

ASX / Media Release

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30 April 2014

Quarterly Activities Report March 2014

HIGHLIGHTS

Kodiak Coking Coal Project

- Increase in Attila's global resource by approximately 62% to over 126 million tonnes with new resource at Seymour Property
- Maiden JORC compliant inferred resource of 48.3Mt hard coking coal at Seymour Property only 3 miles from Attila's existing extensive infrastructure at the Gurnee Property
- Low ash and sulphur complements high quality hard coking coal at Gurnee Property
- Lays the foundation to increase Attila's future production profile with a low incremental capex requirement expected
- Potential resource upside from the Big Bone seam within the Seymour Property

Corporate

- Appointment of Russell Clark as Chairman and Scott Sullivan as Chief Executive Officer to strengthen mine development expertise

EXPLORATION ACTIVITIES

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

Seymour Property – Maiden Inferred Resource

During the quarter, the Company announced an increase to its global resource by approximately 62% to over 126 million tonnes of hard coking coal with the addition of a maiden JORC compliant inferred resource of 48.3 million tonnes at the Seymour Property. This new resource is based on the Upper Thompson, Coke and Atkins Seams on the Company's 4,400 acre Seymour Property, which forms part of Attila's 70% owned Kodiak Coking Coal Project in Alabama, USA (see Figures 1 and 5).

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Fast Facts

| | |
|--|---------|
| Total Shares on Issue | 72m |
| Convertible Notes (\$0.50) | 28m |
| Listed Options on Issue | 10.3m |
| Cash at 31 March 2014 | \$5.9m |
| Market Capitalisation at \$0.40 (undiluted) | \$28.8m |

Directors

Mr Russell Clark
Mr Max Brunsdon
Mr Evan Cranston
Mr Shaun Day
Mr Bryn Hardcastle
Mr Alan Thom

Kodiak Coking Coal Project, Alabama

- 11,700 acre Project area over 2 properties
- PFS on Coke and Atkins seams on Gurnee Property completed:
 - 2Mtpa circa production based on 48.2Mt Proven and Probable JORC Reserves
 - Total upfront funding requirement of \$52.1Mt after leasing equipment and machinery – staged development could almost halve costs
 - All in cash costs of US\$90/t FOB for LOM including rail, port, taxes and royalties
- Fully owned infrastructure on private land
- Fully permitted to commence mining at Gurnee
- Recent strategic acquisitions of additional seams at Gurnee – not included in PFS
- Maiden drilling completed on Seymour Property

The resource estimate was prepared by Attila's independent consultants, Stagg Resource Consultants Inc ("Stagg"). Alan Stagg, the firm's president and principal economic geologist, is a competent person as defined in the JORC Code and developed the resource estimates.

| Coal Seam | Category | Tonnes ('000s) |
|----------------|------------------------|----------------|
| Upper Thompson | <i>Inferred</i> | 13,554 |
| Coke | <i>Inferred</i> | 17,295 |
| Atkins | <i>Inferred</i> | 17,425 |
| TOTAL | <i>Inferred</i> | 48,273 |

The resource estimate is based on the results of a two-hole diamond core drilling and sampling program conducted by Kodiak during 2013 (the "Phase 1 Drilling Program") and historic data obtained from the geophysical logs of approximately one hundred coal bed methane wells drilled over several decades and seven diamond core holes drilled in 1983. This program was designed and conducted for Kodiak by Stagg. The drilling program included gas desorption testing and comprehensive analysis on the recovered cores.

The dip of the coal beds across the Seymour Property generally ranges from 10 to 13 degrees on the outcrop down to 6 degrees (Figures 3 and 4). Although faulting is known in the region, no faults have been identified within the Seymour Property that interrupt the continuity of the Upper Thompson, Coke, and Atkins coal beds.

Upper Thompson Seam

In the Upper Thompson bed, the thickness of the potentially mineable unit of coal was observed to range from slightly less than 1 metre to around 2 metres. The potentially mineable unit in these two blocks consists of two primary benches of coal separated by a shale and/or clay parting. The thickness of the individual benches of coal and the parting is variable across the resource blocks. The Upper Thompson has been extensively mined in the region by both surface and underground mining methods, with underground mining having been conducted adjacent to the Seymour Property on both the north and the south but not on the existing license.

Coke Seam

The Coke coal bed was observed to typically range in thickness from around 0.75 metres to around 1.4 metres within the resource block. Local variations in thickness below and above this range were observed within the block. The Coke coal bed generally consists of a single bed of coal with no non-coal partings. The Coke coal bed is overlain by massive sandstone across portions of the Seymour Property, with the interval between the base of the sandstone and the top of the coal bed generally ranging from around 0.3 metres to more than 3.0 metres across the property, with the interval generally increasing to the south. Although surface mining has been conducted on the Seymour Property, there has been no underground mining.

Atkins Seam

The Atkins coal bed, which occurs approximately 55 metres below the base of the Coke coal bed, typically consists of a single bed that is essentially free of non-coal partings. Thickness is variable across the Seymour Property, typically ranging between 0.6 and 1.3 metres in the resource block. The bed is overlain by shale and siltstone and it is anticipated that roof control conditions will be favorable, with only modest out-of-bed dilution expected during mining. Although surface mining has been conducted on the Seymour Property, there has been no underground mining.

Analytical Results Indicate Hard Coking Coal

Following the completion of the 2 hole 1500m diamond core drill program (including wedges) at the Seymour property, Attila reports the following analytical data for the maiden JORC resource.

| Seam | Ash (%) | Sulphur (%) | Volatile Matter (%) | Fixed Carbon (%) | Calorific Value (kcal/kg) | FSI |
|----------------|---------|-------------|---------------------|------------------|---------------------------|-----|
| Upper Thompson | 4-6 | 0.7-0.8 | 35-40 | 58-59 | 7940-8350 | 6-7 |
| Coke | 3-7 | 0.6-1.2 | 37-38 | 57-58 | 7900-8000 | 7 |
| Atkins | 4 | 0.7-0.9 | 37-38 | 58-59 | 8100-8200 | 8 |

Coal reported on a dry basis and washed at 1.5SG

Further drilling will be required to confirm the coal quality across the project area.

Big Bone Seam

The current drill program did not target the Big Bone coal seam which is expected to be explored in future drilling campaigns. As such an additional 45Mt exploration target remains in place for the Seymour Property. This exploration target is not a mineral resource and is conceptual in nature. 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.

Next steps

With the completion of the PFS, Attila will now focus on moving the Kodiak Coking Coal Project through the Bankable Feasibility Stage with particular focus being on improving the preparation yields and the possibility of gaining the ability to sell a middling's fraction. Improvements in both of these areas have the potential to substantially reduce the already low operating costs and improve revenues. In addition, upside potential exists integrating the recently acquired Upper Thompson, Gholson and Clark seams (located on the Gurnee Property) and Attila's nearby Seymour Property for increased scale, either on start-up or once Gurnee is in production.

Corporate Activities

The Company was pleased to announce the appointment Russell Clark as Non-Executive Chairman of the Attila Board on 11 March. With a breadth of experience including feasibility studies, construction and mine management across the US, Australia, Africa and Papua New Guinea, Russell's expertise adds a valuable dimension the Board as Attila continues its development of the Kodiak Coking Coal Project. Russell is currently Managing Director of Wolf Minerals Ltd, and is leading its transition from explorer and developer to miner of tungsten and tin in Devon, England.

Subsequent to the quarter end, Scott Sullivan joined the management team as Chief Executive Officer on 2 April. A highly experienced mining engineer, Scott brings considerable coal mine feasibility, construction and commissioning expertise to the Company following previous roles at BHP Billiton and Peabody Energy. At BHP Billiton, Scott was directly responsible for the operation and rapid expansion of the one of Australia's most iconic and highest producing coal mines, Mt Arthur, along with the Caroon Coal Project. With Peabody Energy, he successfully commissioned the Wambo underground longwall mine and expanded the coal preparation plant, helping it become on the world's most productive thin seam longwall mines.

Attila has commenced a program to identify funding sources for the project. The Company has engaged with a number of potential capital providers including strategic investment partners, off take partners and other debt providing financial institutions. Significant interest from multiple off-take partners and potential debt financiers has already been received by Attila. Given the relatively low capital required to recommence production, Attila will assess all financing alternatives available, including off-take financing, to ensure maximum shareholder value is maintained in currently depressed equity markets.

For further information please contact:

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

Scott Sullivan – Chief Executive Officer: +61 (0) 427 698 693

Stagg Resource Consultants Inc

Stagg Resource Consultants, Inc. ("Stagg") provides a full range of professional services to the natural resource industry throughout the U.S. and internationally. The firm routinely works in the coal, petroleum, metals, and industrial mineral sectors. Stagg's professional services are divided into seven basic areas being geology, mining, appraisal, environmental, acquisitions and divestitures, expert testimony, and mineral economics and market research. In particular, Stagg's relevant experience covers:

- **Geology** – a comprehensive range of services is provided, from pre-project field reconnaissance through the development and implementation of major exploration programs. Stagg has extensive experience in evaluating coal deposits at all levels of investigation, ranging from preliminary assessments of reserve potential to detailed reserve studies conforming to public reporting requirements. Additionally, Stagg is experienced in assessing the impact of geologic conditions on mining in both pre-development stages and during the course of mining. The firm has worked in every coal basin of any significance in the U.S. as well as in a number of other countries, with Alan Stagg, the lead professional, having more than 40 years' experience in coal. Stagg is a registered or licensed geologist in thirteen states in the U.S., is a Registered Member of the Society of Mining, Metallurgy, and Exploration (SME), and is qualified as a Competent Person under the reporting requirements of Australia's JORC Code and as a Qualified Person under Canada's National Instrument 43-101.
- **Mining** – Stagg provides a broad spectrum of operation-related services to the mining industry, ranging from involvement in the preparation of mining-related permits through road design and layout, mine layout and design, processing plant evaluation and design, and operational analysis. Members of this service group routinely prepare detailed forecasts of mining costs during the evaluation of both proposed and existing mines using Stagg's spreadsheet-based MineCost models. These services have been provided for surface and underground coal mines throughout the Appalachian Region, the Eastern Interior Region (Illinois Basin), the Powder River Region, and the Rocky Mountain Region of the U.S., as well as internationally. With regard to underground coal mines, both room-and-pillar and longwall operations have been evaluated.
- **Mineral Economics and Market Research** – Stagg is experienced in the preparation of detailed mine costing studies, the economic analysis of proposed and operating mines, and the financial analysis and appraisal of mining enterprises. In conducting mine costing studies, Stagg utilizes MineCost, a proprietary mine-costing spreadsheet program developed by the firm for both surface and underground coal mines. This mine costing program is routinely used in due diligence investigations conducted in the course of proposed acquisitions, in operational analyses conducted for mine operators, and in the formal appraisal of mines and mining enterprises. This software is also used routinely in the preparation of expert reports and testimony in the course of litigation and arbitration matters.

For further information on Stagg Resource Consultants visit www.staggconsultants.com

Competent Person Statement

The information in this report relating to Exploration Results and to JORC Compliant (Coal) Resources and Reserves for the Kodiak Coking Coal Project in Shelby County, Alabama, USA has been reviewed and is based on information compiled by Mr Alan Stagg of Stagg Resource Consultants Inc. Mr Stagg is a Registered Member of the Society of Mining, Metallurgy, and Exploration, Inc. (SME), 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. The information in this report was first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Further information on the 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.

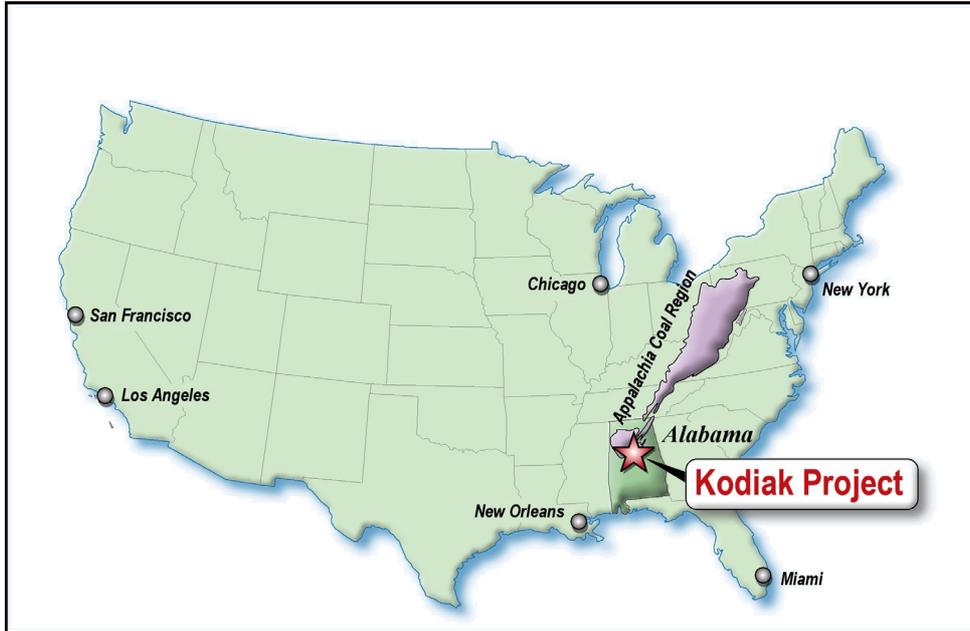


Figure 1. Kodiak Hard Coking Coal Project, Alabama, USA

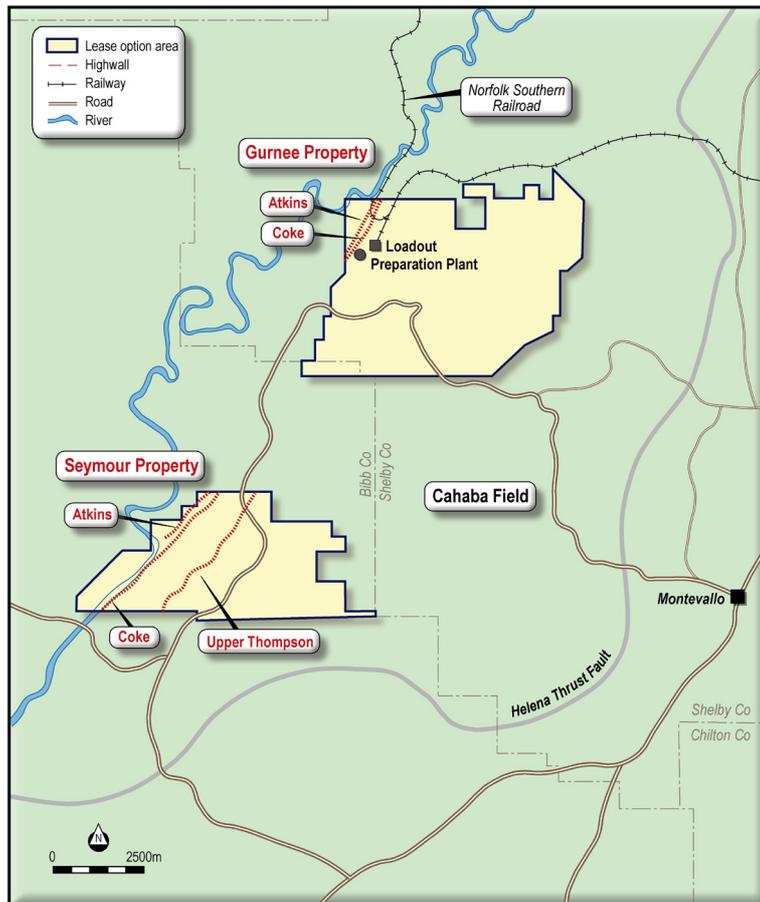


Figure 2. Kodiak Coking Coal Project – Gurnee and Seymour Properties

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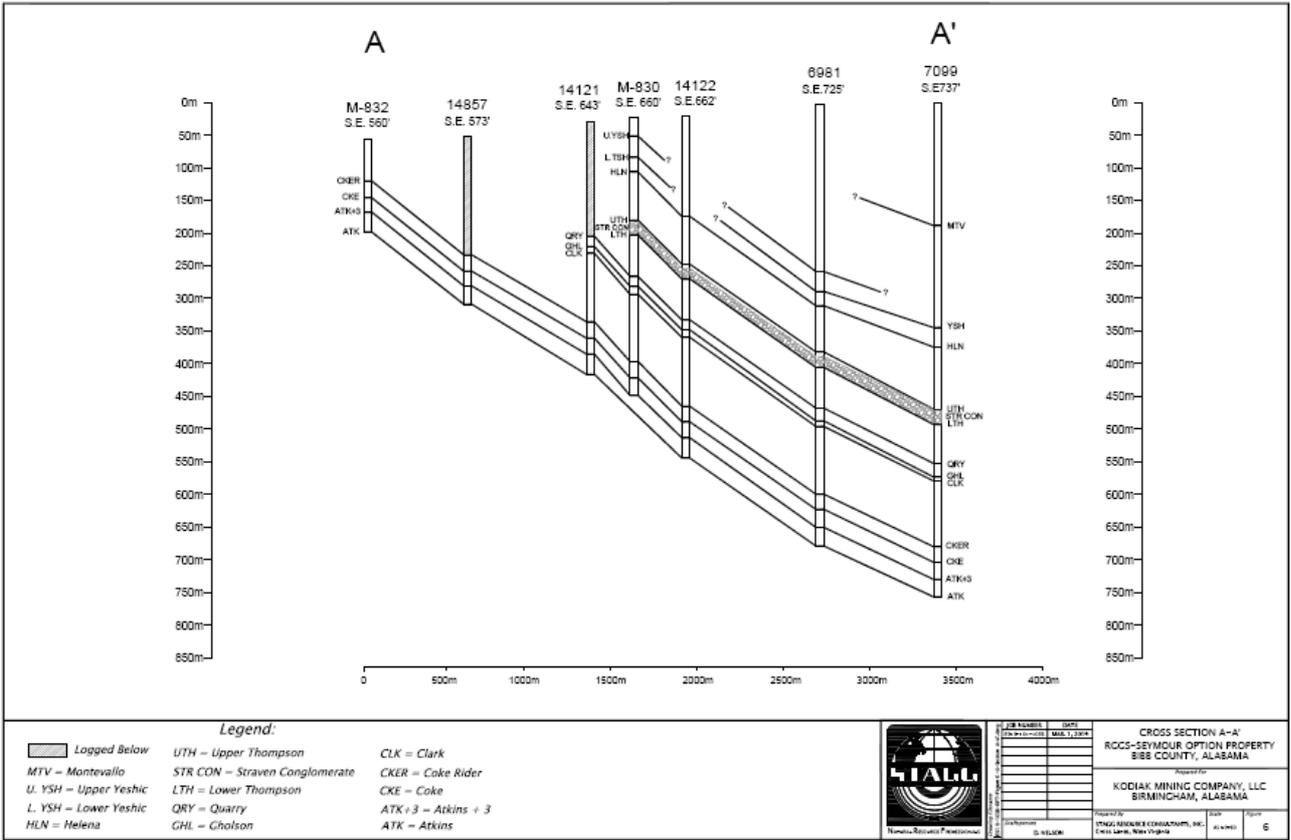


Figure 3. West-east cross section of Seymour resource.

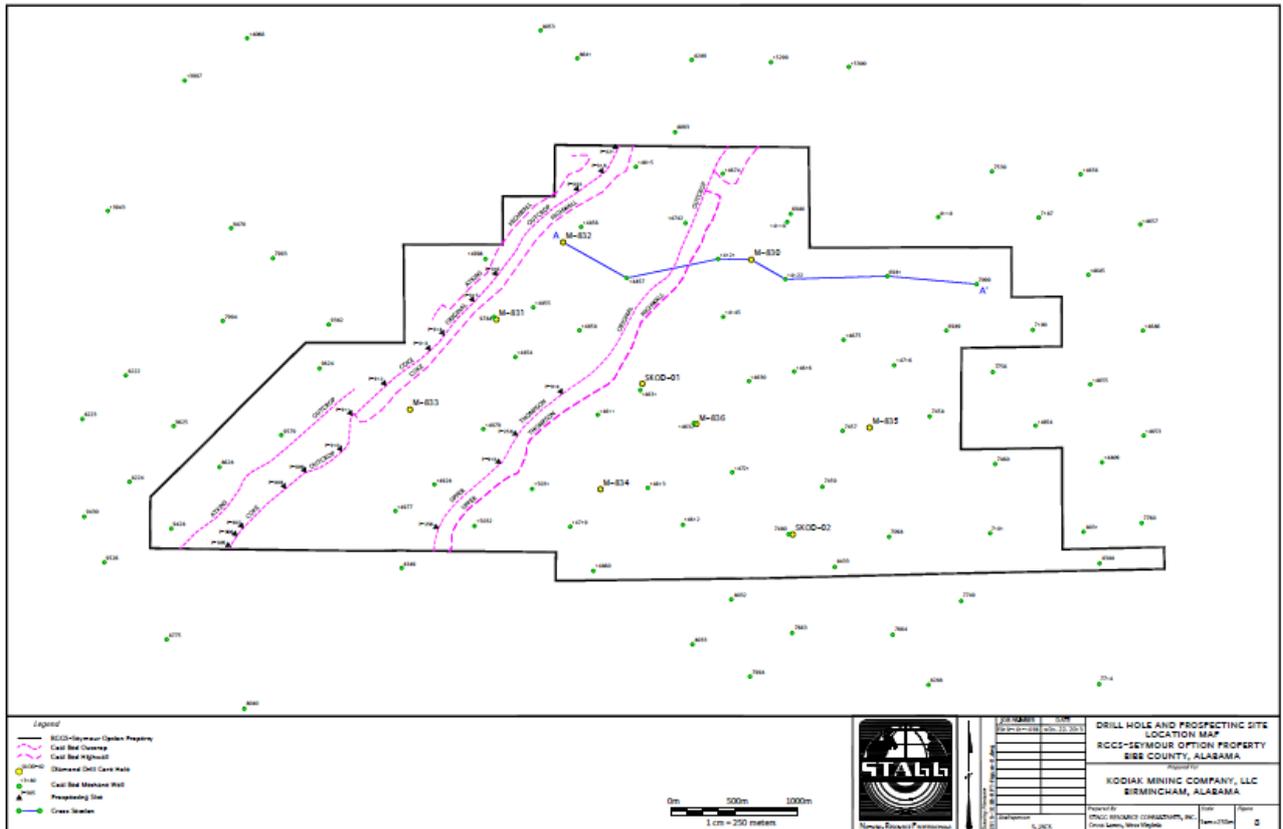


Figure 4. Location diagram of west-east cross section of Seymour resource and drill hole locations.

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| Coal Seam | Measured | Indicated | Inferred | Total |
|-------------------------|---------------|--------------|---------------|----------------|
| Gurnee Property | | | | |
| Coke | 34.0Mt | 3.2Mt | 2.0Mt | 39.2Mt |
| Atkins | 37.6Mt | 1.6Mt | - | 39.2Mt |
| Seymour Property | | | | |
| Upper Thompson | - | - | 13.5Mt | 13.5Mt |
| Coke | - | - | 17.3Mt | 17.3Mt |
| Atkins | - | - | 17.4Mt | 17.4Mt |
| TOTAL | 71.6Mt | 4.8Mt | 50.2Mt | 126.6Mt |

Figure 5. Global Resource – Kodiak Coking Coal Project

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Appendix 1

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2014:

| Project | Location | Status | Interest |
|---------------------------------------|------------------------|-----------------|----------|
| Kodiak Coking Coal Project | Alabama, USA | | |
| Coke Seam, Gurnee Property | Shelby & Bibb Counties | Lease | 70% |
| Atkins Seam, Gurnee Property | Shelby & Bibb Counties | Lease | 70% |
| Gholson Seam, Gurnee Property | Shelby & Bibb Counties | Lease | 70% |
| Clark Seam, Gurnee Property | Shelby & Bibb Counties | Lease | 70% |
| Upper Thompson Seam, Gurnee Property | Shelby & Bibb Counties | Option to lease | 70% |
| Coke Seam, Seymour Property | Bibb County | Option to lease | 70% |
| Atkins Seam, Seymour Property | Bibb County | Option to lease | 70% |
| Upper Thompson Seam, Seymour Property | Bibb County | Option to lease | 70% |
| Big Bone Seam, Seymour Property | Bibb County | Option to lease | 70% |

During the quarter, the Company relinquished tenement E09/1747 located at Talisker North, Western Australia.

There were no mining tenements or interests in farm-in/farm-out agreements acquired or disposed of during the quarter.