

# BUILDING A SUBSTANTIAL EUROPEAN COAL COMPANY



**BALAMARA**  
RESOURCES LIMITED



# Investment Highlights



Developing large scale, advanced, tier-one resource assets

- \* Ownership of 3 large, advanced low cost Polish coal assets at various stages of development
- \* High specification for both thermal and coking coal
- \* All three Projects close to key infrastructure
- \* Safe, low risk location
- \* Low operating cost environment

Producing positive cash flow in the earliest timeframe

- \* Core Project = Mariola, maiden JORC resource
- \* Pre-Feasibility Study underway – 1Q 2015
- \* Offtake partner identified – adjacent thermal power station
- \* BFS and Mining License targeted by end 2015
- \* Low estimated CAPEX
- \* First coal targeted end 2016

Incrementing shareholder value both medium & long term

- \* Focussing on 3 assets that can each potentially deliver significant EBITDA from production
- \* Picking quality Projects at bottom of the resource cycle = low entry costs
- \* Assets are strategic for Polish and European energy requirements
- \* Strong board and in-country management team

# About Balamara



Developing 3 large, advanced coal Projects in Poland.

Counter-cyclical investment opportunity with strategic thermal and coking coal Projects.

Near-term production.



Strong Board and management team with proven track record of developing and operating mines.

Strong in-country team led by Polish-born Executive Chairman, Derek Lenartowicz.

ASX Code:	BMB
Share Price:	4.5c
Shares:	623m*
Market cap:	A\$28m
Cash:	~A\$2.5m

\* Assumes 66.5m shares and 200m shares issued per approval at AGM

## Major Shareholders

Ample Skill Ltd:*	193m	31%
Carbon Investment Shareholders:**	200m	32%
Board & Management:	45m	7%
Top 20 Shareholders:	512m	80%

\* 66.5m shares to be issued subject to shareholder approval at AGM (28 Nov 2014)

\*\* 200m shares to be issued subject to shareholder approval at AGM (28 Nov 2014)

# Board and Management



## **Executive Chairman**

Derek Lenartowicz

- \* Polish born mining engineer
- \* 35 years experience in Australia within producing and developing resource companies.
- \* Developed several large resource projects into production including (BHP) Mt Keith Nickel Mine.
- \* Founded 3 junior resource companies from start-up
- \* Managing delivery on all strategy and operations in Poland.
- \* Primarily based in Poland.

## **Managing Director**

Mike Ralston

- \* Corporate finance specialist with ten years experience in junior ASX resource industry.
- \* Managed several large resource projects into production, both in Australia and internationally.
- \* Developed Kangaroo Resources (ASX: KRL) from shell Co to +A\$600m market cap Indonesian coal company within 2 years – prior to joining Balamara
- \* Raised over \$250m in project funding within past 10 years.

## **General Manager (Poland)**

Piotr Kosowicz

- \* Metallurgist with significant experience in Polish resource industry.
- \* Founded Carbon Investment in Poland, acquired and developed the Mariola Coal Project.
- \* Managing in-country development of all three Polish coal Projects going forward.
- \* Strong management skills and expertise.
- \* Likely to join BMB Board.
- \* Based in Poland.

## **Non Executive Director:** Michael Hale

MD Western Capital - Corporate financing specialist. Provides independence & experience in corporate governance.

## **Chief Geologist:** Kevin Alexander

40 years experience developing resource projects worldwide. Industry specialist skills. Primarily based in Poland

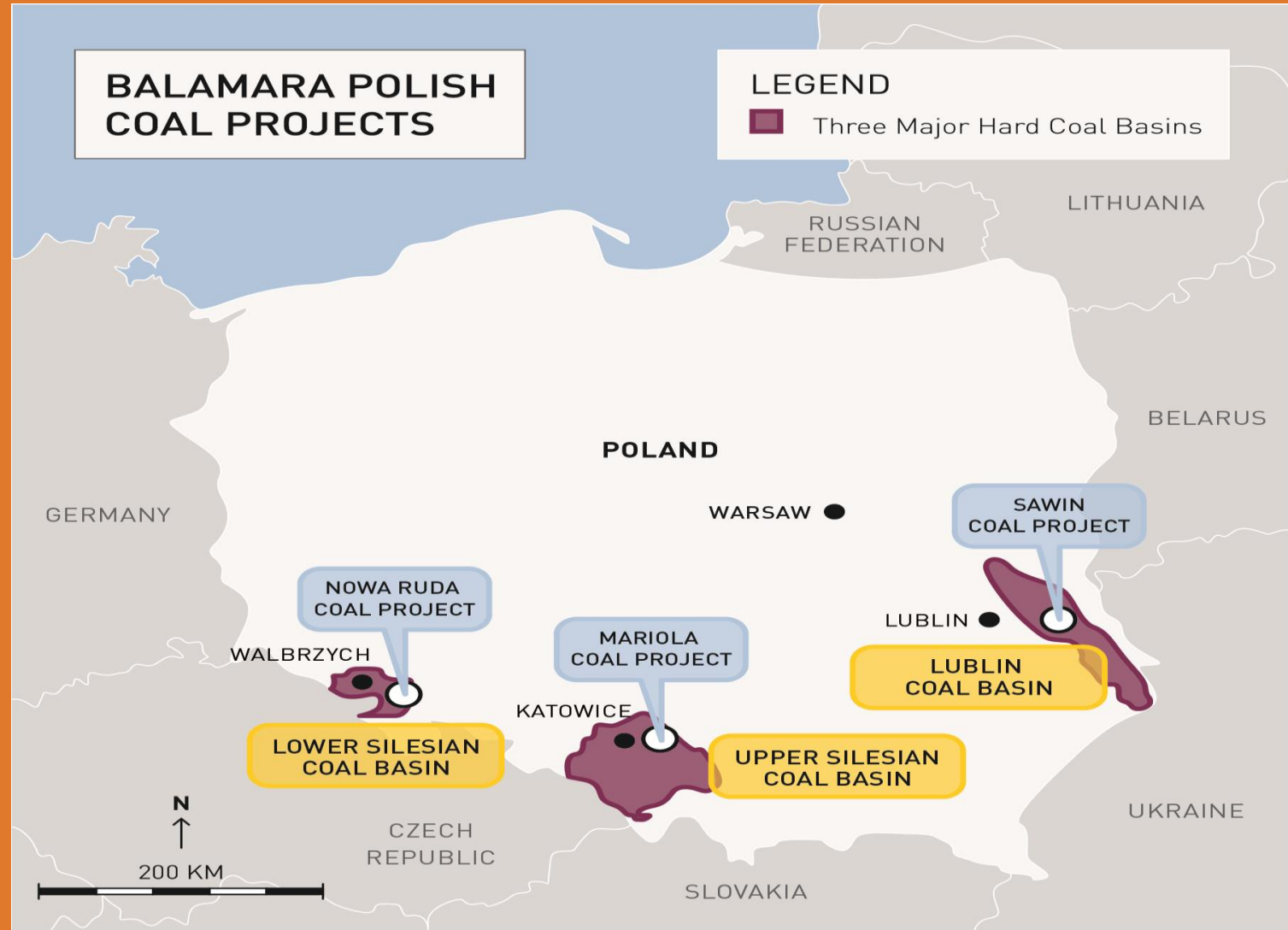
# Key Achievements in Past 12 Months



## *Transitioning BMB from small base metals assets to world class coal portfolio in Poland*

- ✓ **Acquisition of Nowa Ruda Coking Coal Project (Aug 2013):**
  - Acquisition and digitalisation of historical data
  - Maiden JORC resource
  - 7-hole delineation drilling programme underway, plus new coal quality data
  - Conceptual study to re-open mine
  - Environmental work to facilitate license to mine submission targeting Q2 2015
- ✓ **Acquisition of Mariola Thermal Coal Project (July 2014):**
  - Initial 15% interest increasing to 100%
  - Maiden JORC resource released in October
  - Pre-Feasibility Study mandated & underway
  - Environmental work to facilitate license to mine submission targeting Q2 2015
  - Initiation of commercial relationship with adjacent Tauron power station
- ✓ **Acquisition of Sawin North Thermal Coal Project (Aug 2014)**
  - Digitalisation of historical data underway to deliver maiden JORC in H1 2015
- ✓ **Divestment of non-core assets to focus on above three Polish coal Projects**

# Quality & Diversity of Coal Assets





# Poland – Low Risk Resource Destination



- ✓ Low sovereign risk (EU member state & member of NATO)
- ✓ Politically stable
- ✓ Well-defined mining laws
- ✓ Low Corporate tax rate (19%)
- ✓ Low operating costs (low wage levels)
- ✓ Availability of skilled underground mining work force
- ✓ Excellent core infrastructure throughout Poland
- ✓ Close to large European market
- ✓ Many power stations and coke plants nearby as potential off-takers
- ✓ Strong expanding economy with significant inward investment



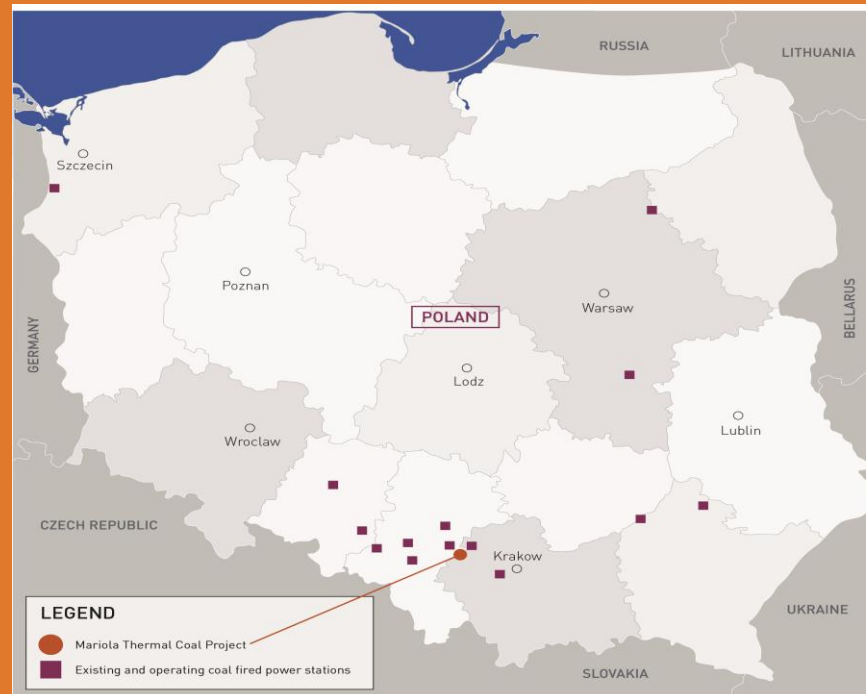
Polish coal differentiates from Australian coal in general as a result of four key areas:

1. *Low entry prices*
2. *Lower CAPEX*
3. *Lower OPEX (wages)*
4. *Lower Logistical costs*

# Mariola Thermal Coal Project



- 100% ownership by Dec 2014
- Advanced, high-grade UG coal Project:
  - \* Located in middle of Poland's thermal energy basin
  - \* Extensively drilled, shallow deposit (100m-400m)
  - \* Thick, continuous coal seams (average 2m)
  - \* Expected low CAPEX & operating cost
  - \* Existing infrastructure available (roads, rail, power)
- Power station 2kms from concession:
  - \* Require Mariola-style coal
  - \* Opportunity for long term offtake relationship
  - \* BMB to sign agreement for use of facilities in 2014
- Pre-Feasibility Study due Q1 2015



## Maiden Mariola JORC Resource Statement (15 Oct 2014)

JORC Resource	Tonnes	Ash	Ash Post-Wash	Moisture	Sulphur	Gross Calorific
Category	(M)	%	%	%	%	Value (kcal/kg)
Indicated	43.6	17	6	12	1.5	5,942
Inferred	33.5	19	6	12	1.2	5,781
<b>Total</b>	<b>77.1</b>					

Flagship asset – targeting production by end 2016

Mariola JORC shows a large-scale, high quality thermal coal deposit with low moisture and sulphur levels, and low ash content after washing.

Post-wash yield circa 80%

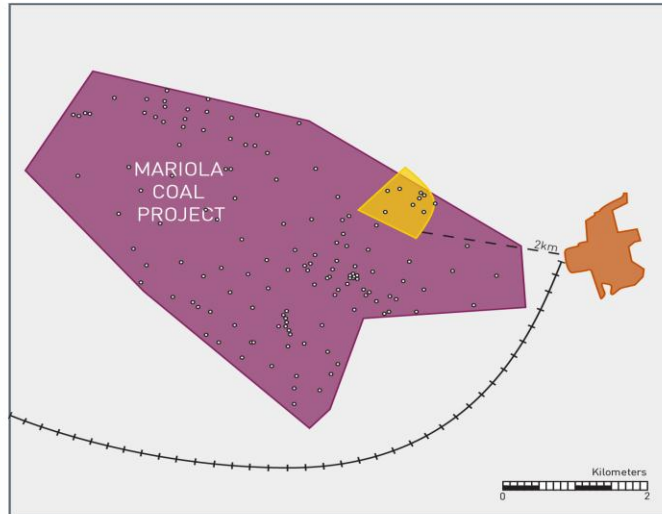
JORC tonnes currently under review for potential increase



# Mariola – Prime Location



## MARIOLA COAL PROJECT



### LEGEND

- Mariola Coal Project - 13.3km<sup>2</sup> concession
- >242 Historical drill holes
- Anticipated Mariola Project decline and conveyor system to power station
- Existing Tauron thermal coal power station - potential offtake partner
- ⚡ Existing rail line to move coal regionally



- \* Coal near to surface
- \* 2kms from Tauron power station, with need for ~2mtpa coal
- \* Conveyor system to move coal directly to wash plant at power station for offtake sale
- \* Use of private land at power station for storage of waste, excess water, coal, wash plant, rail, etc.
- \* Low logistical costs with strong demand both domestically and by nearby countries

# Mariola – Adjacent Power Station

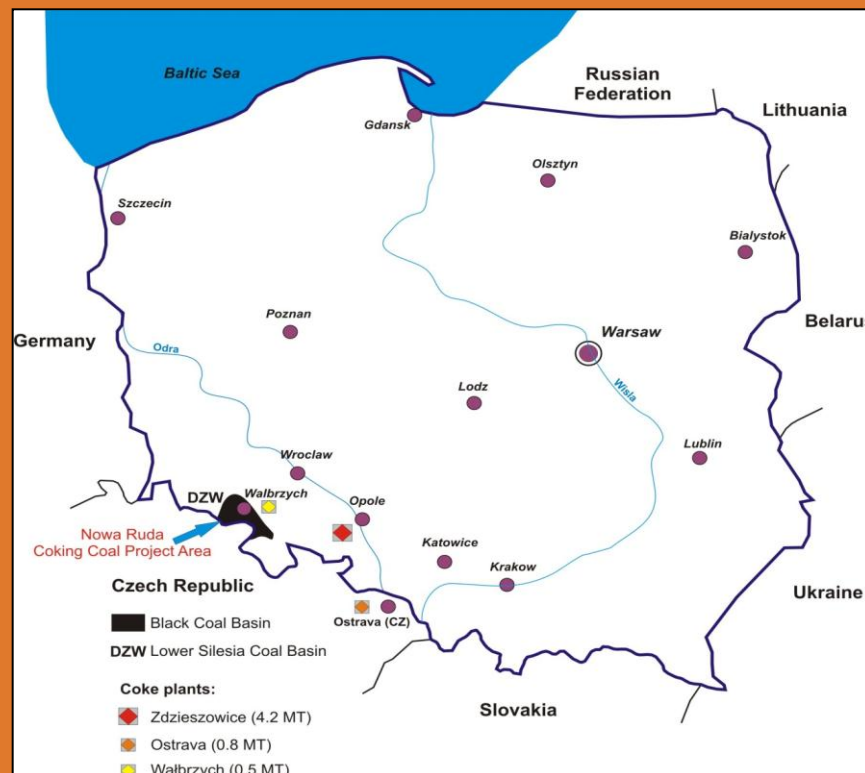


Tauron 600MW power station – only 2km from Mariola. Requires ~2Mtpa thermal coal. Use of existing rail siding can move additional 2.5Mtpa coal regionally if required.

# Nowa Ruda Coking Coal Project



- 100% ownership
- Confirmatory drilling underway to convert large Polish Standard tonnage to JORC
  - \* Drilling programme to complete Q1 2015
- Large advanced UG Coking Coal Project:
  - \* Previously producing 1.25Mtpa until closed in 1995
  - \* Two main deposits (Waclaw & Lech)
  - \* Two major coal seams (650m & 950m)
  - \* Existing infrastructure including production and ventilation shafts + rail line 200m from decline
  - \* Roads, rail, power, water all available
- Four operating coke plants within 150km
- Licensing and PFS targeted end 2015



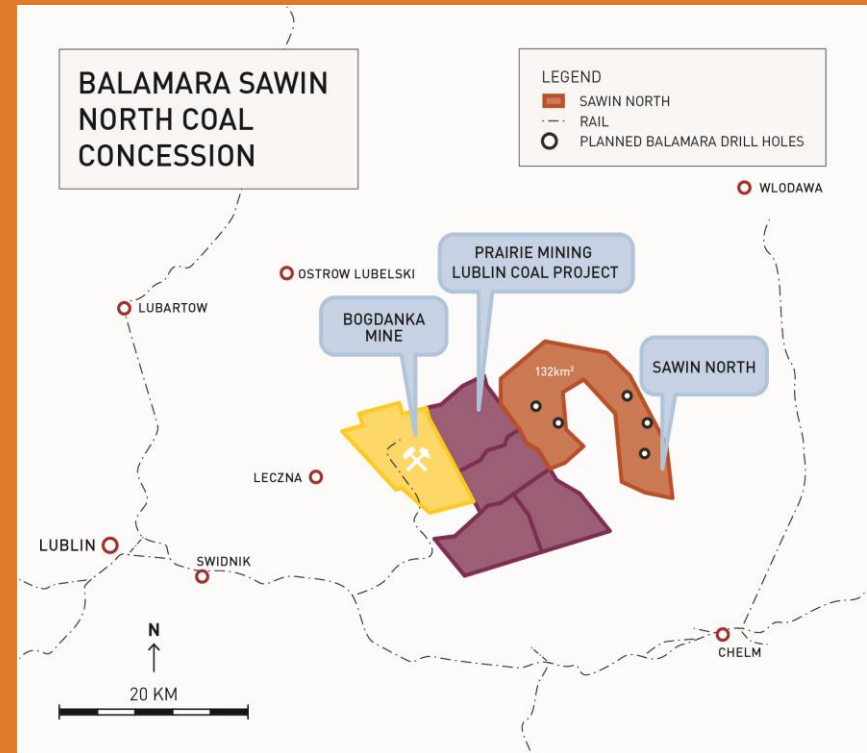
Foreign Estimate *	Tonnes	Ash	Ash Post-Wash	Sulphur	Gross Calorific
Resource Category	(M)	%	%	%	Value (kcal/kg)
A + B	15	17	8	1.1	6,500
C1 + C2	92	16	8	1.0	6,500
Total	107				

*\*This Foreign Estimates is not reported in accordance with the JORC Code and a Competent Person has not done sufficient work to classify these estimates as coal resources or reserves to the JORC standard. It is uncertain whether further work will reclassify these estimates to be reported as coal resources or reserves in accordance with the JORC Code. See Disclaimer Slide for Accompanying Notes.*

# Sawin Thermal Coal Project



- **Foreign Estimate 1.387Bn\* tonnes**
- 100% owned
- Large advanced UG Thermal Coal Project:
  - \* Delivers size and scale to Balamara coal portfolio
  - \* 13,200Ha concession (132km<sup>2</sup>) – huge land area
  - \* 14,000m historical drilling and database
  - \* Exploration license for 3.5 years
  - \* Existing infrastructure (rail, roads, water, power)
- Maiden JORC resource targeting H1 2015:
  - \* Historical data digitalisation underway
  - \* Drilling programme for 2015
- Prime location in world class Lublin Basin
- Adjacent to Bogdanka coal mine:
  - \* 8mtpa thermal coal produced - \$1.8Bn market cap
    - Lowest cost UG coal producer (US\$40/t)
- Adjacent to Prairie Mining 1.5BnT project



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## **Foreign Estimate Disclosure:**

*These are Foreign Estimates as per the Polish Standard as announced to the ASX dated 24 July 2013 (Nowa Ruda) and 21 July 2014 (Sawin). The Company confirms that the additional information provided in those announcements per Listing Rules 5.12 still applies, and that there is not new information or data relating to the Foreign Estimates that would materially impact the reliability of these Foreign Estimates.*

## **Competent Person Requirement:**

*The Company confirms that it is not aware of any new information or data that would materially affect the information included in the prior announcement dated 15 October 2014, and that all material assumptions and technical parameters underpinning the estimates in the prior announcement continue to apply and have not materially changed.*





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