (capitalised to costs of share issue)	-	4,400
Total	**-**	**4,400**

Note 19. Contingencies

The Company received a writ from Monomotapa Coal Limited for alleged unpaid introduction fees relating to the Kodiak Coal Project. The Directors are of the opinion that the claim is without merit and will be vigorously defended. Accordingly, no liability has been recorded in relation to this matter.

Note 20. 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 E09/1564, E09/1747, E09/1915, E09/1916, EO09/1917, E09/1918, E09/1919, E09/1920, E09/1928, E15/1120,E15/1227 and E15/1228 amount to $547,000. These commitments exclude any commitments on tenements that are yet to be granted.

If Attila Resources US LLC exercises its option to lease coal and enters a coal mining lease, a further payment of USD $750,000 will be payable. The lease agreement is for a 3 year term with options to extend for further 3 year periods with a production royalty payable at the greater of $3/tonne or 8% of gross sales price.

Operating lease commitments

	Consolidated 2012 $	Consolidated 2011 $
Operating lease commitments		
Office premises due within 1 year	39,600	11,000
Office premises due greater than 1 year and less than 5 years	-	-
Total	**39,600**	**11,000**

Note 21. Related party transactions

The Group's main related parties are as follows:

a. Entity exercising control over the Group:

The ultimate parent entity, which exercises control over the Group, is Attila Resources Limited which is incorporated in Australia.

The reporting period of the United States subsidiaries is 31 December 2012 which is the United State's tax financial year end. There is no requirement for the United States subsidiaries to lodge accounts.

b. Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 17: Key Management Personnel (KMP) Disclosure.

c. Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which Key Management Personnel exercise significant influence.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Mr Grant Mooney, is a partner in Mooney & Partners which provided company secretarial services for Attila Resources Limited totalling $30,241 (2011: $20,401) in the financial year ended 30 June 2012.

Mr Zlad Sas is a director of SAS Corporation Pty Ltd which provided geologist services totalling $65,946 (2011: $22,563) in the financial year ended 30 June 2012.

Other loan balances with subsidiaries

The parent entity has lent $10,496,850 to Attila Resources US LLC for the acquisition of Kodiak Mining Company LLC. The loan is interest free, unsecured and non-current.

Note 22. Controlled entities

a. Summary of acquisition

On 25 January 2011, the parent entity incorporated and therefore acquired 100% interest of Attila Resources Coal (Indonesia) Pty Ltd. The acquisition was a result of Attila Resources Limited's strategy to investigate new project opportunities and further exploration and evaluation of mineral projects in Indonesia. The acquisition resulted in Attila Resources Limited obtaining control of Attila Resources Coal (Indonesia) Pty Ltd. The acquisition was a result of Attila Resources Limited's strategy to investigate new project opportunities and further exploration and evaluation of mineral projects in Indonesia. The acquisition resulted in Attila Resources Limited obtaining control of Attila Resources Coal (Indonesia) Pty Ltd.

On 26 June 2012 Attila Resources US Pty Ltd (formerly Attila Resource Coal (Indonesia) Pty Ltd) acquired 100% of the issued share capital of Attila Resources Holding US Ltd. Attila Resources Holdings US Ltd acquired 70% of the issued share capital of Attila Resources US LLC.

Note 22. Controlled entities (continued)

On 26 June 2012 an entity in which the parent entity holds 70% of the issued share capital (Attila Resources US LLC) acquired 100% of the issued capital of Kodiak Mining Company LLC, a coal mining company which has projects in Shelby County, Alabama, USA.

The acquisition was a result of Attila Resources Limited's strategy to investigate new project opportunities and further exploration and evaluation of mineral projects in Alabama USA. The acquisition resulted in Attila Resources Limited obtaining control of Attila Resources US LLC.

Details of the purchase consideration and the net assets acquired are as follows:

	2012 $
Purchase consideration paid by Attila Resources US LLC	
Cash paid	10,310,529
Payable	836,485
Total purchase consideration	**11,147,014**

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $
Reclaimation Bond	320,009
Land	228,132
Buildings	114,766
Mining equipment	859,698
Preparation Plant	261,022
Mining lease option	9,686,824
Loan - other entities	(323,383)
Other	(54)
Net assets acquired at fair value	**11,147,014**

For the basis of fair value determination refer to Note 2.

b. Controlled entities

	Country of Incorporation	Percentage Owned (%)	
Subsidiaries of Attila Resources Limited:		**2012**	**2011**
Attila Resources US Pty Ltd (formerly known as Attila Resources Coal (Indonesia) Pty Ltd)	Australia	100	100
Attila Resources Holding US Ltd	United State of America	100*	-
Attila Resources US LLC	United State of America	70*	-
Kodiak Mining Company LLC	United State of America	70*	-

*Indirect Holdings

Expenses of the U.S. subsidiaries are included in the Consolidated Statement of Comprehensive Income of the Group since the acquisition date on 26 June 2012, amounting to AUD$13,416. The loss of the U.S subsidiaries included in Consolidated Statement of Comprehensive Income of the Group since the acquisition date amounted to AUD$13,416.

c. Non-Controlling interest

A 30% interest in Attila Resources US LLC is held by non-controlling interests.

Note 23. Events occurring after balance date

The following matters occurred following the end of the financial year:

- On 16 July 2012, the Company issued 15,000 ordinary shares following the conversion of listed options at $0.20 each raising $3,000.
- On 10 August 2012, the Company issued 142,500 ordinary shares following the conversion of listed options at $0.20 each raising $28,500.
- On 23 August 2012, the Company issued 70,000 ordinary shares following the conversion of listed options at $0.20 each raising $14,000.
- On 21 September 2012, the Company issued 20,000 ordinary shares following the conversion of listed options at $0.20 each raising $4,000.
- The Company received a writ from Monomotapa Coal Limited for alleged unpaid introduction fees relating to the Kodiak Coal Project. The Directors are of the opinion that the claim is without merit and will be vigorously defended. Accordingly, no liability has been recorded in relation to this matter.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the result of these operations, or the state of the affairs of the Group in future financial year.

Note 24. Cash-flow information

a. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2012	**2011**
	$	**$**
Loss after income tax	(1,217,867)	(481,422)
Adjustments for:		
Depreciation and amortisation	700	1,050
Share-based payments	255,000	-
Non-cash tenement acquisition costs	-	100,000
Change in operating assets and liabilities:		
Increase in trade and other receivables	(33,606)	(4,499)
Decreased in prepayments	432	(3,515)
Increased in trade and other payables	(9,270)	26,760
Net cash used in operating activities	**(1,004,611)**	**(361,626)**

b. Acquisition of subsidiary

See Note 22 for details of acquisition of subsidiary.

c. Non cash financing and investing activities

The Group did not have any non cash financing and investing activities during the year ended 30 June 2012.

Note 25. Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

a. Basic earnings per share	**Consolidated**	
	2012	**2011**
	$	**$**
Basic loss per share (cents per share)	5.44	3.03
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	22,301,371	15,902,741
Net loss used in the calculation of basic earnings per share	**(1,213,842)**	**(481,422)**
b. Diluted earnings per share		
Diluted loss per share (cents per share)	0.03	2.62
Weighted average number of dilutive options outstanding	13,865,343	2,438,131
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share	36,166,714	18,340,872
Net loss used in the calculation of diluted earnings per share	**(1,213,842)**	**(481,422)**

Note 26. Share Based Payments

Director Options

On 9 March 2012, 1,500,000 share options were issued to two Directors for ordinary shares at an exercise price of $0.29 and an expiry of 9 March 2015. The options have no voting rights or dividend rights and are not transferrable.

The options granted to Key Management Personnel are as follows:

Grant date	**Number**
9 March 2012	1,500,000

These options vested at grant date. For details on the movements of all Company options issued, please see note 14(b).

The weighted average fair value of the options granted during the year was $255,000 (2011: nil).

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

	Director Options
Exercise price	29 cents
Underlying share price	25 cents
Expected share price volatility	116%
Risk free interest rate	3.63%
Value per option	17 cents
Number of options granted	1,500,000

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender which may not eventuate in the future.

The total option based expense for options issued during the year ended 30 June 2012 was $255,000 (2011: nil).

Note 27. Parent entity

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards.

	Parent entity	
	2012	2011
	$	$
Statement of Financial Position		
ASSETS		
Current assets	4,486,505	2,082,217
Non current assets	10,656,184	4,350
TOTAL ASSETS	**15,142,689**	**2,086,567**
LIABILITIES		
Current liabilities	13,030,901	36,657
TOTAL LIABILITIES	**13,030,901**	**36,657**
NET ASSETS	**2,111,788**	**-**
EQUITY		
Issued capital	3,496,423	2,498,005
Retained earnings	(1,702,300)	(497,849)
Option reserve	317,665	49,754
TOTAL EQUITY	**2,111,788**	**2,049,910**
Statement of Comprehensive Income		
Total loss	(1,204,450)	(481,423)
Total comprehensive loss	**(1,204,450)**	**(481,423)**

Guarantees

There are no guarantees entered into by the parent entity in the financial year ended 30 June 2012 in relation to the debt of a subsidiary.

Contingent liabilities

The Company received a writ from Monomotapa Coal Limited for alleged unpaid introduction fees relating to the Kodiak Coal Project. The Directors are of the opinion that the claim is without merit and will be vigorously defended. Accordingly, no liability has been recorded in relation to this matter.

Contractual commitments

At 30 June 2012, Attila Resources Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2011: nil).

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 12 to 47 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and consolidated group;

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 has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

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

Grant Mooney
Non-Executive Chairman

Dated this 28th day of September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATTILA RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Attila Resources Limited which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Attila Resources Limited on 28 September 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

243 Hay Street, Subiaco, WA 6008
PO Box 1938 Subiaco, WA 6904
Tel: +61 8 9489 2555
Fax: +61 8 9489 2556
Email: info@maximgroup.com.au
www.maximgroup.com.au

Auditor's Opinion

In our opinion:

(a) the financial report of Attila Resources Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the group incurred a consolidated net loss of $1,217,867 and generated consolidated net cash outflows of $1,004,611 from operating activities during the year ended 30 June 2012. There is also a deficiency in consolidated working capital as disclosed in the consolidated statement of financial position. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 9 of the report of the directors for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Attila Resources Limited for the year ended 30 June 2012 complies with s 300A of the *Corporations Act 2001*.

Maxim Audit

MAXIM AUDIT

Chartered Accountants

M A Lester

Perth W.A.

Dated this 28th day of September 2012

ADDITIONAL INFORMATION

Application of Cash and Assets

The Company confirms in relation to Listing Rule 4.10.19 that cash and assets in a form readily convertible to cash held at the time of admission to the Official List of ASX have been applied consistent with its business objectives.

Shareholder Information

The following information is based on share registry information processed up to 27 September 2012.

Distribution of Fully Paid Ordinary Shares and Listed Options

The number of holders, by size of holding, in each class of listed securities is:

Securities Spread of Holders	Ordinary Fully Paid Shares Number of Holders	Listed Options Number of Holders
1 – 1,000	11	10
1,001 – 5,000	59	144
5,001 – 10,000	171	68
10,001 – 100,000	208	89
100,001 and over	36	18
Total	**485**	**329**

There are 10 holders of unmarketable parcels comprising a total of 3,527 ordinary shares.

Twenty Largest Holders (Unmerged)

	Shareholder	Number Held	% of Issued Shares
1	AUSCORP NETWORK PTY LTD	2,705,639	9.93%
2	KINGSLANE Pty Ltd	1,500,000	5.51%
3	COLBERN FIDUCIARY NOM PTY LTD	1,500,000	5.51%
4	KOBIA HLDGS PTY LTD	765,000	2.75%
5	BAHEN THOMAS CLEMENT	750,000	2.75%
6	BLU BONE PTY LTD	750,000	2.75%
7	BAHEN LORRAINE MARY	750,000	2.75%
8	WELCH KAYE	750,000	2.75%
9	THIRD REEF PTY LTD	510,000	1.84%
10	CROSSPICK RES PTY LTD	500,000	1.84%
11	PROFESSIONAL PAYMENT SERVICES	500,000	1.84%
12	MR MICHAEL GROVE AND MRS JANE GROVE	500,000	1.84%
13	MR DAVID OWEN PHIPPS AND MRS PALMA MARY PHIPPS	400,000	1.57%
14	KINGSLANE PTY LTD	250,000	1.56%
15	DTQ CORP PTY LTD	250,000	1.38%
16	MOONEY GRANT JONATHAN	250,000	1.38%
17	MR ROHAN JOHN HARDCASTLE	250,000	1.38%
18	CITICORP NOMINEES PTY LIMITED	250,000	1.15%
19	MCCARTER LUKE ROY	250,000	0.92%
20	CELTIC CAPITAL PTY LTD	250,000	0.92%
Total		**14,245,556**	**52.32%**

Twenty Largest Holders (Unmerged)

	Option Holder	Number Held	% of Issued Options
1	KINGSLANE PTY LTD	2,112,128	19.91%
2	KINGSLANE PTY LTD	750,000	7.07%
3	KOBIA HLDGS PTY LTD	382,500	3.61%
4	BAHEN THOMAS CLEMENT	382,500	3.61%
5	WELCH KAYE	375,000	3.54%
6	BAHEN LORRAINE MARY	375,000	3.54%
7	KONKERA PTY LTD	375,000	3.54%
8	DTQ CORP PTY LTD	250,000	2.36%
9	CROSSPICK RES PTY LTD	250,000	2.36%
10	MOONEY GRANT JONATHAN	250,000	2.36%
11	THIRD REEF PTY LTD	242,000	2.28%
12	MCCARTER LUKE ROY	125,000	1.18%
13	BLACK PEAK HLDGS PTY LTD	125,000	1.18%
14	ABLETT PTY LTD	125,000	1.18%
15	EKCO INV PTY LTD	125,000	1.18%
16	PHANTOM WA PTY LTD	125,000	1.18%
17	SYMORGH INVESTMENTS PTY LTD	121,700	1.15%
18	BAHEN MARK JOHN + M P	112,500	1.06%
19	PHILLIPS STUART LLOYD	100,000	0.94%
20	PRECAMBRIAN PTY LTD	100,000	0.94%
Total		**6,803,328**	**64.17%**

There are 18,427,501 ordinary fully paid shares and 10,752,500 options currently listed and trading on the Australian Securities Exchange. Each option issued entitles the holder to subscribe for one share at an exercise price of $0.20 per share and are exercisable on or before 29 June 2011.

In addition there are 8,820,000 ordinary fully paid shares restricted for 24 months from the date of official quotation on ASX (Until 8 December 2012). 1,500,000 options exercisable at $0.20 on or before 11 March 2014; 1,000,000 options exercisable at $0.20 on or before 1 August 2014 and 1,500,000 unlisted options exercisable at $0.29 on or before 9 March 2015.

Voting Rights - Fully Paid Ordinary Shares

Every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid share.

Holders of Unquoted Securities

Holder	Exercise Price	Expiry Date	No. Options
Grant Jonathan Mooney	$0.20	11 March 2014	1,000,000
Zlad Sas	$0.20	11 March 2014	500,000
DTQ Corp Pty Ltd	$0.20	1 August 2014	1,000,000
Ms Sandra Kay Ryan	$0.29	9 March 2015	1,000,000
Brynmor Hardcastle	$0.29	9 March 2015	500,000
Total			**4,000,000**

Other Information

Schedule of Mining Tenements

Project	Status	Interest
Talisker North		
E09/1564	Granted	100%
E09/1747	Granted	100%
E09/1915	Application	100%
E09/1916	Granted	100%
E09/1917	Application	100%
E09/1918	Granted	100%
E09/1919	Application	100%
E09/1920	Granted	100%
E09/1928	Granted	100%
Cotters Run		
E15/1120	Granted	100%
Lefroy		
E15/1228	Granted	100%
E15/1227	Granted	100%

Company Secretary

Mr Grant Mooney

Registered Office
Suite 23
513 Hay Street
Subiaco WA 6008