

ASX / Media Release

**ASX: AYA, AYAO
31 July 2013**

Quarterly Activities Report June 2013

HIGHLIGHTS

Kodiak Coking Coal Project – Gurnee Property

- **Substantial work undertaken on pre-feasibility study which is near completion**
- **Pre-feasibility study based on recently upgraded measured JORC resource of 71.6Mt and indicated JORC resource of 4.8Mt**
- **Final testing indicates extremely low ash, low sulphur, hard coking coal with superior fluidity**
- **Gurnee Resource underpins the potential for a long life hard coking coal operation**
- **Feasibility rock mechanics and gas desorption test work well advanced**

Kodiak Coking Coal Project – Seymour Property

- **Maiden drill program of 2 diamond holes for approximately 1500m of drilling completed**
- **Aim to convert 87-93Mt Exploration Target* into JORC compliant resource following completion of program**
- **Program will assess coal quality, gas desorption testing and geotechnical data for mine planning**

EXPLORATION ACTIVITIES

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

Gurnee Property Prefeasibility Study

On 25 February 2013, the Company announced that Stagg Resource Consultants had been engaged to conduct a scoping study on the Gurnee Property Resource. During the quarter, the Company made the strategic decision to upgrade the level of accuracy from that of a scoping study to a pre-feasibility study. The report is now in the final stages of completion and the results along with maiden reserve estimates will be released to market as soon as it is available.

Head Office

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

www.attilaresources.com

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

Fast Facts

Total Shares on Issue	57m
Convertible Notes (\$0.50)	28m
Listed Options on Issue	10.3m
Market Capitalisation (undiluted at \$0.40)	\$22.8m
Cash at 30 June 2013	\$2.8m

Directors

Mr Max Brunson
Mr Evan Cranston
Mr Shaun Day
Mr Bryn Hardcastle
Mr Alan Thom

Kodiak Coking Coal, Alabama

- 11,700 acre Project area over 2 properties
- 76.4Mt Measured and Indicated Coal Resource at Gurnee
- Fully owned infrastructure on private land
- Fully permitted to commence mining at Gurnee
- Maiden drilling completed on Seymour Property

Talisker North Coal, WA

- New coal discovery
- Under explored coal basin
- Coal intersected in maiden program
- 4m of coal from 50m

The pre-feasibility study will incorporate the results of the Phase 1 drill program and the upgraded resource estimates which were prepared by Attila's independent consultants, Stagg Resource Consultants, Inc. ("**Stagg**") as follows:

Coal Seam	Measured	Indicated	Inferred	Total
Coke	34.0Mt	3.2Mt	2.0Mt	39.2Mt
Atkins	37.6Mt	1.6Mt	-	39.2Mt
TOTAL	71.6Mt	4.8Mt	2.0Mt	78.4Mt

The majority of the resource is now contained in the category of highest confidence under the JORC Code. Only 2.5% of the resource remains in the inferred category.

Gurnee Property Coal Quality

Following the completion of the 24 hole, 13,500m diamond core drill program, Attila announced the following analytical data for the upgraded JORC resource:

Seam	Ash (%)	Sulphur (%)	Volatile Matter (%)	Fixed Carbon (%)	Calorific Value (kcal/kg)	FSI
Coke	2-6	0.4-0.9	32-36	59-63	7,950-8,400	7.5-9
Av	3.95	0.69	34	61.5	8,260	8.5
Atkins	3-5	0.5-0.8	30-35	59-69	7,920-8,375	7.5-9
Av	4.36	0.68	34	62.0	8,210	8.7

Coal reported on a dry basis and washed at 1.5SG

The fluidity of the coal is consistently high across both seams with some areas of the seams recording fluidities in excess of 30,000ddpm. Some areas of the resource nearer to the outcrop report lower fluidities which could be explained by the oxidization of the coal caused in most cases by the ingress of water. Based on the drilling results to date, Attila is confident of shipping a product specification of approximately 20,000ddpm on a pre-shipment basis.

Attila is very encouraged by the consistency of the coal quality across its Gurnee Property. The results indicate that the coal is an extremely high quality hard coking coal which is attracting interest from both the domestic and international market.

Seymour Property Maiden Drill Program

Following the acquisition of the Seymour Property in December 2012, a maiden drill program commenced in February 2013 designed at intersecting the Upper Thompson, Coke and Atkins coal beds. Down hole geophysical logging of the holes have confirmed the thickness of these three beds in the range of 3 to 4 feet, as anticipated from previous drilling. Wedging of the holes was undertaken to obtain additional geotechnical and gas desorption testing data as well as coal quality and petrographic data. In an effort to conserve Attila's cash position in light of current market conditions, the Board made the decision to limit non-core expenditure at this time, resulting in the drill program being reduced from an original 4 hole design to 2 holes. This decision was taken following consultation with Stagg Resource Consultants and on receipt of their advice that given the amount of historical data, the 2 holes would provide sufficient information to calculate an inferred JORC resource on Atkins, Coke and Upper Thompson seams.

The Seymour Property currently has an exploration target of 87-93Mt¹ of coal across 4 seams. Based on the existing database of over 75 historical drill holes, Attila has a high degree of confidence that this exploration target will convert into a JORC compliant resource with the expectation that coal qualities will be similar to that of the coal found approximately 3.5km away on the Gurnee Property.

The Atkins, Coke and Upper Thompson coal seams typically range in thickness between 0.75 metres to 2.1 metres on the Seymour Property, with averages in the range of 1.0 metres to 1.6 metres; these are slightly thicker than the same seams on the Gurnee Property. Based on the historical drilling that is available from the Seymour Property, and from adjacent properties, Stagg has determined that the Seymour Property contains an exploration target across these 3 seams in the combined range of 42 to 48 million tonnes of hard coking coal¹.

Additionally, based on the historical drilling that is available, Stagg has determined that the Seymour Property contains an exploration target in the Big Bone seam of the order of up to 45 million tonnes¹. This seam, which has a slightly higher ash content than the typical ash content of the Gurnee seams (in the order of 6%) is considered to have longer term potential for use as a blend in a hard coking coal product. This seam typically ranges in thickness between 2 and 3 metres. The Big Bone seam has yet to be drilled by the Company and future drill programs will be designed to test the exploration potential of this seam in due course.

Further information on the exploration targets is detail at the end of this announcement.

Kodiak Project – Logistics

The Kodiak Project is ideally located to take advantage of existing rail and port infrastructure that can cater to both the domestic and export markets (Figure 4). With a heavy gauge rail line running through the Kodiak property and a loadout facility on site, there is immediate access to the extensive rail network traversing the United States and from there, 2 nearby major coal handling ports. There is also the possibility of barging coal along the Black Warrior and Tombigbee Rivers which will be investigated as part of a study on the export market potential. Importantly, it is envisaged that there will no major CAPEX requirements necessary for either domestic or export sales.

Discussions were initiated during the quarter with leading rail and port providers operating in Mobile and New Orleans. Site visits to Kodiak have been arranged with key personnel for the current quarter to progress these discussions.

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

No further exploration work was undertaken during the quarter at the Talisker North Thermal Coal Project. Given the current downturn in thermal coal markets, the Company made the strategic decision in July to surrender tenements E09/1916, E09/1918, E09/1920 and E09/1928 and withdrew its applications for exploration licences on tenements E09/1915, E09/1917, E09/1919, E09/1921. This

¹ *This exploration target is not a Mineral Resource. The potential quality and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.*

decision enables the Company to reduce annual rent payments and minimum expenditure commitments thereby preserving cash reserves.

The Company has retained tenements E09/1564 and E09/1747 and is seeking divestment opportunities for these.

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

No significant work was conducted on the tenement, E15/1228, during the quarter and on 6 July 2013, the Company relinquished the tenement in line with its strategy to reduce costs.

Corporate Activities

During the quarter, one convertible note with a face value of \$250,000 was converted to shares at the request of a noteholder. The initial interest payment due following the first anniversary of the convertible notes was made via a placement of shares to noteholders with the shares issued pursuant to the Company's 15% placement capacity.

Further to the statement of claim filed at the Supreme Court relating to an alleged contract with Monomatapa Coal Limited for a fee in respect of the acquisition of the Kodiak Coal Project, the Company agreed to settle the claim (without admission) for an amount of 1 million ordinary shares in Attila. The settlement shares were allotted on 4 July 2013 and are subject to a six month escrow period. The shares were issued pursuant to the Company's 15% placement capacity.

As stated in the December 2012 Quarterly Activities Report, the Company 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. The Company intends to defend this matter.

Cash at bank at quarter end was \$2.8 million.

For further information please contact:

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

Competent Person Statements and Qualifications of Exploration Targets

The information in this report that relates to the JORC Compliant (Coal) Resource for the Kodiak Coking Coal Project in Shelby County, Alabama, USA has been reviewed and is based on information compiled by Mr Alan Stagg, a consultant to the Company through Stagg Resource Consultants Inc. Mr Stagg is a member of SME Registered Member of the Society of Mining, Metallurgy, and Exploration, Inc., registration number 3063550RM, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Stagg consents to the inclusion in the report on the matters on this information in the form and context in which it appears.

Qualification of Exploration Target – Seymour Property

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

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

Qualification of Exploration Target – Talisker North

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

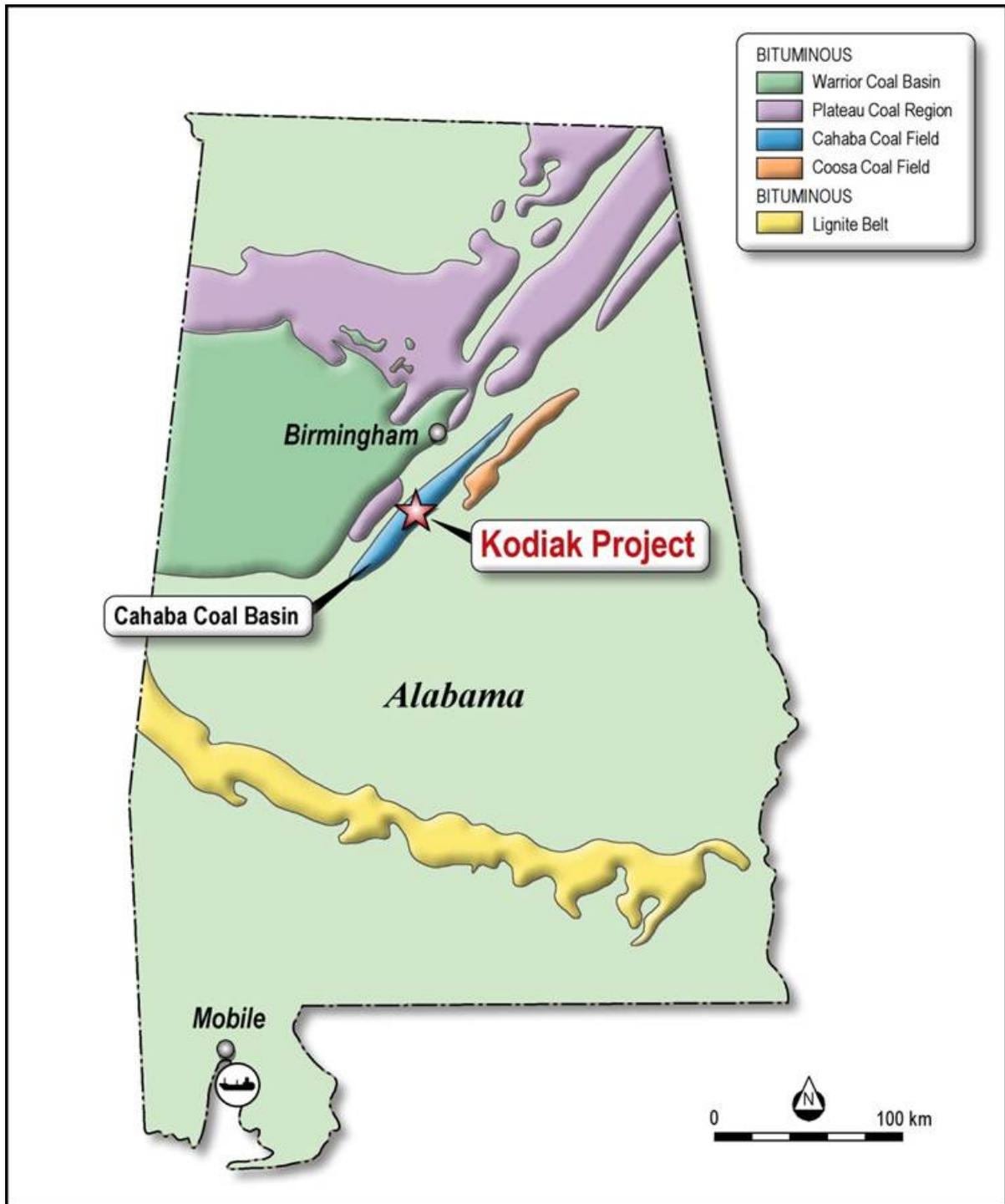


Figure 1. Kodiak Coking Coal Project, Shelby County, Alabama.

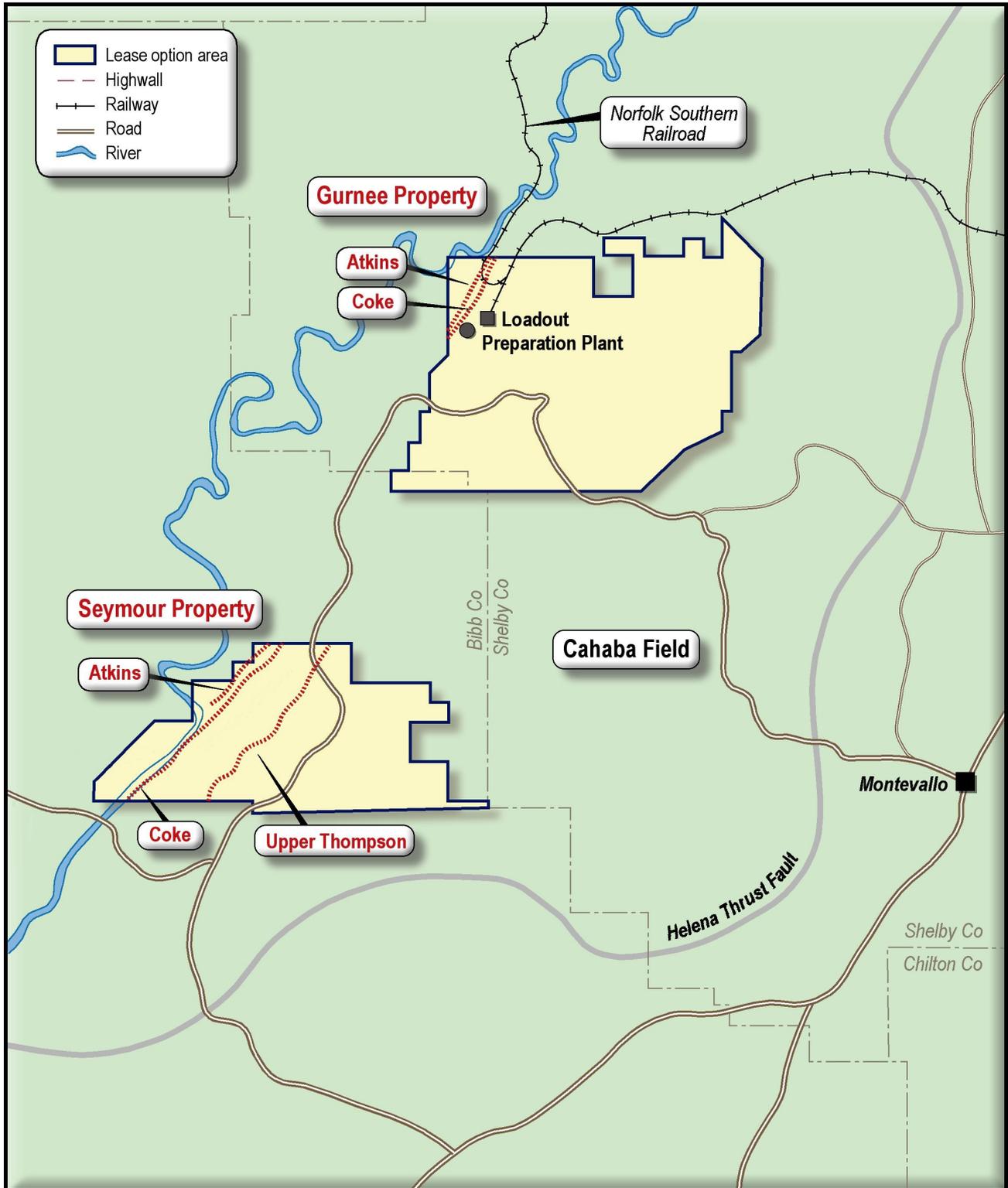


Figure 2. Kodiak Coking Coal Project – Gurnee and Seymour Properties

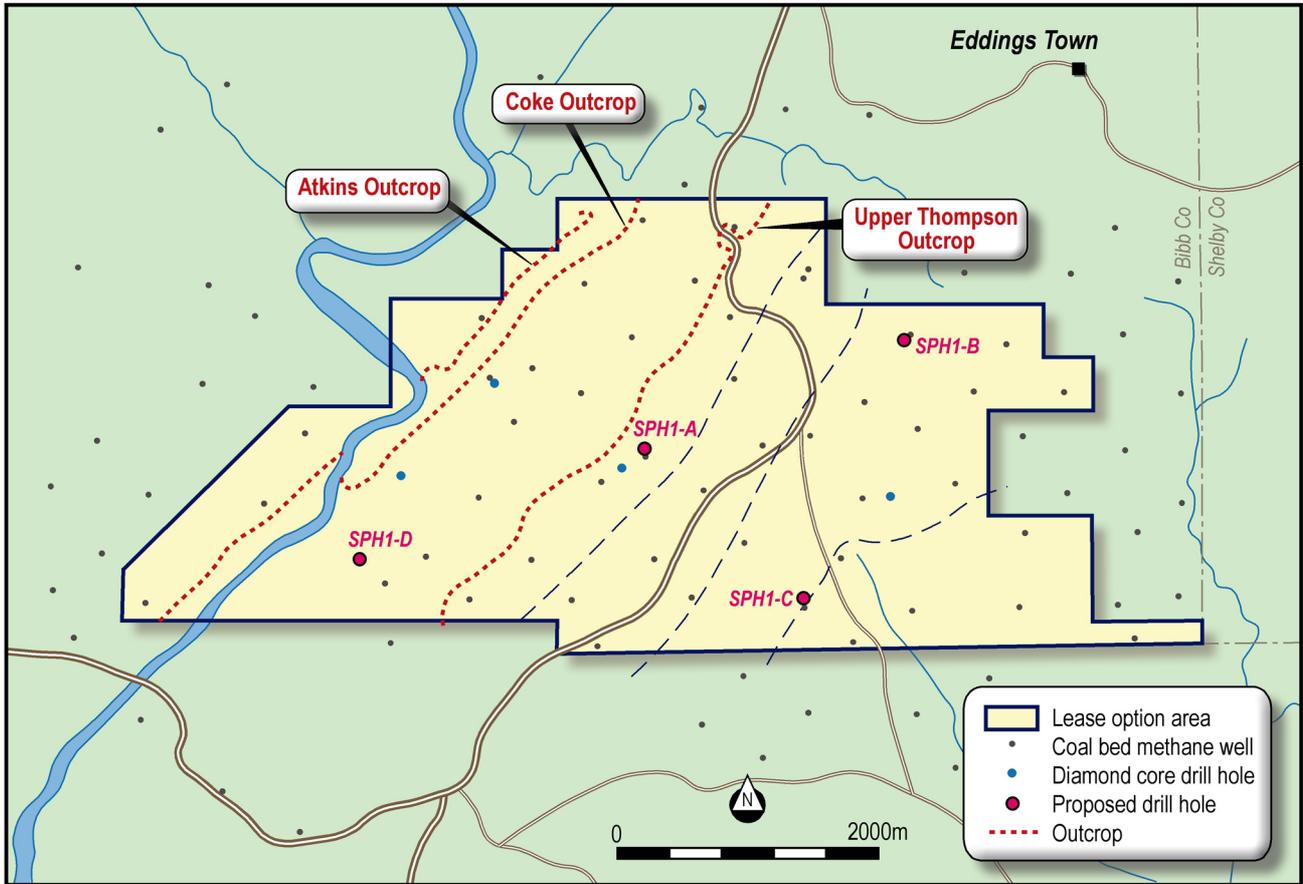


Figure 3. Planned drill holes in Phase 1 Seymour Drill Program.



Figure 4. Extensive rail and river systems traversing Alabama.