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**BALAMARA RESOURCES LIMITED**  
**ACN 061 219 985**  
**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11:00 am (WST)

**DATE:** 28 November 2014

**PLACE:** BDO, Ground Floor  
Hay Room  
38 Station Street  
Subiaco Western Australia

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6365 4519.***

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (WST) on 28 November 2014, at:

BDO, Ground Floor  
Hay Room  
38 Station Street  
Subiaco Western Australia

### YOUR VOTE IS IMPORTANT

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The business of the Annual General Meeting affects your shareholding and your vote is important.

### VOTING ELIGIBILITY

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00pm (AEST) on 26 November 2014.

### VOTING IN PERSON

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To vote in person, attend the Annual General Meeting at the time, date and place set out above.

### VOTING BY PROXY

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

##### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2014."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

##### Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MILOS BOSNJAKOVIC

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Milos Bosnjakovic, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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### 3. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – SHARES FOR CONSULTANCY SERVICES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 1,250,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES TO AMPLE SKILL LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 549,677 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 10,600,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – SHARES FOR BROKERAGE AND ADVISORY SERVICES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 166,667 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE – SHARES TO CEB RESOURCES PLC FOR 10% ACQUISITION OF CARBON INVESTMENT SP. Z O.O.**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 15,000,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE – SHARES FOR CONSULTANCY SERVICES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 42,308 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE – SHARES FOR BROKERAGE AND ADVISORY SERVICES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 546,667 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**11. RESOLUTION 11 – ISSUE OF SHARES IN RELATION TO MERGER WITH CARBON INVESTMENT SP. Z O.O.**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue 200,000,000 Shares or 200,000,000 Options with an Exercise Price of \$0.000001 and an Exercise Period of 5 years, each on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by persons who may participate in the proposed issue or who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

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**12. RESOLUTION 12 – ISSUE OF SHARES TO AMPLE SKILL LIMITED**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11.2 and for all other purposes, the Company be authorised to issue up to 66,500,000 Shares to Ample Skill Limited, on the terms and conditions, and in the manner, set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 24 OCTOBER 2014**

**BY ORDER OF THE BOARD**



**DANIEL KENDALL  
COMPANY SECRETARY**



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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.balamara.com.au](http://www.balamara.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report of the entity be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and other key management personnel of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2014.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

#### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## 2.4 Proxy restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel <sup>1</sup>	Vote as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Vote as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

<sup>1</sup> Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

<sup>2</sup> Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

<sup>3</sup> Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

<sup>4</sup> The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MILOS BOSNJAKOVIC

Clause 13.2 of the Constitution requires that at each of the Company's annual general meetings, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election.

The Directors to retire at an annual general meeting other than the first annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A retiring Director is eligible for re-election. An election of Directors shall take place each year.

The Company currently has 4 Directors (including Mr Mike Ralston, Managing Director) and accordingly 1 must retire.

Mr Milos Bosnjakovic was elected at the Company's 2011 annual general meeting and has accordingly now served three years. In compliance with the Company's constitution and ASX Listing Rule 14.4, Mr Milos Bosnjakovic will retire and seek re-election at the Annual General Meeting. The Board, other than Mr Bosnjakovic supports the re-election of Mr Milos Bosnjakovic.

- (a) Mr Bosnjakovic is an Executive of the Company, and is a lawyer by profession with strong links and network in the Balkan countries of the former Yugoslavia. He has been involved in the resources industry in Australia for over a decade and has considerable corporate experience within the industry. He has also built a successful construction business in Australia. Mr Bosnjakovic plays a critical role in the management of the Balkans Assets; being the Monty Project (Montenegro) and the Varesh and RSC Projects (Bosnia-Herzegovina); and
- (b) Mr Bosnjakovic holds no other Directorships on any public companies.

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#### **4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY**

##### **4.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 4.2 below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities of up to 10% of the Company's fully paid ordinary securities on issue on the date of issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

##### **4.2 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$17,863,476.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of Equity Securities on issue, being the Ordinary Shares (ASX Code: BMB).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$(A \times D) - E$
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Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4 and not including issues of securities under the entity's 15% placement capacity without Shareholder approval; and
  - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

#### **4.3 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 4.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

**(10% Placement Capacity Period)**

(c) **10% Placement Capacity Period.**

The Company will only issue and allot the Equity Securities during the 10% Placement Capacity Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature and scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(d) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice, together with certain Shares to be issued subject to Shareholder approval at the Meeting.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable A in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.025 (50% decrease in issue price)	\$0.050 (issue price)	\$0.075 (50% increase in issue price)
423,769,513 (Current Variable A)	Shares issued - 10% Voting Dilution	42,376,951	42,376,951	42,376,951
	Funds raised	\$1,059,424	\$2,118,848	\$3,178,271
635,654,270 (50% increase in Variable A)*	Shares issued - 10% Voting Dilution	63,565,427	63,565,427	63,565,427
	Funds raised	\$1,589,136	\$3,178,271	\$4,767,407
847,539,026 (100% increase in Variable A)*	Shares issued - 10% Voting Dilution	84,753,903	84,753,903	84,753,903
	Funds raised	\$2,118,848	\$4,237,695	\$6,356,543

\*The number of Shares on issue (Variable A in the above formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

- Variable A assumes that there are currently 423,769,513 Shares on issue comprising:
  - 357,269,513 existing Shares as at the date of this Notice of Meeting; **plus**
  - 66,500,000 shares as detailed in Resolution 12 which may be issued if Resolution 12 is passed at the Meeting; and
  - Nil Shares which are to be issued pursuant to any prior approved issue of Shares in relation to which additional Shares will be issued after the date of the Notice of Meeting.
- Variable A does **not** include the 200,000,000 Shares which may be issued if Resolution 11 is passed at the Meeting as there is not sufficient certainty at this point in relation to that issue;
- The issue price set out above is the closing price of the Shares on the ASX on 23 October 2014.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resource assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current projects, including but not limited to
  - the Nowa Ruda Coking Coal Project (Poland);
  - the Sawin Thermal Coal Project (Poland);
  - the Mariola Thermal Coal Project (Poland);
  - the Bogdan Project (Poland);
  - the Monty Project (Montenegro);
  - the RSC Project (Bosnia-Herzegovina);
  - the Varesh Project (Bosnia-Herzegovina);
  - the Elsenora and Peelwood Projects (NSW);and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resource assets and investments (including previously announced acquisitions), in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(f) **Allocation under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;

- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(g) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 29 November 2013 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 29 November 2013, the Company otherwise issued a total of 28,755,319 Shares and nil Options which represents approximately 9% of the total diluted number of Equity Securities on issue in the Company on 29 November 2013, which was 328,514,194 Ordinary Shares and 4,900,000 Options.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(h) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

#### **4.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.



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## 5. RESOLUTIONS 4 TO 10 – RATIFICATION OF PRIOR ISSUES

Since the Company's annual general meeting on 29 November 2013 the Company has made a number of share issues without prior Shareholder approval utilising the Company's placement capacity pursuant to ASX Listing Rule 7.1 (together, the **Placements**).

Resolutions 4-10 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares pursuant to those Placements.

- (a) **Resolution 4** – On or about 20 December 2013, the Company issued 1,250,000 Shares at a deemed issue price of \$0.10 per Share to Cameron Pearce.
- (b) **Resolution 5** – On or about 21 February 2014, The Company issued 549,677 Shares to Ample Skill Limited at a deemed issue price of \$0.075 per Share in satisfaction of a 1% underwriting fee incurred by the Company in respect of a rights issue completed in July 2013.
- (c) **Resolution 6** – The Company issued the following Shares in relation to a Placement to sophisticated and professional investors undertaken by the Company:
  - (i) on or about 24 March 2014 – 10,000,000 Shares at an issue price of \$0.10 per Share to Ample Skill Limited; and
  - (ii) on or about 24 March 2014 – 600,000 Shares at an issue price of \$0.10 per Share to Manapouri Investments Pty Ltd.

The funds raised from the Issue to Ample Skill Limited were used as general working capital, along with funding exploration on the Company's existing projects, particularly on activities at Nowa Ruda. The Issue to Manapouri Investments Pty Ltd are in return for brokerage and advisory services relating to the issue.

- (d) **Resolution 7** – On or about 5 June 2014, The Company issued 166,667 Shares to Manapouri Investments Pty Ltd at an issue price of \$0.09 per share in return for brokerage and advisory services provided to the Company.
- (e) **Resolution 8** – On or about 22 July 2014, the Company issued 15,000,000 Shares at an issue price of \$0.078 per Share in consideration for a 10% acquisition of Carbon Investment Sp. Z o.o (**Carbon Investment**), the holder of the Mariola Thermal Coal Project. At the same time, the Company acquired an additional 5% in Carbon Investment via a cash placement, making it a 15% holding in Carbon Investment.
- (f) **Resolution 9** – On or about 22 July 2014, the Company issued 42,308 Shares at a deemed issue price of \$0.078 per Share to Geonomics Australia Pty Ltd in return for consultancy services provided to the Company.
- (g) **Resolution 10** – On or about 31 July 2014, the Company issued 546,667 Shares at a deemed issue price of \$0.075 per Share to Manapouri Investments Pty Ltd in return for brokerage and advisory services provided to the Company.

## 5.2 Resolutions 4 to 10 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the Placements, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## 5.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 4 to 10:

	Resolution 4	Resolution 5	Resolution 6	Resolution 7
<b>Aggregate Number of Shares issued</b>	1,250,000	549,677	10,600,000	166,667
<b>Issue price per Share</b>	\$0.10 per Share	\$0.075 per Share	\$0.10 per Share	\$0.090 per Share
<b>Terms of securities</b>	Fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.			
<b>Names of persons to whom securities issued</b>	Sophisticated investor "Cameron Pearce" (consultant), who is not a related party of the Company.	Sophisticated investor "Ample Skill Limited" (or their nominees) who were not related parties of the Company.	Sophisticated and/or professional investors (or their nominees) who were not related parties of the Company.	Professional investor 'Manapouri Investments Pty Ltd' (non-related party of the Company).
<b>Use of funds</b>	In lieu of consultancy services performed for the Company	1% underwriting fee on the Renounceable Rights Issue completed in July 2013	General working capital and exploration costs for Polish Coal Projects, and;  In lieu of corporate advisory and brokerage services	In lieu of corporate advisory and brokerage services Resources PLC

	Resolution 8	Resolution 9	Resolution 10
<b>Aggregate Number of Shares issued</b>	15,000,000	42,308	546,667
<b>Issue price per Share</b>	\$0.078 per Share	\$0.078 per Share	\$0.075 per Share
<b>Terms of securities</b>	Fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.		
<b>Names of persons to whom securities issued</b>	Sophisticated and/or professional investor 'CEB Resources PLC' (non-related party of the Company).	Sophisticated and professional investors (or their nominees) who were not related parties of the Company.	Professional investor 'Manapouri Investments Pty Ltd' (non-related party of the Company).
<b>Use of funds</b>	As part consideration for the acquisition of 10% of Carbon Investment Sp. Z.o.o from CEB Resources PLC	In lieu of consultancy services performed for the Company	In lieu of corporate advisory and brokerage services

#### 5.4 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 4 to 10. These will restore the 15% annual limit permitted by Listing Rule 7.1 and allow the Company to issue further securities without Shareholder approval.

#### 6. RESOLUTION 11 – ISSUE OF SHARES FOR MERGER WITH CARBON INVESTMENT SP. Z O.O.

As announced to the ASX on 22 October 2014, the Company has executed a letter of intent regarding a merger with Polish company Carbon Investment Sp. Z o.o (**Carbon Investment**), pursuant to which the Company will acquire the remaining 85% interest in Carbon Investment (**Merger**) in return for the issue of either:

- (a) 200,000,000 Shares (**CI Shares**); or
- (b) 200,000,000 options (**CI Options**),

in either case, as consideration payable to the current shareholders of Carbon Investment pursuant to the Merger. The issue of the CI Shares and the CI Options are alternate proposals and, therefore, the CI Options will **not** be issued if the CI Shares are issued and vice versa. Notwithstanding this fact, the Company requires that the issue of both the CI Shares and the CI Options be approved by Shareholders, in order to afford the Company flexibility to pursue either option.

The Company acquired a cornerstone 15% interest in the Mariola Project in July 2014, with the intention of moving to 100% ownership through an all-scrip merger with Carbon Investment, the Polish company which holds the exploration concession. On 15 October 2014, Balamara announced the maiden JORC Resource for the Mariola Project, which satisfies the Board to the size and scale of the Project.

The Directors believe the Merger will deliver a substantial thermal coal asset, the Mariola Coal Project which is currently held by Carbon Investment, into the Company and that this asset may be brought into production within a shorter time frame than either of the other two existing coal assets of the Company in Poland. The advanced nature of the Mariola Coal Project, along with its size and scale and considerable technical advantages, make this a robust and potentially valuable resource project for the Company.

The effect of Resolution 11 will be to allow the Company to issue the CI Shares **or** the CI Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **6.2 Technical information required by ASX Listing Rule 7.1**

- The number of securities to be issued will be
  - up to 200,000,000 CI Shares; **OR**
  - up to 200,000,000 CI Options;
- the CI Shares **OR** the CI Options are to be issued subject to the Merger proceeding to completion following conduct of full due diligence and receipt of any required regulatory approvals, along with execution and settlement of a formal, binding share purchase agreement on terms satisfactory to the Company;
- the CI Shares **OR** the CI Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the CI Shares **OR** the CI Options will occur on the same date;
- no cash will be paid for the CI Shares and the deemed issue price for the CI Shares will be not less than 80% of the volume weighted average price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- the CI Shares **OR** the CI Options will be issued to the current shareholders of Carbon Investment;
- the CI Shares are fully-paid ordinary shares;
- the terms of the CI Options are set out at Schedule 2 hereto; and
- the CI Shares **OR** the CI Options are to be issued as consideration for the acquisition of an interest in Carbon Investment, holder of the Mariola Thermal Coal Project and therefore no funds will be raised from their issue.

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## **7. RESOLUTION 12 – ISSUE OF SHARES TO AMPLE SKILL LIMITED**

On 19 August 2014, the Company announced that Ample Skill Limited (**Ample**), a major shareholder in the Company, had agreed to subscribe for 66,500,000

Shares for US\$5 million (**Ample Shares**). This transaction supersedes a transaction previously announced on 2 June 2014, that was approved by Shareholders at a general meeting on 30 July 2014, whereby Ample would subscribe for shares in a Polish subsidiary of the Company, Coal Holding Sp. Z o.o., (**Coal Holding**) and thereby acquire a 15% stake in the Nowa Ruda Project (**Original Proposed Transaction**).

However, since the announcement of the Original Proposed Transaction, the Company has introduced interests in two further substantial Polish coal projects to its existing portfolio, namely the Mariola Thermal Coal Project (15%) and the Sawin Thermal Coal Project (100%). Both the Company and Ample recognise the requirement that cash of the Company be utilised across all three assets and not quarantined into just one, as was contemplated by the Original Proposed Transaction.

Coal Holding has not yet issued any shares to Ample Skill and, as a result, the Company has now, in place of Coal Holding, agreed to enter into a transaction with Ample, whereby Ample will purchase US\$5 million worth of Shares in the manner set out below (**Ample Placement**). The Original Proposed Transaction will lapse and be deemed cancelled. The US\$5 million cash consideration to be paid from Ample to the Company can, therefore, be used to advance all three coal projects, which the Board believes is in the best interest of the Company and all its Shareholders.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies. Ample is currently not a related party of the Company, however, under ASX Listing Rule 10.11.2, Ample is considered "*a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained*". As such, Shareholder approval is being obtained for the issue.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue Shares to Ample as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Ample will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

## **7.1 Section 606 of the Corporations Act – Statutory Prohibition**

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%, (**Prohibition**).

## **7.2 Relevant Interest Greater than 20%**

Ample currently holds approximately 35% of the voting power in the Company. Following completion of the Ample Placement, Ample will hold a total of 192,471,956 Shares, giving it voting power of approximately 45% (assuming no other Shares, including the CI Shares, are issued). As such, it is intended that the Ample Placement will occur with Ample Shares to be issued progressively in such

a manner, and at such intervals, as will ensure that Ample shall not, at any time, breach the Prohibition contained in section 606 of the Corporations Act.

### **7.3 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Ample Placement:

- (a) the Shares will be issued to Ample Skill (or its nominee);
- (b) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals US\$5,000,000;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Shares will be issued progressively;
- (d) the issue price will be not less than 80% of the volume weighted average price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the acquisition of new resource assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current projects, including but not limited to
  - (i) the Nowa Ruda Coking Coal Project (Poland);
  - (ii) the Sawin Thermal Coal Project (Poland);
  - (iii) the Mariola Thermal Coal Project (Poland);
  - (iv) the Bogdan Project (Poland);
  - (v) the Monty Project (Montenegro);
  - (vi) the RSC Project (Bosnia-Herzegovina);
  - (vii) the Varesh Project (Bosnia-Herzegovina); and
  - (viii) the Elsenora and Peelwood Projects (NSW),and for general working capital;.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Ample Placement as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Ample Skill (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## GLOSSARY

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**10% Placement Capacity** has the meaning given in section 4.1 of the Explanatory Statement.

**\$** means Australian dollars, unless otherwise stated.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Balamara Resources Limited (ACN 061 219 985).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the

Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Variable A** means "A" as set out in the calculation in section 4.2 of the Explanatory Statement.

**WST** means Western Standard Time as observed in Perth, Western Australia.



## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 29 NOVEMBER 2013

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue & buy back – 29 Nov 2013  Appendix 3B – 29 November 2013	32,750,000 (net amount of nil)	Shares <sup>2</sup>	Directors and Employees - ESS	Non-cash consideration	Consideration: Nil (Employee Share Plan)  Current value <sup>4</sup> = \$1,637,500
Issue – 20 Dec 2013  Appendix 3B – 23 December 2013	1,250,000	Shares <sup>2</sup>	Consultant – Cameron Pearce	Non-cash consideration	Consideration: fee for consulting services in relation to Peelwood farm-in agreement  Current value <sup>4</sup> = \$62,500
Issue – 20 Dec 2013  Appendix 3B – 23 December 2014	600,000	Shares <sup>2</sup>	Directors and Employees - ESS	Non-cash consideration	Consideration: Nil (Employee Share Plan)  Current value <sup>4</sup> = \$30,000
Issue – 21 Feb 2014  Appendix 3B – 24 February 2014	549,677	Shares <sup>2</sup>	Ample Skill Limited	Non-cash consideration	Consideration: fee for underwriting of the Rights Issue in July 2013.  Current value <sup>4</sup> = \$27,484
Issue – 24 Mar 2014  Appendix 3B – 24 March 2014	10,000,000	Shares <sup>2</sup>	Ample Skill Limited	10 cents (discount of 13%)	Amount raised = \$1,000,000  Amount spent = \$1,000,000  Use of funds = Working capital and to fund the current drilling programme at the Nowa Ruda Project, Poland.
Issue – 24 Mar 2014  Appendix 3B – 24 March 2014	600,000	Shares <sup>2</sup>	Manapouri Investments Pty Ltd	Non-cash consideration	Consideration: fee for brokerage services in relation to the \$1 million placement with Ample Skill Limited.  Current value <sup>4</sup> = \$30,000
Issue – 5 Jun 2014  Appendix 3B – 5 June 2014	166,667	Shares <sup>2</sup>	Manapouri Investments Pty Ltd	Non-cash consideration	Consideration: fee for advisory services in relation to a proposed USD\$5 million placement by Ample Skill Limited in a subsidiary of the

					Company - Coal Holding (this transaction was later amended to a placement by the Company, subject to approval at this revised placement at this Meeting).  Current value <sup>4</sup> = \$8,333
Issue – 21 Jul 2014  Appendix 3B – 22 July 2014	15,000,000	Shares <sup>2</sup>	CEB Resources PLC	Non-cash consideration	Consideration: Nil (part consideration for the 15% acquisition of Carbon Investment – 10% purchased from CEB Resources PLC, whilst 5% was from direct placement with Carbon Investment)  Current value <sup>4</sup> = \$750,000
Issue – 21 July 14  Appendix 3B – 22 July 2014	42,308	Shares <sup>2</sup>	Consultant – Geonomics Australia Pty Ltd	Non-cash consideration	Consideration: fee for consulting services in relation to Nowa Ruda independent valuation  Current value <sup>4</sup> = \$2,115
Issue – 31 July 14  Appendix 3B – 31 July 2014	546,667	Shares <sup>2</sup>	Manapouri Investments Pty Ltd	Non-cash consideration	Consideration: fee for advisory services in relation to the USD\$5 million placement by Ample Skill Limited in a subsidiary of the Company - Coal Holding (this transaction was later amended to a placement by the Company, subject to approval at this revised placement at this Meeting).  Current value <sup>4</sup> = \$27,333

**Notes:**

1. Market Price means the closing price on ASX on the day of issue (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: BMB (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
4. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.05) as the context requires on the ASX on the trading day prior to the date of this Notice, being 23 October 2014.

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## SCHEDULE 2 – OPTION TERMS

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### 1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

### 2. Exercise Price

Subject to paragraph 10, the amount payable upon exercise of each Option will be \$0.000001 (**Exercise Price**).

### 3. Expiry Date

Each Option will expire at 5:00 pm (WST) on a date 5 years after the date they were issued (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### 4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### 5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### 6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

### 7. Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**8. Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

**9. Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

**10. Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**11. Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**12. Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**13. Unquoted**

The Company will not apply for quotation of the Options on ASX.

**14. Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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**PROXY FORM**

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**APPOINTMENT OF PROXY  
BALAMARA RESOURCES LIMITED  
ACN 061 219 985**

**ANNUAL GENERAL MEETING**

I/We

of

being a member of Balamara Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR ☐ the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 11:00am (WST), on 28 November 2014 at BDO, Ground Floor, Hay Room, 38 Station Street, Subiaco Western Australia, and at any adjournment thereof.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

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**Voting on Business of the Annual General Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Mr Milos Bosnjakovic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of prior issue – Shares for consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ratification of prior issue – Shares to Ample Skill Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Ratification of prior issue – Shares to sophisticated & professional investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Ratification of prior issue – Shares for brokerage and advisory services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Ratification of prior issue – Shares to CEB Resources plc for 10% acquisition of Carbon Investment Sp. Z o.o.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Ratification of prior issue – Shares for consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Ratification of prior issue – Shares for brokerage and advisory services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 – Issue of Shares in relation to merger with Carbon Investment Sp. Z o.o	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 – Issue of Shares to Ample Skill Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

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**If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %**

**Signature of Shareholder(s):**

*Individual or Shareholder 1*

*Shareholder 2*

*Shareholder 3*

*Sole Director/Company Secretary*

*Director*

*Director/Company Secretary*

**Contact Name:** .....

**Contact Ph (daytime):** .....

**Dated:** \_\_\_\_/\_\_\_\_/2014

**INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM**

1. **(Appointing a Proxy):** A Shareholder entitled to attend and cast a vote at an Annual General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the meeting. If the Shareholder is entitled to cast 2 or more votes at the meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the meeting. However, where both proxies attend the meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder of the Company.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Balamara Resources Limited, Level 1, 350 Hay Street Subiaco WA 6008; or
  - (b) facsimile to the Company on facsimile number +61 8 9388 6040; or
  - (c) email to the Company at [enquiries@balamara.com.au](mailto:enquiries@balamara.com.au),so that it is received not less than 48 hours prior to commencement of the Meeting.  
**Proxy forms received later than this time will be invalid.**