

27 November 2014

BALAMARA COMPLETES DIVESTMENT OF NON-CORE BALKANS BASE METAL ASSETS

Further to its announcement of 22 October 2014, Balamara Resources Limited (ASX: BMB) ("Balamara" or the "Company") is pleased to announce that it has now completed the sale of its 100%-owned subsidiary Balkan Mining Pty Ltd, which in turn owns the three local Balkan companies with rights to the base metal projects in Montenegro and Bosnia-Herzegovina ("Monty", "RSC" and "Varesh" Projects).

The Company has divested these non-core assets for \$50,000 cash and \$15 million royalty, by way of a 2% net smelter return (net revenues earned on the sale of product) on all production from any of the three projects into the future. Balamara is suitably protected by the royalty surviving any onward sale of these local companies into the future.

The sale of these projects will save the Company an estimated \$2 million in required expenditure to advance these assets next year, as dictated by the existing Concession agreements. Balamara believes that this cash will be more effectively spent in developing its strong emerging coal portfolio in Poland, which continues to advance rapidly.

Confirmatory drilling, environmental and pre-feasibility studies, mine planning and other associated work is currently underway in various stages at all three Polish coal projects (Mariola, Nowa Ruda and Sawin) and will continue in 2015 as Balamara seeks to move towards first coal production in late 2016.

The buyer of the Balkans assets is a company representing a consortium of European financial and resource professionals with local Balkans experience. Balamara believes this local knowledge will be critical to ultimately realising value in these projects in the future.

The sale of these Balkans base metal assets completes a divestment programme that will significantly reduce the Company's current cash burn and sovereign risk profile, furthermore allowing management to focus its resources on its Polish coal strategy.

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