

KODIAK COKING COAL PROJECT DRILLING UPDATE

Highlights

- 5 drill rigs currently on site to conduct 12,400m drill program – 7 drill holes completed to date
- Coke and Atkins coal seams intersected in every drill hole with units up to 6 feet in thickness
- Drilling of the current 80-100mt Exploration Target* to progressing to a maiden JORC Compliant Resource
- Atkins coal seam analytical results indicate low ash, superior fluidity hard coking coal
- Logistical studies for export markets underway with appointment of local logistics consultant

Kodiak Coking Coal Project, USA (AYA 70%)

Attila Resources Limited (ASX: AYA, AYAO) is pleased provide the following update on its current drilling program at its 70% owned Kodiak Coking Coal Project in Shelby County Alabama USA (Figure 1).

A second drilling contractor has been engaged on the 12,400m diamond core drill program allowing 5 drill rigs to run dual shifts on site (Figure 2). To date, 7 drill holes including wedging on all holes have been completed as part of the program designed to convert the 80-100mt Exploration Target* into a JORC compliant resource and to obtain geotechnical and rock mechanic data for the mains development process (see ASX: 27 July 2012).

The Coke and Atkins coal sequences have been intersected in all drill holes with coal units being up to 6 feet in thickness with coal seams up to 5 feet in thickness. The coal units intersected to date are in line with the historically drilled coal bed methane wells on the Kodiak project area.

Attila has received its first coal quality analysis from the Atkins coal seam. The results from the first sample for the seam are as follows:

<u>Coal Bed</u>	<u>1.5 SG</u> <u>Float</u> (%)	<u>Ash</u> (%)	<u>Sulfur</u> (%)	<u>Dry Basis</u>			<u>FSI</u>	<u>Fluidity</u> (DDPM)	<u>Estimated</u> <u>CSR</u>
				<u>Volatile</u> <u>Matter</u> (%)	<u>Fixed</u> <u>Carbon</u> (%)	<u>Heat</u> <u>Content</u> (kcal/kg)			
Atkins	54.89	5.06	0.71	35.05	59.89	8182	9.0	+10,000	52

**This exploration target is not a Mineral Resource. The potential quality and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.*

The Company is extremely encouraged by the assay results with the results received to date representing a low ash, superior fluidity hard coking of premium quality (Figure 3). Further coal quality analysis will be released to market when available.

Logistics and Infrastructure Update

The Company has completed an initial logistics review which has identified numerous options to be considered as possible routes to export. As a result, discussions have now commenced with a number of rail owners and barging options are being explored on the Black Warrior and Tombigbee River systems that run from Birmingham to the Port of Mobile (approximately 350km away) (Figure 4). The Port of New Orleans has been identified as an additional possible export port.

Attila has engaged the services of a local consultant introduced to the Company by its joint venture partner, TBL Metallurgical Resources LLC, to assist in progressing and securing access and port capacity for its coal export strategy.

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Competent Person Statement

The information in this report that relates to exploration results is based on information compiled by Mr. Leigh Ryan, a director of the Company, who is a member of the Australian Institute of Geoscientists. Mr. Ryan has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Ryan consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Further information on the Exploration Target

This exploration target is based primarily on information gained during exploration drilling for coalbed methane beginning in the late 1980's and continuing on an intermittent basis to the present. Although none of these programs were intended to define exploration targets and to quantify Mineral (Coal) Resources and Reserves related to the mining of coal, the geophysical logs of these holes provide a wealth of information in this regard. Approximately 90 such wells have been drilled on or proximate to the property to be leased, with the geophysical logs from all wells having been reviewed and coal beds correlated by Stagg Resource Consultants, Inc. ("STAGG"). Additionally, information regarding the thickness and general bed composition of the Atkins and Coke coal beds has been extracted and used by STAGG to conduct geologic modeling in order to quantify tonnage in the two beds. The information gathered in this fashion has been supplemented with the results of ten diamond core drill holes at various locations on the property. Accordingly, the exploration target has been well defined, with the lateral continuity and geometry of the Atkins and Coke coal beds being well established. Because no quality data can be derived from the geophysical logging and because visual observations of the target coal beds and the strata lying above and below cannot be made, the tonnage estimated does not qualify as a Mineral (Coal) Resource.

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Figure 1. Kodiak Coking Coal Project location map and associated infrastructure



Figure 2. Diamond drill rig drilling at Kodiak Coking Coal Project, Alabama, USA



Figure 3. Sample of coking coal taken from core drilling on Coke Coal seam.



Figure 4. Example of the barging facilities at McDuffy Island, Port of Mobile, Alabama