

ASX / MEDIA ANNOUNCEMENT

ASX: AYA, AYAO
3 December 2012

ATTILA TO ACQUIRE OPTION OVER ADDITIONAL LEASES IN HARD COKING COAL BASIN FROM RGGS

HIGHLIGHTS

- Low cost option to acquire additional hard coking coal leases on Seymour Property located approximately 3.5 km south of existing Kodiak Coking Coal Project
- Total exploration target of 87-93MT* of coal at Seymour Property highlights the potential to significantly increase the existing 81MT Inferred JORC resource
- Exploration target includes 42-48MT* of hard coking coal from Atkins, Coke and Thompson Seams *
- Excellent hard coking coal quality – low ash and sulphur, high fixed carbon and fluidity
- Exploration target based on approximately 75 historically drilled coal bed methane wells and 9 diamond core holes on 4,000 acre property
- JORC compliant resource drilling to commence upon completion of current drill program at Gurnee Property
- Option to acquire leases on Seymour Property subject to execution of formal documentation
- Attila has secured key management in US and entered into consultancy and milestone agreements linked to Kodiak Coking Coal Project

Attila Resources Limited (ASX: AYA, AYAO) is pleased to announce that its 70% owned subsidiary, Kodiak Mining Company, has agreed terms for an option to acquire additional coal leases at what is known as the Seymour Property, approximately 3.5 kilometres south of its existing Kodiak Coking Coal Project (known as the Gurnee Property) (Figure 1). The Gurnee Property and the Seymour Property together comprise the Kodiak Coking Coal Project. The Gurnee Property hosts an 81 million tonne Inferred JORC Compliant Resource in the Atkins and Coke coal seams, both of which outcrop on the Seymour Property.

**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.*

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Pursuant to the agreed terms, the Company will have the option to secure the mining rights to up to 4 coal seams which are found throughout the Seymour Property. The uppermost of these, the Upper Thompson, underlies the central and eastern portion of the property, with the next lowest, the Coke and Atkins seams, underlying the major portion of the property. The stratigraphically lowest seam, the Big Bone, underlies the entire property. All beds dip to the southeast into the Daily Basin, a sub-unit of the larger Cahaba Basin within which the property lies. All beds with the exception of the Big Bone seam have been surface mined along the majority of their outcrop with the resultant highwalls providing sites for the development of low cost underground mines (Figure 2).

Approximately 75 coal bed methane (CBM) wells and 9 diamond core holes are located on the Seymour Property. Additionally, data exists from historic prospecting and sampling along the seams' outcrops. Although the geophysical logs from the historic CBM wells and the geologic logs of the historic diamond core drill logs provide extremely useful information when assessing the thickness of the individual coal seams, further diamond hole core drilling will have to be undertaken in order to estimate a JORC compliant resource.

The coal appears to be of a high quality as determined from historic drilling and prospecting, with washed coal having a low ash and sulphur content and high fixed carbon content, making it suitable for export metallurgical markets or in blending for domestic markets.

Exploration Target

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 Resource Consultants Inc (Stagg) (Independent Geologic consultants engaged by Attila) has determined that the Seymour Property contains an exploration target in these 3 seams in the combined range of 42 to 48 million tonnes of hard coking coal*.

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 tonnes*. This seam, which has a slightly higher ash content than the typical ash content of the Gurnee seams of about 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. A detailed drilling program will be undertaken to further assess the quality of the coal and define a resource to JORC standards.

Further information on the exploration targets is contained in the box titled "Further information on the Exploration Target" in this announcement.

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Coal Quality

Stagg has determined that the quality of washed coal on a dry basis from the Atkins, Coke and Upper Thompson coal seams is likely to be in the range of 3 to 8 percent ash, 0.3 to 0.9 percent sulphur, 33 to 37 percent volatile matter, 55 to 61 percent fixed carbon and 7,900 to 8,100 kcal/kg heat content. Although there is extremely limited data regarding the Free Swelling Index (FSI) and fluidities of coal from these three seams, it is Stagg's opinion, based on knowledge from surrounding areas, that FSI's in the range of 6 to 9 are likely to be typical, with fluidities likely to be in the range of 15,000 to 30,000 DDPM over much of the property.

The quality of the washed coal from the Big Bone seam is also very good based on the limited data available. Detailed studies of the Big Bone coal quality and washability will be undertaken to establish its market niches.

The following table contains anticipated typical specifications for washed coal (1.5 SG) for the three primary target coal seams, presented on a dry basis:

Seam	Ash (%)	Sulphur (%)	Volatile Matter (%)	Fixed Carbon (%)	Heat Content (kcal/kg)	Free Swelling Index	Fluidity (DDPM)
Atkins	3 – 5	0.3 – 0.6	33 – 36	59 – 61	8,100±	7 – 9	15,000 – 30,000
Coke	4 – 6	0.4 – 0.8	34 – 36	57 – 59	8,100±	6 – 9	15,000 – 30,000
Upper Thompson	6 – 8	0.5 – 0.9	35 – 37	55 – 58	7,900±	7 – 9	15,000 – 30,000

Further drilling and testing will be undertaken to confirm the chemical and petrographic characteristics of the target seams as indicated by the historical results.

Based on the results of two diamond core drill holes from a drilling program conducted on the property in 1983, the following qualities are suggested for coal from the Big Bone seam at yields of 30 percent or less, presented on a dry basis:

Seam	Ash (%)	Sulphur (%)	Volatile Matter (%)	Fixed Carbon (%)	Heat Content (kcal/kg)	Free Swelling Index	Fluidity (DDPM)
Big Bone	10±	0.8±	35±	58±	7,000±	n/a	20,000±

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Acquisition Terms

Attila's 70% owned subsidiary, Kodiak Mining Company LLC, has agreed the key terms to enter into an option agreement to lease the underground mining rights to the Atkins, Coke, Upper Thompson and Big Bone coal seams on an approximate 4,000 acre property from RGGS Land & Minerals Ltd LP, who currently have an agreement with Attila for its Gurnee Property.

The key agreed terms for the option on the Seymour Property 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.

Attila plans to fund acquisition of the option via its existing cash reserves. The above terms are subject to completion and execution of formal documentation. Attila expects to complete this transaction including signing of the formal option agreement when its senior management are in the USA in the immediate term. Attila will update the market accordingly.

Consultancy and Milestone Agreements

As part of the Seymour acquisition, Attila has also 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 amount payable for these milestones is US\$4 million. The milestones include the conversion of resources into measured and indicated categories on either of the Seymour or Gurnee Property, the Company 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.

Attila as also agreed to pay an introduction fee for further coal lease acquisitions in Alabama upon acquisition and delineation and determination of a measured and indicated resource.

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For further information please see www.attilaresources.com or contact:

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Competent Person Statement

The information in this report that relates to exploration results is based on information compiled by Mr Alan Stagg, Attila's independent consulting geologist, who is a Registered Member of the Society for Mining, Metallurgy, and Exploration (SME), a Recognized Overseas Professional Organization as defined in the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Stagg 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 "Australian Code for Reporting of Mineral Resources and Ore Reserves." Mr Stagg consents to the inclusion in the announcement of the matters based on information in the form and context in which it appears.

Further information on the Exploration Target

This exploration target is based primarily on information gained during exploration drilling for 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.

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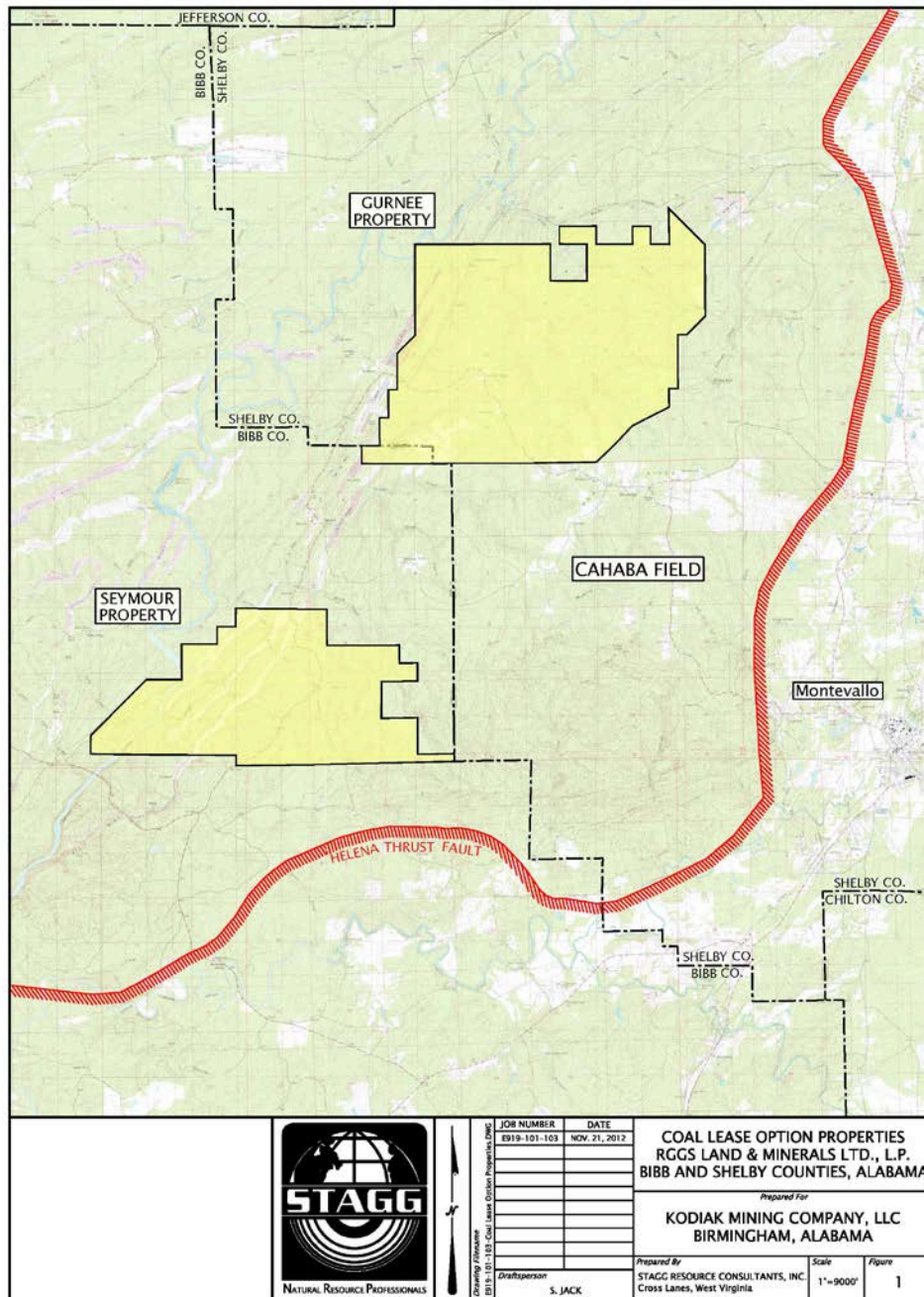


Figure 1. Gurnee and Seymour Properties.

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Figure 2. Seymour Property – existing highwall with coal outcrop at base.

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