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## **BALAMARA RESOURCES LIMITED**

**ACN 061 219 985**

### **NOTICE OF GENERAL MEETING**

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

**DATE:** 31 March 2015

**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 General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (WST) on 31 March 2015, at:

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

### **YOUR VOTE IS IMPORTANT**

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The business of the 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 General Meeting are those who are registered Shareholders at 5:00pm (WST) on 29 March 2015.

### **VOTING IN PERSON**

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To vote in person, attend the 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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#### 1. RESOLUTION 1 – DELISTING FROM THE ASX

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

*"That, for the purpose of ASX Listing Rule 17.11 and for all other purposes, the Company be removed from the Official List of the ASX on a date to be decided by the Directors and the ASX (being a date no earlier than one month after the date of the Meeting), and that the directors be authorised to do all things reasonably necessary or desirable to give effect to the delisting of the Company from the ASX."*

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#### 2. RESOLUTION 2 – 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 60,000,000 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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#### 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR PIOTR KOSOWICZ

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 13.4 of the Constitution and for all other purposes, Mr Piotr Kosowicz, a Director appointed on 17 February 2015, retires, and being eligible, is re-elected as a Director."*

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DATED: 12 FEBRUARY 2015

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. RESOLUTION 1 – DELISTING FROM THE ASX**

#### **1.1 Background**

As announced on 13 February 2015, the Company has made an application to the ASX pursuant to Listing Rule 17.11 to delist from the Official List of the ASX.

After due consideration, the Board has formed the view that it is in the best interests of Shareholders to delist from the ASX, with the intention to relist on an appropriate exchange at a time closer to initial mining operations.

If the Company receives Shareholder approval to delist from the ASX, the Company will be classified as an unlisted public company under the Corporations Act. This means that the Company must still produce audited annual financial statements, conduct an annual general meeting and remains bound by the takeover provisions per Chapter 6 of the Corporations Act. Related Party transactions would also still require shareholder approval, unless one of the exceptions listed in Division 2 of Chapter 2E.1 within the Corporations Act applies.

The ASX has granted its approval for the Company to pursue a delisting from the ASX subject to compliance with the following conditions:

- (a) That the request for removal of the Company from the Official List be approved by an ordinary resolution of the Company's Shareholders;
- (b) That the removal shall not take place any earlier than one month after the date on which the resolution to approve the delisting is passed; and
- (c) That the Notice of Meeting sets out clearly the timetable that will be followed for the removal of the Company from the Official List.

A summary of the terms of the ASX approval was released to the market on 13 February 2015.

In accordance with the conditions as stated above:

- (a) Resolution 1 seeks Shareholder approval via an ordinary resolution for the delisting of the Company from the Official List of the ASX;
- (b) the timetable that will be followed for the delisting of the Company from the Official List of the ASX has been outlined in Section 1.4 below.

#### **1.2 Rationale for Delisting**

The Directors have determined that the delisting of the Company from the ASX is in the best interest of Shareholders for the following reasons:

(a) **Lack of Australian institutional & retail interest in the Company's Shares**

Australian institutional & retail investor interest in the Company is low and remains low despite the efforts by the Company to attract investors in Australia, via presentations, road shows and other marketing. This is due to a number of macro market factors that are outside the control of Balamara, and it is expected that this negative sentiment will remain over the medium-term future.

(b) **Low level of liquidity**

The Company's Shares have had a low level of liquidity over a long period on the ASX, which has led to a low level of trading and a volatile Share price. This lack of liquidity is also considered a major instigator of the market capital being lower than the underlying asset value of the Company's projects and is considered as unlikely to change favourably ahead until more favourable macro market sentiment returns.

(c) **Unreflective market value**

Within the past 12 months, the Company's Share price has fallen from a high of 16 cents to current lows of ~1.5 cents. Although positive announcements have been released within this time frame the Share price continues to decrease. Raising money at these levels leads to excessive dilution to existing Shareholders.

If the Company were unlisted, it is considered more achievable to raise funds closer to the asset value (considered much higher than the current trading price), rather than the market value currently associated with those Shares.

(d) **Proximity to assets**

Due to the Company's projects all being located in Poland, it may be considered more beneficial to ultimately be listed on an exchange closer to the projects in the future, such as Warsaw or London.

(e) **Costs of the Company to remain listed**

The continued listing of the Company on the ASX comprised many unnecessary corporate and administrative costs and managements time. Being delisted would allow for these resources to be used more efficiently.

The approximate costs savings as expected are as follows:

|                   |                   |   |
|-------------------|-------------------|---|
| ASX Listing Fees  | ~\$25,000         | Annual listing fee payable in July in advance |
| ASX Raising costs | ~\$25,000         | Relating to issue of Shares and CHES charges  |
| Legal costs       | ~\$30,000         | Estimated saving per ASX-related works        |
| General meetings  | ~\$50,000         | Potentially less Shareholder meetings         |
| Marketing         | ~\$70,000         | Reduced marketing and investor road shows     |
| Travel & accom    | ~\$85,000         | Reduced travel relating to marketing          |
| Audit fees        | ~\$15,000         | No requirement for half-year audit/review     |
| <b>TOTAL</b>      | <b>~\$300,000</b> |   |

### 1.3 Disadvantages of Delisting

The Board has considered the potential disadvantages to the Company of delisting, particularly:

- (a) Shareholders will need to complete off-market transfers to affect a transfer of Shares. This is a more cumbersome and time consuming exercise for Shareholders to realise their investment;
- (b) as the Shares will not be linked to any stock exchange, the liquidity would be directly affected;
- (c) there could be potential pitfalls in raising money as an unlisted vehicle; and
- (d) an unlisted company is not governed by the ASX Listing Rules, and the Shareholder protection provided by the ASX Listing Rules will therefore no longer apply. These include (but are not limited to) continuous disclosure, restrictions on the issue of new Shares, ASX corporate governance principles and recommendations and the requirement to announce publicly various financial reports and quarterly updates.

### 1.4 Effect of Delisting

Shareholder approval for the delisting means that the Company will be removed from the Official List of the ASX. The date of removal will be one month after the date of this Meeting.

Set out below is an indicative timetable for removal. This timetable is indicative only and may change. After the Meeting, an announcement will be made to the ASX confirming the applicable dates to the delisting process. Prior to the date of removal of the Company from the Official List, the Company's Shares will continue to be traded on the ASX which will enable Shareholders who want to sell their Shares to do so for at least one month from the date of this Meeting.

The indicative timetable for the Company's delisting from the Official List is as set out below:

| Event                                    | Date          |
|--|---------------|
| General Meeting of Shareholders          | 31 March 2015 |
| Last day of trading                      | 1 May 2015    |
| Suspension from trading prior to removal | 1 May 2015    |
| Removal date                             | 6 May 2015    |

### 1.5 Effect on Shareholders

If the Company successfully delists from the ASX, Shareholders will hold certified Shares. Shareholders will be issued with Share certificates representing their holding which should be kept in a safe place as it is evidence of the shareholding and will be required to support any future transfer or sale request. Shareholders will not be able to trade their Shares via CHESS and all transfers will need to be effected via the execution of off market transfer forms being provided, together with any necessary supporting documentation, to the Company's share registry.

Shareholders who remain on the Company's register after the removal of the Company from the Official List of ASX will retain the protections afforded to them under the Corporations Act, ASIC and the Company's constitution.

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## **2. RESOLUTION 2 – ISSUE OF SHARES TO AMPLE SKILL LIMITED**

On 2 February 2015, the Company announced that Ample Skill Limited (**Ample**), a major Shareholder in the Company, had agreed to provide the Company with up to \$4 million in funding, via a convertible loan. Under the terms of the convertible loan, cash will be drawn down in tranches in the coming months, with a coupon rate of 5% applicable to outstanding monies. The conversion price is fixed at 3 cents per Share.

This Resolution is to seek approval under Listing Rule 10.11 for Ample Skill to convert, at their discretion, up to 60,000,000 Shares in Balamara. This is based on a drawdown of up to \$2,000,000.

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.

### **2.1 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**).

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

Ample currently holds approximately 30.82% of the voting power in the Company. Following completion of the Ample Placement, Ample could hold a total of 252,471,956 Shares, giving it voting power of approximately 36.89% (assuming no other Shares are issued).

Item 9 of section 611 of the Corporations Act provides that an acquisition by a person will be exempted from the Prohibition where:

- (a) throughout the 6 months before the acquisition that person, or any other person, has had voting power in the company of at least 19%; and
- (b) as a result of the acquisition, none of the persons referred to in paragraph (a) would have voting power in the company more than 3 percentage points higher than they had 6 months before the acquisition.



On the date that is 6 months prior to the Meeting and for the 1 month period thereafter, Ample had a voting power of 35.26%. As such, Ample are entitled to increase their voting power up to 38.26% throughout the period prior to 22 June 2015, under item 9 of section 611 of the Corporations Act.

## **2.3 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 60,000,000;
- (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);
- (d) the issue price will be \$0.03 (3 cents) per Share;
- (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);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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## **3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR PIOTR KOSOWICZ**

Clause 13.4 of the Constitution requires that any Director appointed throughout the year, will only hold office until the next general meeting and is then eligible for re-election.

Mr Piotr Kosowicz was appointed by the Board on 17 February 2015. In compliance with the Company's constitution and ASX Listing Rule 14.4, Mr Piotr Kosowicz will retire and seek re-election at the General Meeting. The Board, other than Mr Kosowicz supports the re-election of Mr Piotr Kosowicz.

Mr Kosowicz is the Chief Executive Officer of Polish company Carbon Investment Sp. z o.o, which holds the concession right to the Mariola Thermal Coal Project. Balamara completed the acquisition of Carbon Investment in December 2014 and, following the completion of the acquisition, Mr Kosowicz now holds an extensive interest in Balamara.

Mr Kosowicz holds a Master of Engineering from AGH University of Science and Technology, Faculty of Foundry Engineering in Poland, and also completed postgraduate studies in Drilling - Oil and Gas.

Alongside Balamara's Chairman Mr Derek Lenartowicz, Mr Kosowicz is responsible for the coordination of all three of Balamara's projects on-the-ground in Poland.

Mr Kosowicz has extensive experience in company management as well as project management for the mining sector and he has considerable local expertise on developing projects through the early stages into production, including licensing and permitting, which will be particularly useful for Balamara. Mr Kosowicz has been a management consultant for listed companies as well as a founder and a leader of start-up companies.

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## GLOSSARY

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

**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.

**Company** or **Balamara** 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.

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

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

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

**Official List** has the meaning set out in the ASX Listing Rules.

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

**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.

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

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**PROXY FORM**

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

**GENERAL MEETING**

I/We

of

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

Appoint

Name of proxy

OR

☐

the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the 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 General Meeting to be held at 11:00am (WST), on 31 March 2015 at BDO, Ground Floor, Hay Room, 38 Station Street, Subiaco Western Australia, and at any adjournment thereof.

**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 General Meeting**

Resolution 1 – Delisting from the ASX

| FOR                      | AGAINST                  | ABSTAIN                  |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Resolution 2 – Issue of Shares to Ample Skill Limited

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

Resolution 3 – Re-election of Director – Mr Piotr Kosowicz

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <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:** \_\_\_\_/\_\_\_\_/2015

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

1. **(Appointing a Proxy):** A Shareholder entitled to attend and cast a vote at an 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 General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the 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 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.**