ATTILA RESOURCES LIMITED

AND CONTROLLED ENTITIES

ABN 53 142 165 080

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 June 2013

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CORPORATE DIRECTORY

Directors
Mr Max Brunsdon (Executive Director)
Mr Evan Cranston (Executive Director)
Mr Shaun Day (Non Executive Director)
Mr Bryn Hardcastle (Non Executive Director)
Mr Alan Thom (Non Executive Director)

Company Secretary
Ms Oonagh Malone

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

Country of Incorporation and Domicile
Australia

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Subiaco WA 6008

Share Registry
Security Transfer Registrars Pty Ltd
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Telephone: +61 8 9315 2333
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Solicitors
Bellanhouse Legal
Level 1, 6 Richardson Street
West Perth WA 6005

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 2013.

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.

Max Brunsdon	Executive Director (appointed 10 October 2012)
Evan Cranston	Executive Director (appointed 10 October 2012)
Shaun Day	Non Executive Director (appointed 21 January 2013)
Bryn Hardcastle	Non Executive Director
Grant Mooney	Non Executive Chairman (resigned 10 October 2012)
Leigh Ryan	Non Executive Director (resigned 21 January 2013)
Zlad Sas	Non Executive Director (resigned 10 October 2012)
Alan Thom	Non Executive Director (appointed 30 October 2012)

Information on Directors

Max Brunsdon, Executive Director

Max Brunsdon is Executive Director – Marketing for Attila Resources Ltd. He has over 30 years' experience in the coal industry having worked for BHP and Bathurst Resources Limited. Mr Brunsdon's particular areas of expertise are in the fields of sales, marketing and logistics.

Other current listed directorships

Nil

Former listed directorships in last 3 years

Nil

Evan Cranston, Executive Director

Evan Cranston is a corporate lawyer with a broad experience in the areas of capital raising, IPOs, joint ventures, mergers and acquisitions, corporate governance and liaison with market analysts and potential investors. He holds both a Bachelor of Commerce and Bachelor of Laws.

Other current listed directorships

- Boss Resources Ltd (from 2 May 2012)
- Carbine Resources Ltd (from 23 March 2010)
- Cradle Resources Ltd (from 28 June 2011)

Former listed directorships in last 3 years

- Ampella Mining Ltd (1 April 2009 – 2 April 2012)

Shaun Day, Non Executive Director

Shaun Day has over 15 years of professional experience in a range of multinational business and investment banking roles with particular focus on the mining sector. He has performed Chief Financial Officer and Treasury positions in ASX and SGX listed mining and telecommunications infrastructure companies, with in-depth exposure to a number of debt and equity market transactions and was formerly a director of TSX-V listed Goldminco Corporation.

Mr Day is Chairman of the Audit Committee and a member of the Remuneration Committee.

Other current listed directorships

Nil

Former listed directorships in last 3 years

Nil

Bryn Hardcastle, Non Executive Director

Bryn Hardcastle is a partner of Perth-based law firm, Bellanhouse Legal, 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 and is a former partner of Perth boutique law firm, Hardy Bowen Lawyers.

Mr Hardcastle is Chairman of the Remuneration Committee and a member of the Audit Committee.

Other current listed directorships

Nil

Former listed directorships in last 3 years

Nil

Alan Thom, Non Executive Director

Alan Thom is a mining engineer with extensive experience as a senior manager and executive director working in the UK, Africa, New Zealand, Bangladesh and Australia with a range of commodities including all types of coal. He has managed all aspects of resource projects from exploration to feasibility studies through to development and full operation.

Mr Thom is a member of the Audit and Remuneration Committees.

Other current listed directorships

- Blackham Resources Ltd (from 5 August 2008)

Former listed directorships in last 3 years

Nil

Company Secretary

Oonagh Malone was appointed as Company Secretary on 10 October 2012 following the resignation of Mr Grant Mooney. Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 5 years experience in administrative support roles for listed exploration companies and is a member of the Chartered Secretaries of Australia.

Directors' Meetings

During the financial year ended 30 June 2013, there were 6 meetings of the Board of Directors, 1 meeting of the Audit Committee and 3 meetings of the Remuneration Committee. Attendances by each Director during the period were as follows:

	Board of Directors		Audit Committee		Remuneration Committee	
Director	**Number Attended**	**Number Eligible to Attend**	**Number Attended**	**Number Eligible to Attend***	**Number Attended**	**Number Eligible to Attend***
Max Brunsdon	5	5	1	N/A	1	N/A
Evan Cranston	5	5	1	N/A	2	N/A
Shaun Day	4	4	1	1	2	3
Bryn Hardcastle	6	6	1	1	3	3
Grant Mooney	1	1	0	0	0	0
Leigh Ryan	2	2	0	0	0	0
Zlad Sas	1	1	0	0	0	0
Alan Thom	5	5	1	1	3	3

*The Audit and Remuneration Committees are comprised of the Non-Executive Directors. Executive Directors may attend by invitation.

The Directors made and approved 10 circular resolutions during the financial period ended 30 June 2013.

Principal Activities

The principal activities of the Group are the review and development of mineral exploration projects. There were no significant changes in the nature of these activities during the year ended 30 June 2013.

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 $13,597,727 (2012: Loss $1,215,149) after providing for income tax.

Review of Operations

Kodiak Coking Coal Project (Attila 70%)

During the period the Group focused on the exploration and development of the Kodiak Coking Coal Project located in the Cahaba Basin, Alabama USA. Since its acquisition by the Group in June 2012, the Kodiak Project has been increased with the acquisition of the Seymour Property in December 2012 and in September 2013, the Group entered into a lease agreement and an option agreement to acquire additional coal leases within the Gurnee Property.

The Group was pleased to announce the results of a pre-feasibility study on the Gurnee Property in August 2013 that was based on exploration work that initially defined a maiden Inferred JORC resource in October 2012 subsequently upgraded to the Measured and Indicated categories in March 2013 and then to a 48.2Mt Resource in the Proven and Probable categories.

Talisker North Coal Project (Attila 100%)

In October 2012, the Group announced that its 21 hole drill program at the Talisker North Coal Project had intersected the Verona coal seam in 13 holes with intercepts ranging between 3.5m and 4.3m in thickness at depths of between 47m to 91m over an area of approximately 50 hectares. No further exploration work has been conducted on the Project.

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 2013:

- During the period, the Company issued 736,774 ordinary shares following the conversion of listed options at $0.20 raising $147,354.80.
- Pursuant to shareholder approval at a meeting held on 9 October 2012, 4,000,000 unlisted options were issued on 9 October 2012 at an issue price of $0.001 each with an exercise price of $0.50 each which expire on 28 June 2015 raising $4,000.
- Pursuant to shareholder approval at a meeting held on 9 October 2012, 10,000,000 ordinary shares were issued to facilitators on 9 October 2012 at an issue price of $0.001 each raising $10,000.
- Pursuant to shareholder approval at a meeting held on 9 October 2012, 5,000,000 ordinary shares were issued to convertible noteholders on 18 October 2012 at an issue price of $0.20 each raising $1 million.
- On 9 November 2012, the Company issued 250,000 unlisted options under the Employee Share Option Plan with an exercise price of $1.25 and an expiry date of 9 November 2015.
- Pursuant to shareholder approval at a meeting held on 30 November 2012, the Company issued 5,500,000 unlisted options to Directors exercisable at $1.36 each on or before 30 November 2015.
- On 19 December 2012, the Company issued 6,875,000 ordinary shares at an issue price of $0.80 each to raise $5.5 million as Tranche 1 of a capital raising.
- On 20 December 2012, the Company announced the completion of the acquisition of the Seymour Property at its 70% owned Kodiak Coking Coal Project, Alabama, USA.

- On 20 December 2012, 8,820,000 ordinary shares were released from escrow.
- On 1 February 2013, the Company issued 1,250,000 ordinary shares at an issue price of $0.80 each to raise $1 million as Tranche 2 of a capital raising.
- On 28 March 2013, the Company issued 1,500,000 unlisted options to Directors exercisable at $1.02 and expiring on 28 March 2016 and 1,000,000 unlisted options to Directors exercisable at $1.14 vesting after 12 months and expiring on 28 March 2016.
- On 25 June 2013, the Company issued 500,000 shares following the conversion of one convertible note.
- On 28 June 2013, the Company issued 4,640,831 shares as payment of interest on convertible notes.
- The Company issued the final five convertible notes raising $1.25 million on 30 October 2012 (2 notes), 19 December 2012 (2 notes) and 18 January 2013 (1 note). 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 with no conversion for the first 6 months.
- The Company received a statement of claim filed at the Circuit Court of Shelby County, Alabama, USA relating to an alleged unfair dismissal claim by Mr Don Brown. The Company intends to defend this matter.

Matters Subsequent to the End of the Financial Year

Other than the following, the Directors are not aware of any other significant events since the end of the reporting period:

- On 4 July 2013, 1,000,000 fully paid ordinary shares were issued to Monomotapa Coal Limited at a deemed value of $440,000 in settlement (without admission) of a legal dispute.
- On 23 September 2013, the Company announced it had entered into a lease agreement and an option agreement to acquire additional leases within the Gurnee Property at the Kodiak Coking Coal Project.
- The Company relinquished the following Australian tenements – E15/1120, E15/1227 and E15/1228.

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 the following options over ordinary shares on issue:

Type of Options	Number of Options	Exercise Price	Expiry Date
Unlisted Director Options	1,500,000	$0.20	11 March 2014
Unlisted Director Options	1,000,000	$0.20	1 August 2014
Unlisted Director Options	1,500,000	$0.29	9 March 2015
Unlisted Options	4,000,000	$0.50	28 June 2015
Unlisted Employee Options	250,000	$1.25	9 November 2015
Unlisted Director Options	5,500,000	$1.36	30 November 2015
Unlisted Director Options	1,500,000	$1.02	28 March 2016
Unlisted Director Options vesting on 28 March 2014	1,000,000	$1.14	28 March 2016
Listed Options	10,263,226	$0.20	29 June 2014

At the date of this report, the total unissued ordinary shares of Attila Resources Limited under option are 26,513,226.

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
Max Brunsdon*	-	3,805,639	-	4,000,000
Evan Cranston**	-	-	-	5,000,000
Shaun Day***	-	37,129	-	1,500,000
Bryn Hardcastle****	60,000	-	30,000	500,000
Alan Thom	-	-	1,500,000	-
Total	**60,000**	**3,842,768**	**1,530,000**	**11,000,000**

* Indirect shares and options held by Max Brunsdon are held in the name of Auscorp Network Pty Ltd
** Indirect options held by Evan Cranston are held in the name of Konkera Pty Ltd
*** Indirect shares and options held by Shaun Day are held in the name of Helen Wilcox
**** Indirect options held by Bryn Hardcastle are held in the name of BPH Family Account

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 compensation arrangements for the Directors following recommendations made by the Remuneration Committee. 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

2013	Short-Term Benefits Cash salary and fees	Post Employment Benefits Superannuation	Options as Share-Based Payment	Total	Remuneration consisting of options
	$	$	$	$	%
Non-Executive Directors:					
Shaun Day	16,376	1,474	249,304	267,154	93%
Bryn Hardcastle	36,350	-	-	36,350	-
Grant Mooney	8,306	748	-	9,054	-
Leigh Ryan	17,500	1,575	-	19,075	-
Alan Thom	27,000	-	311,104	338,104	92%
Zlad Sas	8,306	748	-	9,054	-
Subtotal Non-Executive Directors	113,838	4,545	560,408	678,791	83%
Executive Directors:					
Max Brunsdon	260,323	-	-	260,323	-
Evan Cranston	217,742*	-	1,729,005	1,946,747	89%
Subtotal Executive Directors	478,065	-	1,729,005	2,207,070	78%
Company Secretary:					
Oonagh Malone	25,710	-	95,419	121,129	79%
Total	**617,613**	**4,545**	**2,384,832**	**3,006,990**	**79%**

* This figure includes an amount of $185,802 that has been accrued but not paid with respect to director fees for Evan Cranston which may or may not be paid.

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

Consulting fees paid to Director related entities are set out in Note 23 and have not been included in the above tables.

Compensation Options

There were a total of 8,250,000 (2012:1,500,000) compensation options issued to Directors and a Company Secretary during the year.

Financial Year	Number of Options	Grant date	Vesting Date	Expiry date	Exercise price	Value per option at grant date	Amount paid / payable by recipient
2013	5,500,000	30 Nov 2012	30 Nov 2012	30 Nov 2015	$1.36	$0.3458	$0.00
2013	250,000	9 Nov 2012	9 Nov 2012	9 Nov 2015	$1.25	$0.3817	$0.00
2013	1,500,000	28 March 2013	28 March 2013	28 March 2016	$1.02	$0.2222	$0.00
2013	1,000,000	28 March 2013	28 March 2014	28 March 2016	$1.14	$0.2061	$0.00
2012	1,500,000	9 March 2012	9 March 2012	9 March 2015	$0.29	$0.1700	$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.

2013	**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						
Shaun Day	1,500,000	325,249	1,000,000	67%	-	-
Bryn Hardcastle	-	-	-	-	-	-
Leigh Ryan	-	-	-	-	-	-
Grant Mooney	-	-	-	-	-	-
Zlad Sas	-	-	-	-	-	-
Alan Thom	1,500,000	387,050	1,000,000	67%	-	-
Executive Directors						
Max Brunsdon	-	-	-	-	-	-
Evan Cranston	5,000,000	1,729,005	5,000,000	100%	-	-
Company Secretary						
Oonagh Malone	250,000	95,419	250,000	100%	-	-
Total	**8,250,000**	**2,536,723**	**7,250,000**	**87.9%**	**-**	**-**

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%**	**-**	**-**

* 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 dollar value of the percentage vested or paid during the year has been reflected in the table of Compensation for Key Management Personnel.

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

A summary of the service agreements entered into with Executive Directors is set out below:

Executive Director	**Term of Agreement**	**Base salary per annum including superannuation* (Non-performance based)**	**Termination Conditions**	**Proportion of elements of remuneration related to performance**
Max Brunsdon	2 year term	$360,000	3 month notice period	-
Evan Cranston	No specified term	$300,000	3 month notice period	-

* Base salaries quoted is the position as at 30 June 2013; they are reviewed annually.

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.

Non-Executive Director	**Term of Agreement**	**Base salary per annum including superannuation* (Non-performance based)**	**Termination Conditions**	**Proportion of elements of remuneration related to performance**
Shaun Day	No specified term	$40,000	No notice required to terminate	-
Bryn Hardcastle	No specified term	$40,000	No notice require to terminate	-
Alan Thom	No specified term	$40,000	No notice required to terminate	-

* Base salaries quoted is the position as at 30 June 2013; they are reviewed annually.

Indemnifying Officers or Auditor

The Company has paid premiums to insure all Directors and Officers 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 2013, 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

There were no non-audit services were provided by a related practice of the Group's auditor during the year ended 30 June 2013.

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 2013 has been received and can be found on page 12.

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

Evan Cranston
Executive Director

Signed at Perth this 26 day of September 2013

MAXIM
Hall Chadwick
Chartered Accountants & Business Advisers

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 2013 there has been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Maxim Audit

MAXIM AUDIT
Chartered Accountants

M A Lester

Perth, WA

Dated this 26th day of September 2013

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	2012 $
Revenue	4	**71,656**	**76,712**
Depreciation and amortisation expense	11	(10,032)	(700)
Exploration and evaluation expenditure	5	(7,945,100)	(286,282)
Employee benefits – share based payments	4	(2,384,832)	(255,000)
Employee benefits – other	4	(596,447)	(118,474)
Professional expenses	4	(752,405)	(99,795)
Foreign exchange loss		(120,067)	-
Finance costs		(1,712,337)	-
Other expenses	4	(839,329)	(534,328)
Loss before income tax expense		**(14,288,893)**	**(1,217,867)**
Income tax expense	6	**-**	**-**
Loss for the year		**(14,288,893)**	**(1,217,867)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign controlled entities, net of tax		691,166	2,718
Other comprehensive income for the year		691,166	2,718
Total comprehensive loss for the year		**(13,597,727)**	**(1,215,149)**
Loss for the year attributable to:			
Members of the parent entity		(14,288,893)	(1,217,867)
		(14,288,893)	**(1,217,867)**
Total comprehensive loss for the year attributable to:			
Members of the parent entity		(13,597,727)	(1,215,149)
		(13,597,727)	**(1,215,149)**
Earnings per share from continuing operations:		**Cents**	**Cents**
Basic loss per share	27	33.45	5.46
Diluted loss per share	27	33.45	5.46

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Current Assets			
Cash and cash equivalents	7	2,782,895	3,433,071
Trade and other receivables	8	60,259	1,058,420
Other current assets	9	-	3,083
Total Current Assets		**2,843,154**	**4,494,574**
Non Current Assets			
Other financial assets	10	752,684	650,163
Property, plant and equipment	11	11,505,037	10,891,375
Deferred exploration, evaluation and development expenditure	5	1,239,892	1,049,685
Intangible assets	12	3,395	3,395
Total Non Current Assets		**13,501,008**	**12,594,618**
TOTAL ASSETS		**16,344,162**	**17,089,192**
Current Liabilities			
Trade and other payables	13	1,205,257	1,337,939
Borrowings	14	13,642,588	13,000,000
Total Current Liabilities		**14,847,845**	**14,337,939**
Non Current Liabilities			
Provisions	15	690,046	650,163
Total Non Current Liabilities		**690,046**	**650,163**
TOTAL LIABILITIES		**15,537,891**	**14,988,102**
NET ASSETS		**806,271**	**2,101,090**
Equity			
Issued capital	16	13,465,499	3,551,423
Reserves	17	3,345,381	265,383
Accumulated losses		(16,004,609)	(1,715,716)
TOTAL EQUITY		**806,271**	**2,101,090**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-ENDED 30 JUNE 2013

2012	Ordinary shares $	Accumulated Losses $	Option Reserve $	Foreign Currency Translation Reserve $	Listed Options $	Total $
Consolidated						
Balance at 1 July 2011	**2,498,005**	**(497,849)**	**7,665**	**-**	**42,089**	**2,049,910**
Comprehensive Income						
Loss for the year	-	(1,217,867)	-	-	-	**(1,217,867)**
Other comprehensive income for the year						
Exchange differences on translation of controlled entities	-	-	-	2,718	-	**2,718**
Total comprehensive income for the year	**-**	**(1,217,867)**	**-**	**2,718**	**-**	**(1,215,149)**
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares/options	1,000,000	-	255,000	-	12,911	**1,267,911**
Equity component of convertible notes issued	-	-	-	-	-	**-**
Costs arising from issues	(1,582)	-	-	-	-	**(1,582)**
Balance at 30 June 2012	**3,496,423**	**(1,715,716)**	**262,665**	**2,718**	**55,000**	**2,101,090**

2013	Ordinary shares $	Accumulated Losses $	Option Reserve $	Foreign Currency Translation Reserve $	Listed Options $	Total $
Consolidated						
Balance at 1 July 2012	**3,496,423**	**(1,715,716)**	**262,665**	**2,718**	**55,000**	**2,101,090**
Comprehensive Income						
Loss for the year	-	(14,288,893)	-	-	-	**(14,288,893)**
Other comprehensive income for the year						
Exchange differences on translation of controlled entities	-	-	-	691,166	-	**691,166**
Total comprehensive income for the year	**-**	**(14,288,893)**	**-**	**691,166**	**-**	**(13,597,727)**
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares/options	9,551,114	-	2,388,832	-	-	**11,939,946**
Shares committed to be issued	440,000	-	-	-	-	**440,000**
Equity component of convertible notes issued	425,899	-	-	-	-	**425,899**
Costs arising from issues	(502,937)	-	-	-	-	**(502,937)**
Balance at 30 June 2013	**13,410,499**	**(16,004,609)**	**2,651,497**	**693,884**	**55,000**	**806,271**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR-ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(8,592,085)	(1,413,854)
Interest received		66,955	76,712
Financing charges		(90)	(739)
Net cash (outflow) inflow from operating activities	26	**(8,525,220)**	**(1,337,881)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for subsidiaries, net of cash acquired	24	(593,854)	(10,297,268)
Payments for mining lease options		(812,105)	-
Payments for bonds and investments		(52,285)	-
Payments for property, plant, equipment		(71,376)	-
Net cash (outflow) inflow from investing activities		**(1,529,620)**	**(10,297,268)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		7,175,417	981,419
Proceeds from issue of convertible notes		2,250,000	12,000,000
Proceeds from issue of options		-	12,911
Net cash from financing activities		**9,425,417**	**12,994,330**
Net (decrease) / increase in cash and cash equivalents		(629,423)	1,359,181
Cash and cash equivalents at the beginning of the financial year		3,433,071	2,073,890
Exchange difference on cash and cash equivalents		(20,753)	**-**
Cash and cash equivalents at the end of the financial year	7	**2,782,895**	**3,433,071**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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.

The financial statements for the Group were authorised for issue in accordance with a resolution by the Board of Directors on 26 September 2013.

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 2013, the Group has incurred a loss for the year of $14,288,893 and generated net cash outflows of $8,525,220 from operating activities, as disclosed in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows respectively. It also has a deficiency in working capital of $12,004,691 as at 30 June 2013 as disclosed in the consolidated statement of financial position.

There is a deficiency in consolidated working capital as disclosed in the consolidated statement of financial position; this observed deficiency is due to the potential for convertible note holders to convert their notes to shares within twelve months. Such conversion of convertible notes would not result in any cash outflow unless a default condition occurs.

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 as follows.

The Directors of the Parent entity advise that the Group has sufficient cash reserves to fund up to the next 7 months of operations and exploration from balance date, to continue as a going concern and to pay its debts as and when they fall due. This estimation is based on active management of the current level of discretionary exploration expenditure in lines with the funds available.

The funding of the Group past this point and to continue as a going concern and to pay its debts as and when they fall due is dependent on the following:

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

Should the Group at any time be unable to continue as a going concern, it may be required to realise 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 24 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 profit or loss and other 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 profit or loss and other 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.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. 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.

Note 1: Summary of Significant Accounting Policies (continued)

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 profit or loss is the tax payable on taxable income. 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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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.

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.

Note 1: Summary of Significant Accounting Policies (continued)

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, Plant and equipment

Property, 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 property, 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 property, 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

Land is not depreciated. Buildings and mining plant are only depreciated when in use.

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 recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

g. Intangibles other than goodwill

Trademark, licences, and logo

Trademarks, licences and logos are recognised at cost of acquisition. Trademark, licences and logos 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 profit or loss and other comprehensive income.

Note 1: Summary of Significant Accounting Policies (continued)

Expenditure in relation to the acquisition of a defined resource including an option to enter a mining lease is 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 or loss 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 included in receipts from customers or payments to suppliers.

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 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.

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.

Note 1: Summary of Significant Accounting Policies (continued)

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 2013 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.

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 financial assets and financial liabilities 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.

Classification and Subsequent Measurement

Financial instruments are subsequently valued at fair value amortised cost using the effective interest method, or cost.

Amortised Cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Note 1: Summary of Significant Accounting Policies (continued)

The Effective Interest Method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

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.

The Group does not designate any interest in subsidiaries, associate or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Impairment

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.

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.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Note 1: Summary of Significant Accounting Policies (continued)

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 29 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.

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.

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.

Note 1: Summary of Significant Accounting Policies (continued)

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).

  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.

  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.

Note 1: Summary of Significant Accounting Policies (continued)

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may not have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

  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). The Group currently has no joint operations or joint ventures.

  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's financial statements.

  To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (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 expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

- AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

  This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

  This Standard is not expected to significantly impact the Group's financial report as a whole because:

  - some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and

Note 1: Summary of Significant Accounting Policies (continued)

- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans.

  This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 2012–2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

  This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009–2011 Cycle by the International Accounting Standards Board, including:

  - AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
  - AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
  - AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
  - AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
  - AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

  This Standard is not expected to significantly impact the Group's financial statements.

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 1: Summary of Significant Accounting Policies (continued)

Comparative balances have been restated in relation to the acquisition of Attila Resources US LLC in accordance with AASB 3 and to reflect the revisions to the accounting entries booked as at 30 June 2012. These are disclosed in note 24.

u. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

v. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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)

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 two reportable segments; namely, Australia and the United State of America which are the Group's strategic business units. The Group no longer has operations in Indonesia, but previously reported Indonesia as a reportable segment.

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

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.

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. 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

Comparative information has been restated to conform to the requirements of this Standard.

c. Segment information

	Australia		United States of America		Elimination		Consolidated Group	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue								
Interest Income	71,656	76,712	-	-	-	-	71,656	76,712
Total Revenue	**71,656**	**76,712**	**-**	**-**	**-**	**-**	**71,656**	**76,712**
Segment Result								
Loss after Income Tax	(13,608,425)	(1,204,450)	(7,112,790)	(13,417)	6,432,322	-	(14,288,893)	(1,217,867)
Assets								
Segment Assets	14,795,547	15,142,689	13,478,798	12,619,976	(11,930,183)	(10,673,473)	16,344,162	17,089,192
Liabilities								
Segment Liabilities	(13,989,276)	(13,030,901)	(10,221,900)	(1,957,201)	8,673,285	-	(15,537,891)	(14,988,102)
Other								
Depreciation and amortisation expense	(255)	(700)	(9,777)	-	-	-	(10,032)	(700)
Exploration and evaluation expenditure	(963,644)	(300,596)	(6,981,456)	14,313	-	-	(7,945,100)	(286,283)
Employee benefits – share based payments	(2,384,832)	(255,000)	-	-	-	-	(2,384,832)	(255,000)
Employee benefits – other	(596,447)	(118,474)	-	-	-	-	(596,447)	(118,474)
Professional expenses	(746,795)	(99,795)	(5,610)	-	-	-	(752,405)	(99,795)
Finance costs	(1,712,337)	-	-	-	-	-	(1,712,337)	-
Other expenses	(834,341)	(506,598)	(4,988)	(27,730)	-	-	(839,329)	(534,328)

Note 4. Loss Before Income Tax

	Consolidated	
	2013	2012
	$	$
a. Revenue from continuing operations		
Interest received	71,656	76,712
Total	**71,656**	**76,712**
b. Loss before income tax includes the following specific expenses:		
Employee benefit expenses		
Wages and salaries	591,903	113,735
Share based payments	2,384,832	255,000
Other employment expenses	4,544	4,739
	2,981,279	**373,474**
Other expenses		
Listing fees	58,458	13,568
Share registry expenses	16,383	9,681
Rent expenses	36,000	32,400
Travel expenses	47,783	84,594
Insurance	23,655	14,237
Administration Fees	50,400	50,400
Borrowing professional fees	437,500	277,500
Other administrative expenses	169,150	51,948
	839,329	**534,328**
Exploration and evaluation expenditure		
Drilling	2,281,015	-
Field services	2,237,956	-
Monomotapa Coal Limited settlement (without admission)	440,000	-
Other exploration and evaluation expenditure	2,986,129	286,282
	7,945,100	**286,282**
Professional expenses		
Legal fees	495,839	5,965
Auditor's Remuneration		
- audit or review of financial report	72,306	32,680
Other professional expenses	184,260	61,150
	752,405	**99,795**

Note 5. Deferred exploration and development expenditure

	2013	2012
Opening balance	1,049,685	-
Net expenditure incurred during the year	7,945,100	286,282
Tenement acquisition costs during the year	97,363	-
Expenditure written off	(7,945,100)	(286,282)
Acquisition of mining lease option at fair value on acquisition (note 24)	-	1,049,685
Exchange differences	92,844	-
Total	**1,239,892**	**1,049,685**

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. Tax expense

The components of tax (expense)/income comprise:

	Consolidated	
	2013	2012
	$	$
Current tax	-	-
Deferred tax	-	-
Under/(over) provision in respect of prior years	-	-
	-	**-**

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

	2013	2012
Loss from continuing operations before income tax expense	(14,288,893)	(1,217,867)
Tax at the Australian tax rate of 30% (2012: 30%) and U.S. tax rate of 40% (2012: 40%)	(4,997,947)	(366,702)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments expensed during the year	715,450	76,500
Capital raising expenditure	(76,741)	(67,716)
Interest on convertible notes expensed during the year	513,674	-
Other non-allowable items	175,953	-
Other deductible items	(65,856)	-
Income tax benefits not recognised	3,735,467	357,918
Income tax expense	-	-

c. Unrecognised deferred tax assets – tax losses

	2013	2012
Unused tax losses for which no deferred tax asset has been recognised	11,214,455	1,669,540
Potential tax benefit at the Australian tax rate of 30% (2012: 30%) and U.S. tax rate of 40%	**4,056,763**	**502,204**

The Group has Australian related tax losses for which no deferred tax asset is recognised of $3,917,002 and U.S. related revenue tax losses of $7,077,313 for which no deferred tax asset is recognised.

d. Unrecognised temporary differences

2013	Opening balance $	Charged to Income $	Charged directly to equity $	Closing balance $
Deferred tax liabilities				
Prepayments	925	(925)	-	-
Exchange differences	-	-	65,856	65,856
Deferred tax assets				
Accrued expenses	(7,003)	(41,220)	-	(48,223)
Capital raising costs	(77,689)	(88,350)	(117,040)	(283,079)
Balance not recognised as at 30 June 2013	(83,767)	(130,495)	(51,184)	(265,446)

2012	Opening balance $	Charged to Income $	Charged directly to equity $	Closing balance $
Deferred tax liabilities	1,055	(130)	-	925
Prepayments				
Deferred tax assets				
Accrued expenses	(5,713)	(1,290)	-	(7,003)
Capital raising costs	(14,279)	(62,935)	(475)	(77,689)
Balance not recognised as at 30 June 2012	(18,937)	(64,355)	(475)	(83,767)

Note 6. Income Tax Benefit (continued)

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	
	2013	**2012**
	$	**$**
Cash on hand	540	1
Cash at bank	2,782,355	3,423,070
Cash on deposit	-	10,000
	2,782,895	**3,433,071**

The effective interest rate on cash on deposit was 5.50% (2012: 5.50%).

An amount of $37,530 (2012: $29,008) 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	48,757	38,420
Other current receivable	11,502	-
	60,259	**1,058,420**

Note 9. Other current assets

Prepayments	**-**	**3,083**

Note 10. Other financial assets

Non-current		
Deposits held as security guarantees	752,684	650,163
	752,684	**650,163**

Term deposits held as security guarantees are term deposits held for the benefit of other parties in guarantee of liabilities. They are valued at the face values of the term deposits.

Note 11. Non-current assets – property, plant and equipment

The cost of property, plant and equipment acquired in 2012 represents the fair value of those assets acquired as part of the acquisition of Kodiak Mining Company LLC by a controlled entity. Refer to note 24 for the details of property, plant and equipment acquired as part of the Kodiak Mining Company LLC acquisition.

Note 11. Non-current assets – property, plant and equipment (continued)

	CONSOLIDATED					
	Land $	**Buildings $**	**Mining Plant $**	**Motor Vehicle $**	**Other Plant & Equipment**	**Total $**
At 30 June 2013						
At cost	253,046	123,774	11,067,013	40,196	32,790	11,516,819
Accumulated depreciation	-	-	-	(4,903)	(6,879)	(11,782)
	253,046	123,774	11,067,013	35,293	25,911	11,505,037
Movements in carrying value						
Year ended 30 June 2013						
Balance 1 July 2012	228,132	114,765	10,548,223	-	255	10,891,375
Additions	6,329	-	-	36,774	28,273	71,376
Exchange differences	18,585	9,009	518,790	3,422	2,512	552,318
Depreciation expense for the year	-	-	-	(4,903)	(5,129)	(10,032)
Balance at 30 June 2013	253,046	123,774	11,067,013	35,293	25,911	11,505,037

	CONSOLIDATED					
	Land $	**Buildings $**	**Mining Plant $**	**Motor Vehicle $**	**Other Plant & Equipment**	**Total $**
At 30 June 2012						
At cost	228,132	114,765	10,548,223	-	2,005	10,893,125
Accumulated depreciation	-	-	-	-	(1,750)	(1,750)
	228,132	114,765	10,548,223	-	255	10,891,375
Movements in carrying value						
Year ended 30 June 2012						
Balance 1 July 2011	-	-	-	-	955	955
Additions	-	-	-	-	-	-
Additions acquired through business combination	228,132	114,765	10,548,223	-	-	10,891,120
Depreciation expense for the year	-	-	-	-	(700)	(700)
Balance 30 June 2012	228,132	114,765	10,548,223	-	255	10,891,375

Note 12. Non-current assets – intangible assets

	Consolidated 2013 $	2012 $
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 13. Current liabilities – trade and other payables

	2013 $	2012 $
Unsecured liabilities:		
Trade payables	844,068	3,100
Amounts payable to related parties	200,907	-
Other payables and accrued expenses	160,282	1,334,839
Total	**1,205,257**	**1,337,939**

Note 14. Current liabilities – borrowings

The Convertible Notes (Notes) are presented in the Consolidated Statement of Financial Position as follows:

	2013 $	2012 $
Secured liabilities:		
Face value of Notes issued	14,250,000	13,000,000
Face value of Notes converted to equity	(250,000)	-
Equity component of convertible notes (note 16(d))	(425,899)	-
Accrued interest expense	68,487	-
Carrying value of liability at 30 June	13,642,588	13,000,000

On 27 June 2012, 52 12% Notes, including 15 issued to Kingslane Pty Ltd (“Kingslane”), were issued with a face value of $250,000 each, for a total face value of $13,000,000 including $3,750,000 issued to Kingslane, with convertibility subject to shareholder approval. As these Notes had not gained any conversion features at 30 June 2012, these were treated as secured debt with no equity component at 30 June 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 after a 3 year term unless converted or repaid earlier.

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.

The Notes are classified as current because the noteholders can choose to convert the Notes within 12 months of issue.

On 9 October 2012, shareholders approved the convertibility of 37 Convertible Notes which excluded those issued to Kingslane.

Note 14. Current liabilities – borrowings (continued)

On 30 October 2012, 2 further Convertible Notes were issued to Kingslane with a face value of $250,000 each, with convertibility subject to shareholder approval.

On 30 November 2012, shareholders approved the convertibility of the 17 Convertible Notes issued to Kingslane.

On 19 December 2012, 2 Notes for a total of $500,000 were issued and convertible from the date of 19 December 2012.

On 18 January 2013, one additional Note was issued for $250,000 and convertible from 18 January 2013.

On 25 June 2013, 1 Note was converted to 500,000 ordinary shares.

On 28 June 2013, interest of $1,643,759 was paid on the Notes through the issue of 4,640,831 ordinary shares at a deemed value of $0.3542 per share.

The Notes were revalued at conversion dates based on the effective yield of the coupon rate from original issue of 12.22%. The liability components of the Convertible Note were valued using a market yield of 14% with the decrease in valuation at the dates of gaining conversion features recognised in equity. The market yield has remained at 14% throughout 2013 and at 30 June 2013.

The total amount borrowed using Convertible Notes was $14,250,000 (2012: $13,000,000). Notes amounting to $250,000 were converted to shares during the year.

The total value of the amounts borrowed as at the dates of gaining conversion features at various dates during the year was $14,503,352, with the increase of $503,352 recognised as an interest expense.

The total value of the liability components at the dates of gaining conversion features at various dates during the year was $14,327,454.

The total value of the equity components at the dates of gaining conversion features at various dates during the year was $425,899.

The total value of the liability components at 30 June 2013 was $13,642,588 including an accrued interest expense of $68,487.

Note 15. Provisions

	Consolidated	
	2013	**2012**
	$	**$**
Non-current provision for minesite restoration:		
Balance at 1 July	650,163	-
Addition through business combination	-	650,163
Exchange differences	39,883	-
Balance at 30 June	690,046	650,163

A provision has been recognised for the costs to be incurred for the restoration of the mining site at Kodiak Coking Coal Project, Alabama.

Note 16. Issued capital

	Consolidated 2013 $	Consolidated 2012 $
55,002,606 (2012: 27,000,001) fully paid ordinary shares	12,544,600	3,496,423
Listed share options	55,000	55,000
	12,599,600	3,551,423
1,000,000 (2012: nil) not fully paid ordinary shares to be issued	440,000	-
Other equity securities (note 16(d))	425,899	-
	13,465,499	**3,551,423**

a. Issue of ordinary shares and listed options during the year

	Consolidated 2013 Number of shares	2013 $	2012 Number of shares	2012 $
Opening balance	27,000,001	3,551,423	22,000,001	2,540,094
Shares Issued on 8 June 2012 @ $0.20 per share	-	-	5,000,000	1,000,000
Listed options issued (Note 16(b))	-	-	-	12,911
Conversion of listed options to ordinary shares at $0.20 per listed option	736,774	147,355	-	-
Shares Issued on 15 October 2012 @ $0.001 per share	10,000,000	10,000	-	-
Shares Issued on 18 October 2012 @ $0.20 per share	5,000,000	1,000,000	-	-
Shares Issued on 19 December 2012 @ $0.80 per share	6,875,000	5,500,000	-	-
Shares Issued on 1 February 2013 @ $0.80 per share	1,250,000	1,000,000	-	-
Shares Issued on 25 June 2013 @ $0.50 per share on conversion of convertible note	500,000	250,000	-	-
Shares Issued on 28 June 2013 @ $0.3542 per share	4,640,831	1,643,759	-	-
Costs arising of issue	-	(502,937)	-	(1,582)
	56,002,606	**12,599,600**	**27,000,001**	**3,551,423**

At 30 June 2013 the Group had committed to issue 1,000,000 ordinary shares at a deemed value of $0.44 per share for a total deemed value of $440,000 in settlement (without admission) of the dispute with Monomotapa Coal Limited. These shares were issued on 4 July 2013.

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

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

b. Options over ordinary shares

As at 30 June 2013, there were 16,250,000 (2012: 4,000,000) unlisted options over ordinary shares in the Company. The fair value of unlisted options granted for nil consideration during the year ended 30 June 2013 was $2,384,832 (2012: $255,000). 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.

As at 30 June 2013, there were 10,263,226 (2012: 11,000,000) listed options over ordinary shares in the Company.

Note 16. Issued capital (continued)

Unlisted Options	Expiry date	Number of options	Remaining contractual life	Exercise price $
Options issued 11 March 2010	11 March 2014	1,500,000	0.69	0.20
Options issued 1 August 2010	1 August 2014	1,000,000	1.09	0.20
Options issued 9 March 2012	9 March 2015	1,500,000	1.69	0.29
Options issued 9 October 2012*	28 June 2015	4,000,000	1.99	0.50
Options issued 9 November 2012	9 November 2015	250,000	2.36	1.25
Options issued 30 November 2012	30 November 2015	5,500,000	2.42	1.36
Options issued 28 March 2013	28 March 2016	1,500,000	2.75	1.02
Options issued 28 March 2013**	28 March 2016	1,000,000	2.75	1.14
Listed Options				
Options issued 30 June and 14 July 2011	29 June 2014	10,263,226	1.00	0.20
Average			**1.65**	**0.58**

* These options had an issue price of $0.001 for a total issue price of $4,000.
** These options vest on 28 March 2014

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

Total options on issue by the Company as at 30 June 2013 are 26,513,226 (2012: 15,000,000). The weighted average contractual life is 1.65 years (2012: 2.09 years). The weighted average exercise price is $0.58 (2012: $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.

d. Other equity securities

	2013 $	2012 $
Opening balance	-	-
Value of conversion rights relating to the 12% convertible notes (detailed in Note 14)	425,899	-
Total	**425,899**	**-**

Note 17. Reserves

	Consolidated	
	2013	**2012**
	$	**$**
Options reserve	2,651,497	262,665
Foreign currency translation	693,884	2,718
	3,345,381	**265,383**

Movements

Options reserve		
Opening balance	262,665	7,665
Options (unlisted) issued during the year	2,388,832	255,000
Balance as at 30 June	**2,651,497**	**262,665**

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

Exchange differences on translation of foreign controlled entities		
Opening balance	2,718	-
Foreign currency translation	691,166	2,718
Balance as at 30 June	**693,884**	**2,718**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary

Note 18. Financial instruments

Financial Risk Management

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

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.

Financial Risk Management Policies

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.

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.

Note 18. Financial instruments (continued)

	Consolidated	
	2013	2012
	$	$
Financial Assets		
Cash and cash equivalents	2,782,895	3,433,071
Trade and other receivables	60,259	1,058,420
Other current assets	-	3,083
Non current other financial assets	752,684	650,163
	3,595,838	**5,144,737**
Financial Liabilities		
Trade and other payables	1,205,257	1,337,939
Convertible notes	13,642,588	13,000,000
	14,847,845	**14,337,939**

Other financial assets of $752,684 (2012: $650,163) consist of security deposits of $62,638 (2012: nil) plus an environmental bond denominated in $USD of $690,046 (2012: $650,163).

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 $13,642,588 (2012: $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 $40,000 (2012: $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	
	2013	2013
Non derivative financial liabilities:	**Carrying Amount**	**Under 6 Months**
Trade and other payables	1,205,257	1,205,257
Convertible notes	13,642,588	13,642,588
	14,847,845	**14,847,845**

The conversion and conversion period of the Notes into ordinary shares of the parent entity were approved of the Company's shareholders at a General Meeting 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 18. 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 the security provided to the convertible noteholders whereby each shareholder of Attila US LLC has pledged their interest in that company which owns 100% of Kodiak as security to the noteholders.

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:

2013	**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	2.50	2,708,053	-	74,842	2,782,895
Trade and other receivables	-	-	-	60,259	60,259
Other current assets	-	-	-	-	-
Non current other financial assets	0.33	-	59,000	693,684	752,684
Financial Liabilities					
Trade and other payables	-	-	-	(1,205,257)	(1,205,257)
Convertible Notes	14.00	-	(13,642,588)	-	(13,642,588)
Net Financial Assets		**2,708,053**	**(13,583,588)**	**(376,472)**	**(11,252,007)**

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	3,423,071	10,000	-	3,433,071
Trade and other receivables	-	-	-	1,058,420	1,058,420
Other current assets	-	-	-	3,083	3,083
Financial Liabilities					
Trade and other payables	-	-	-	(1,337,939)	(1,337,939)
Convertible Notes	12.00	-	(13,000,000)	-	(13,000,000)
Net Financial Assets		**3,423,071**	**(12,990,000)**	**(276,436)**	**(9,843,365)**

Note 18. Financial instruments (continued)

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

2013		**-1%**		**+1%**	
	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Cash and cash equivalents	2,782,895	(27,829)	(27,829)	27,829	27,829
Trade and other receivables	60,259	-	-	-	-
Non-current other financial assets	752,684	-	-	-	-
Trade and other payables	(1,205,257)	-	-	-	-
Convertible Notes	(13,642,588)	136,426	136,426	(136,426)	(136,426)
Total increase/(decrease)	**(11,252,007)**	**108,597**	**108,597**	**(108,597)**	**(108,597)**

2012		**-1%**		**+1%**	
	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Cash and cash equivalents	3,433,071	(34,331)	(34,331)	34,331	34,331
Trade and other receivables	1,058,420	-	-	-	-
Other current assets	3,083	-	-	-	-
Trade and other payables	(1,337,939)	-	-	-	-
Convertible Notes	(13,000,000)	130,000	130,000	(130,000)	(130,000)
Total increase/(decrease)	**(9,843,365)**	**95,669**	**95,669**	**(95,669)**	**(95,669)**

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.

2013	**Net Financial Assets/(Liabilities) in AUD**		
	USD	**AUD**	**Total AUD**
Consolidated Group	(124,700)	-	(124,700)

2012	**Net Financial Assets/(Liabilities) in AUD**		
	USD	**AUD**	**Total AUD**
Consolidated Group	(1,277,833)	-	(1,277,833)

Note 18. Financial instruments (continued)

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

AUD $12,470 loss; AUD $12,470 gain (2012: AUD $127,783 loss; AUD $127,783 gain).

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 19. 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 (KMP) for the year ended 30 June 2013.

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

	Short-Term Benefits	**Post Employment Benefits**	**Share-Based Payments**	**Total KMP Compensation**
	$	**$**	**$**	**$**
2013 Total	617,613	4,545	2,384,832	3,006,990
2012 Total	113,734	8,582	255,000	377,316

Note 19. Interests of Key Management Personnel (continued)

Option holdings of Key Management Personnel

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

2013

Key Management Personnel	Balance at beginning of year*	Granted as remuneration during the year	Options exercised during the year	Other changes during the year	Balance at end of year**	Vested during the year	Vested and exercisable
Max Brunsdon	4,000,000	-	-	-	4,000,000	-	4,000,000
Evan Cranston	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000
Shaun Day	-	1,500,000	-	-	1,500,000	1,000,000	1,000,000
Bryn Hardcastle	500,000	-	-	30,000	530,000	-	530,000
Oonagh Malone	-	250,000	-	-	250,000	250,000	250,000
Grant Mooney	1,275,000	-	-	-	1,275,000	-	1,275,000
Leigh Ryan	1,000,000	-	-	-	1,000,000	-	1,000,000
Zlad Sas	570,000	-	-	-	570,000	-	570,000
Alan Thom	-	1,500,000	-	-	1,500,000	1,000,000	1,000,000
	7,345,000	**8,250,000**	**-**	**30,000**	**15,625,000**	**7,250,000**	**14,625,000**

2012

Key Management Personnel	Balance at beginning of year*	Granted as remuneration during the year	Options exercised during the year	Other changes during the year	Balance at end of year**	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**

* or date of appointment if post beginning of the year.
** or date of resignation if before year end.

Shareholdings of Key Management Personnel

The number of shares in Attila Resources Limited held by each KMP of the Group and their related parties during the financial year is as follows:

2013

Key Management Personnel	Balance at beginning of year*	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year**
Max Brunsdon	3,805,639	-	-	-	3,805,639
Evan Cranston	-	-	-	-	-
Shaun Day	37,129	-	-	-	37,129
Bryn Hardcastle	-	-	-	60,000	60,000
Oonagh Malone	11,668	-	-	-	11,668
Grant Mooney	550,000	-	-	-	550,000
Leigh Ryan	-	-	-	-	-
Zlad Sas	140,000	-	-	-	140,000
Alan Thom	-	-	-	-	-
	4,544,436	**-**	**-**	**60,000**	**4,604,436**

* or date of appointment if post beginning of the year.
** or date of resignation if before year end.

Note 19. Interests of Key Management Personnel (continued)

2012

Key Management Personnel	Balance at beginning of year*	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year**
Bryn Hardcastle	-	-	-	-	-
Grant Mooney	550,000	-	-	-	550,000
Zlad Sas	140,000	-	-	-	140,000
	690,000	**-**	**-**	**-**	**690,000**

* or date of appointment if post beginning of the year.
** or date of resignation if before year end.

Other KMP Transactions

There have been no other transactions with KMP or their related parties involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer to Note 23 Related Party Transactions and Balances.

Note 20. Remuneration of auditors

	Consolidated	
	2013	2012
	$	$
Remuneration of the auditors for:		
- Audit or review of the financial report	72,306	32,680
Total	**72,306**	**32,680**

Note 21. Contingent Liabilities and Contingent Assets

The Group has no outstanding contingent assets or contingent liability at 30 June 2013, other than a statement of claim received by the Group during the year filed at the Circuit Court of Shelby County, Alabama relating to an alleged unfair dismissal claim by Mr Don Brown. The claim is for approximately US$1,000,000. The Company intends to defend this matter and the Directors are of the opinion that the claim can be successfully defended. Accordingly, no liability has been recorded in relation to this matter.

Note 22. Commitments

Australian 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.

The minimum annual expenditure commitment for E09/1747 is $66,000.

Milestone Agreements

Attila has entered into formal consultancy agreements with its joint venture partner, TBL Metallurgical Resources, and its key personnel in relation to the Kodiak Coking Coal Project. In addition to the provision of key services to ensure the success of the Kodiak Coking Coal Project, the agreements provide for milestone payments of up to US$1 million each upon the achievement of key milestones linked to the Kodiak Coking Coal Project. The maximum outstanding amount payable for these milestones is US$3 million. The outstanding milestones include the Group releasing a definitive feasibility study, the commencement of mining and washing of coal from the Kodiak Project and also annualised production of 250,000 saleable tonnes of hard coking coal from the Seymour or Gurnee Properties.

Note 22. Commitments (continued)

Gurnee Property

In the prior year, the Group acquired, through its 70% owned subsidiary, Kodiak Mining Company LLC, options over coal leases at the Gurnee Property.

The option agreement to lease the underground mining rights to Atkins and Coke coal beds created the following outstanding commitments:

- Term of the lease: 3 year rolling terms until exhaustion of any discovered coal reserves subject to certain minimum production milestones per 3 year term; and
- Royalty of 8% on net coal sales with a minimum monthly payment of US$30,000 per month commencing in December 2014.

Seymour Property

On 20 December 2012, the Group announced that its 70% owned subsidiary, Kodiak Mining Company LLC, had finalised the formal documentation for the option to acquire additional coal leases at the Seymour Property as originally announced on 3 December 2012.

The key terms of the option agreement to lease the underground mining rights to the Atkins, Coke, Upper Thompson and Big Bone coal seams on an approximately 4,000 acre property from RGGS Land & Minerals Ltd LP are as follows:

- Upfront option fee of US$100,000;
- 2 year option to complete a minimum of US$500,000 worth of exploration in first year;
- Exercise of option at US$300,000;
- Term of the lease: 3 year rolling terms until exhaustion of any discovered coal reserves subject to certain minimum production milestones per 3 year term; and
- Royalty of 8% on net coal sales with an upfront payment of US$25,000 and minimum monthly payment of US$5,000 per month for each coal seam leased.

Other commitments due within 1 year

	Consolidated	
	2013	**2012**
	$	**$**
Operating lease of office premises	21,235	39,600
Administrative services agreement	30,000	-
Executive director’s fees	90,000	-
US Consultants	120,216	-
Total	**261,451**	**39,600**

Note 23. Related party transactions and balances

The Group’s main related entities are key management personnel and Kingslane Pty Ltd (and its associated entities). Key management personnel are any people having authority and responsibility for planning, controlling and directing the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). For further disclosures relating to key management personnel see note 19.

Kingslane Pty Ltd and associated entities (Kingslane) is a substantial shareholder in the Company and held 8,348,778 ordinary shares and 2,862,128 share options in the Company at 30 June 2013. Entities controlled by Kingslane also:

- Held a 10% non-controlling interest in the Kodiak project and Kodiak Mining Company LLC through a non-controlling shareholding in 70% owned Attila Resources US LLC;

Note 23. Related party transactions and balances (continued)

- Held convertible notes (Notes) with initial face values of $4,250,000 convertible into 8,500,000 shares. These were recognised as a liability of $4,141,137 at 30 June 2013 with $224,603 recognised in equity and $20,789 interest accrued on these Notes to 30 June 2013. Interest of $489,452 was paid on these Notes during the year through the issue of 1,381,873 ordinary shares.
- Received $36,000 during the year for office rent. At 30 June 2013, the Group has a creditor balance of $3,300 for rent.
- Received a capital raising fee of $521,154.

Konkera Corporate, a related party of Kingslane, received $50,400 during the year for administrative, bookkeeping and accounting services. The company secretarial fees of $25,710 for Oonagh Malone and Executive director fees of $217,742 for Evan Cranston were also payable to Konkera Corporate. At 30 June 2013, the Group has a creditor balance of $185,802 for Executive director fees to Konkera Corporate for Evan Cranston.

Mr Grant Mooney, is a partner in Mooney & Partners which provided company secretarial services for Attila Resources Limited totalling $8,306 (2012: $30,241) in the financial year ended 30 June 2013.

Mr Zlad Sas is a director of SAS Corporation Pty Ltd which provided geologist services totalling $31,245 (2012: $65,946) in the financial year ended 30 June 2013.

Mr Bryn Hardcastle is a director of DXB Holdings Pty Ltd which provided legal services totalling $30,000 (2012: nil) in the financial year ended 30 June 2013. At 30 June 2013, the Group has a creditor balance of $8,472 for director and consulting fees for Bryn Hardcastle.

Mr Alan Thom is a director of Aston Corporation Pty Ltd which provided mining consulting services totalling $16,725 (2012: nil) in the financial year ended 30 June 2013. At 30 June 2013, the Group had a creditor balance of $3,333 for director fees for Alan Thom.

Prior to Mr Shaun Day's appointment as a director, a party related to Mr Shaun Day acquired a Note. Interest of $13,151 was paid on this Note during the year through the issue of 37,129 ordinary shares. This Note was recognised as a liability of $243,598 at 30 June 2013, with $7,830 recognised in equity and $1,223 interest accrued on this Note to 30 June 2013.

Note 24. Controlled entities

a. Acquisition of Controlled Entities

There have been no business acquisitions or disposals during the year ended 30 June 2013.

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.

As the acquisition took place on 26 June 2012, the initial accounting for the business combination was determined provisionally in the 30 June 2012 Financial Statements. During the 12 month period ended 26 June 2013 further information regarding the fair values of assets acquired and liabilities assumed, including a detailed appraisal of the plant and equipment acquired, has become available, which has resulted in adjustments to the balances as detailed below. In accordance with AASB 3 "Business Combinations" the directors have modified the fair values of assets and liabilities acquired and assumed. These changes have been reflected in changes to comparative balances in these financial statements.

Note 24. Controlled entities (continued)

The revisions to fair value of assets and liabilities recognised as a result of the acquisition and the value of the non-controlling interest are as follows:

	Revised fair value calculated $	Fair Value detailed in 30 June 2012 financial statements $
Purchase consideration paid by Attila Resources US LLC		
Cash paid	10,297,268	10,310,529
Payable	593,854	836,485
Total purchase consideration	**10,891,122**	**11,147,014**

Fair value of assets and liabilities recognised as a result of the acquisition:

	Revised fair value calculated $	Fair Value detailed in 30 June 2012 financial report $
Reclamation Bond	650,163	320,009
Land	228,132	228,132
Buildings	114,766	114,766
Mining equipment and preparation plant	10,548,224	1,120,720
Mining lease option	1,049,685	9,686,824
Loan - other entities	(1,049,685)	(323,383)
Reclamation Liability	(650,163)	-
Other	-	(54)
Net assets acquired at fair value	**10,891,122**	**11,147,014**

Note 24. Controlled entities (continued)

Statement of Financial Position	Provisional amounts recognised per audited accounts as at 30 June 2012 $	Adjustments $	Restated comparatives as at 30 June 2012 $
Current Assets			
Cash and cash equivalents	3,753,080	(320,009)	3,433,071
Trade and other receivables	1,058,420	-	1,058,420
Other current assets	3,083	-	3,083
Total Current Assets	**4,814,583**	**(320,009)**	**4,494,574**
Non Current Assets			
Other financial assets	-	650,163	650,163
Property, plant and equipment	1,463,871	9,427,504	10,891,375
Deferred exploration, evaluation and development expenditure	9,686,824	(8,637,139)	1,049,685
Intangible assets	3,395	-	3,395
Total Non Current Assets	**11,154,090**	**1,440,528**	**12,594,618**
Total Assets	**15,968,673**	**1,120,519**	**17,089,192**
Current Liabilities			
Trade and other payables	867,583	470,356	1,337,939
Borrowings	13,000,000	-	13,000,000
Total Current Liabilities	**13,867,583**	**470,356**	**14,337,939**
Non Current Liabilities			
Provision for reclamation	-	650,163	650,163
Total Non Current Liabilities	**-**	**650,163**	**650,163**
Total Liabilities	**13,867,583**	**1,120,519**	**14,988,102**
Net Assets	**2,101,090**	**-**	**2,101,090**
Equity			
Issued capital	3,551,423	-	3,551,423
Reserves	264,568	815	265,383
Accumulated (losses) / profits	(1,711,691)	(4,025)	(1,715,716)
Parent interest	2,104,300	(3,210)	2,101,090
Non-controlling interest	(3,210)	3,210	-
Total Equity	**2,101,090**	**-**	**2,101,090**

Statement of Changes in Equity	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Listed Options $	Non-controlling Interest $	Total Equity $
Provisional amounts recognised per audited accounts as at 30 June 2012	3,496,423	(1,711,691)	1,903	262,665	55,000	(3,210)	2,101,090
Adjustments	-	(4,025)	815	-	-	3,210	-
Restated comparatives as at 30 June 2012	**3,496,423**	**(1,715,716)**	**2,718**	**262,665**	**55,000**	**-**	**2,101,090**

Note 24. Controlled entities (continued)

Statement of Cashflows	Provisional amounts recognised per audited accounts as at 30 June 2012 $	Adjustments	Restated comparatives as at 30 June 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)	(1,080,584)	(333,270)	(1,413,854)
Interest received	76,712	-	76,712
Financing charges	(739)	-	(739)
Net cash (outflow) inflow from operating activities	**(1,004,611)**	**(333,270)**	**(1,337,881)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for subsidiaries, net of cash acquired	(10,310,529)	13,261	(10,297,268)
Payments for mining lease options	-	-	-
Payments for bonds and investments	-	-	-
Payments for property, plant and equipment	-	-	-
Net cash (outflow) inflow from investing activities	**(10,310,529)**	**13,261**	**(10,297,268)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues	981,419	-	981,419
Proceeds from issue of convertible notes	12,000,000	-	12,000,000
Proceeds from issue of options	12,911	-	12,911
Net cash from financing activities	**12,994,330**	**-**	**12,994,330**
Net increase in cash and cash equivalents	1,679,190	(320,009)	1,359,181
Cash and cash equivalents at the beginning of the financial year	2,073,890	-	2,073,890
Cash and cash equivalents at the end of the financial year	**3,753,080**	**(320,009)**	**3,433,071**

Non-controlling interest at acquisition has been calculated at 30% of the fair value of the net assets of the entity after deducting the convertible note liability which is secured by the members of the entity prorata, in accordance with each Members' Percentage Interest, in which the non-controlling interest is 30% of the issued capital of Attila Resources US LLC. As the secured convertible note liability exceeded the fair value of the net assets of the entity acquired, the non-controlling interest at acquisition has been calculated as having nil value. The non-controlling interest is free carried until a decision to mine is made at which time the parties will be required to contribute their respective share from bankable feasibility stage onwards. This may be done as a forfeit of profits derived.

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

b. Controlled entities

Subsidiaries of Attila Resources Limited:	Country of Incorporation	Percentage Owned (%) 2013	2012
Attila Resources US Pty Ltd	Australia	100	100
Attila Resources Holding US Ltd	United State of America	100*	100*
Attila Resources US LLC	United State of America	70*	70*
Kodiak Mining Company LLC	United State of America	70*	70*

*Indirect Holdings

Note 24. Controlled entities (continued)

c. Non-Controlling interest

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

Note 25. Events occurring after reporting period

Other than the following, the Directors are not aware of any other significant events since the end of the reporting period:

- On 4 July 2013, 1,000,000 fully paid ordinary shares were issued to Monomotapa Coal Limited at a deemed value of $440,000 in settlement (without admission) of a legal dispute.

- On 23 September 2013, the Company announced it had entered into a lease agreement and an option agreement to acquire additional leases within the Gurnee Property at the Kodiak Coking Coal Project.
- The Company relinquished the following Australian tenements – E15/1120, E15/1227 and E15/1228.

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 26. Cash-flow information

a. Reconciliation of cashflow from operations with loss after income tax

	Consolidated	
	2013	**2012**
	$	**$**
Loss after income tax	(14,288,893)	(1,217,867)
Non-cashflows in loss:		
Depreciation and amortisation	10,032	700
Share-based payments	2,384,832	255,000
Interest on convertible notes paid in equity instruments	1,643,759	-
Exploration and evaluation expenditure paid in equity instruments	440,000	-
Changes in assets and liabilities net of effects of purchase of subsidiaries:		
Decrease/ (increase) in trade and other receivables	998,161	(33,606)
Decrease in prepayments	3,083	432
Decrease in trade and other payables	(132,682)	(342,540)
Increase in borrowings due to accrued interest payable	68,487	-
Exchange differences	348,001	-
Net cash used in operating activities	**(8,525,220)**	**(1,337,881)**

b. Acquisition of subsidiaries

See Note 24 for details of acquisition of subsidiaries.

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 2013.

Note 27. Earnings per share

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

Basic / dilutive earnings per share		
Basic loss per share (cents per share)	33.45	5.46
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	42,711,297	22,301,371
Net loss used in the calculation of basic earnings per share	**(14,288,893)**	**(1,217,867)**

Share options are not considered dilutive as the conversion of options will result in a decrease in the net loss per share. The weighted average number of shares has no dilutive effect to the diluted earnings per share.

Due to the group being in a loss position, it is considered counter dilutive and therefore earnings per share are not diluted.

Note 28. Share Based Payments

Options

Options granted to key management personnel are as follows:

Grant Date	9 March 2012	9 November 2012	30 November 2012
Vesting Date	9 March 2012	9 November 2012	30 November 2012
Expiry Date	9 March 2015	9 November 2015	30 November 2015
Exercise price ($)	0.29	1.25	1.36
Underlying share price ($)	0.25	0.97	0.97
Expected share price volatility	116%	84%	82%
Risk free interest rate	3.63%	2.61%	2.62%
Value per option ($)	0.1700	0.3817	0.3458
Number of options granted	1,500,000	250,000	5,500,000
Value of Tranche ($)	255,000	95,419	1,901,905
Amount expensed in 2012 ($)	255,000	-	-
Amount expensed in 2013 ($)	-	95,419	1,901,905

Grant Date	28 March 2013	28 March 2013
Vesting Date	28 March 2013	28 March 2014
Expiry Date	28 March 2016	28 March 2016
Exercise price ($)	1.02	1.14
Underlying share price ($)	0.70	0.70
Expected share price volatility	73%	73%
Risk free interest rate	2.87%	2.87%
Value per option ($)	0.2222	0.2061
Number of options granted	1,500,000	1,000,000
Value of Tranche ($)	333,300	206,099
Amount expensed in 2012 ($)	-	-
Amount expensed in 2013 ($)	333,300	54,208

Valuations of options granted to Key Management Personnel in 2013 and 2012 were performed using a Black – Scholes option pricing model applying the following parameters. 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 options hold no voting or dividend rights. Further details of these options are provided in the Director's Report. During the financial year, 7,250,000 vested (2012: 1,500,000).

The total share based payment expense for options issued during the year ended 30 June 2013 was $2,384,832 (2012: $255,000).

The Company established an Employee Share Option Plan on 6 December 2010 as a long-term incentive to recognise talent and motivate employees and consultant to strive for Group performance. The options are granted at the sole discretion of the Board for no consideration and carry no entitlements to voting rights or dividends of the Group. The Board, in its discretion, determine the strike price of the options and may apply vesting conditions. On resignation from the Group, the optionholder has 30 days to exercise or forfeit the options. On termination without cause, the optionholder has six months to exercise or forfeit the options.

A summary of the movements of options issued as share-based payments is as follows:

	Number	**Weighted Average Exercise Price**
Options outstanding as at 1 July 2011	2,500,000	0.2000
Granted	1,500,000	0.2900
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2012	4,000,000	0.2338
Granted	8,250,000	1.2682
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2013	12,250,000	0.9304
Options exercisable as at 30 June 2013	11,250,000	0.9118
Options exercisable as at 30 June 2012	4,000,000	0.2338

The weighted average remaining contractual life of options outstanding at year end was 2.08 years.

The fair value of options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was $0.3075 (2012: $0.1700)

Shares

The 1,000,000 shares to be issued to Monomotapa Coal Limited as a result of the settlement of a legal dispute (without admission) were valued at the fair value of the equity interests granted determined by reference to market price on the grant date of $0.44 per share. The expense of $440,000 is included under Exploration and Evaluation expenditure in the Statement of Profit or Loss and Other Comprehensive Income (2012: nil).

Note 29. 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.

Statement of Financial Position	Parent entity	
	2013	2012
	$	$
Assets		
Current assets	2,802,969	4,486,505
Non current assets	11,992,578	10,656,184
Total Assets	**14,795,547**	**15,142,689**
Liabilities		
Current liabilities	13,989,276	13,030,901
Total Liabilities	**13,989,276**	**13,030,901**
Net Assets	**806,271**	**2,111,788**
Equity		
Issued capital	13,465,499	3,551,423
Option reserve	2,651,497	262,665
Retained earnings	(15,310,725)	(1,702,300)
Total Equity	**806,271**	**2,111,788**
Statement of Profit or Loss and Comprehensive Income		
Total loss	(13,608,425)	(1,204,450)
Total comprehensive loss	**(13,608,425)**	**(1,204,450)**

Guarantees

There are no guarantees entered into by the parent entity in the financial year ended 30 June 2013 in relation to the debt of a subsidiary.

Contingent Liabilities

The Company has been named as a part of a group that received a statement of claim filed at the Circuit Court of Shelby County, Alabama relating to an alleged unfair dismissal claim by Mr Don Brown. As detailed in note 21, the Company intends to defend this matter.

Contractual commitments

At 30 June 2013, Attila Resources Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2012: nil).

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 13 to 55, 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 2013 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 2013.

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

Evan Cranston
Executive Director

Dated this 26th day of September 2013

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 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 of the financial report that gives a true and fair view 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*, which has been given to the directors of Attila Resources Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

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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 2013 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(a) in the financial report, which indicates that the group incurred a consolidated net loss of $14,288,893 and generated consolidated net cash outflows of $8,525,220 from operating activities during the year ended 30 June 2013 and, as of that date the group's current liabilities exceeded its current assets by $12,004,691. These conditions, along with other matters as set forth in Note 1(a), 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 10 of the directors' report for the year ended 30 June 2013. 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 2013 complies with s 300A of the *Corporations Act 2001*.

Maxim Audit

MAXIM AUDIT
Chartered Accountants

M A Lester
Perth W.A.
Dated this 26th day of September 2013