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SUBSTANTIAL RESOURCE UPGRADE EXPECTED FOLLOWING COMPLETION OF NOWA RUDA DRILLING

Drilling and testwork supports quality, scale and commercial viability of Nowa Ruda

Highlights:

- **7000m diamond drilling programme now completed at the Nowa Ruda Project, with results awaited from coal parameter testwork for holes CHL-3, CHL-4 and CHW-3.**
- **Further thick coal intersections obtained at CHL-4 (Lech deposit), consistent with the very large coal intersections previously obtained at CHL-2 and CHL-3.**
- **Seam thickness obtained in the 415-series seam package (CHL-4) are greater than 5m.**
- **Based on previous results, Lech deposit comprises mostly hard coking coals plus low volatile coal, which are essential additives to coke plants and also have additional specialised uses as smokeless fuels.**
- **Hole CHW-3 targeted the central part of the Waclaw deposit and intersected coal seam thicknesses considerably greater than those obtained in earlier drilling.**
- **Updated JORC Resource estimate for Nowa Ruda expected by the end of May, with a substantial upgrade in both tonnes and resource category anticipated for both Waclaw and Lech deposits.**
- **Pre-Feasibility Study for Nowa Ruda to be delivered by the end of June, providing the first commercial vision for mining this strategic asset.**

Balamara Resources (ASX: BMB) ("Balamara" or "the Company") is pleased to advise that, following the finalisation of drillholes CHL-4 and CHW-3, the current drilling programme has now been completed at its Nowa Ruda Coking Coal Project in south-west Poland.

See Figure 1 for all drillhole locations.

The final hole at the Lech deposit, CHL-4, intersected very substantial thicknesses of coal, comparable to the exceptional results obtained in holes CHL-2 and CHL-3 (*see ASX Announcement – 10 March, 2015 "Nowa Ruda Drilling Update"*).

The final hole at Waclaw, CHW-3 also intersected impressive thicknesses of coal, substantially greater that those obtained in CHW-1 and CHW-2, which were the first two holes drilled by Balamara into the Waclaw deposit in 2014.

Nowa Ruda Coking Coal Project is located in the traditional coking coal region of the Lower Silesian Coal Basin in Poland, and consists of a single exploration concession encompassing two adjacent substantial deposits, Waclaw and Lech.

Final results for coal parameter testwork including chemical and coal washability tests are awaited for bore holes CHL-3, CHL-4 and CHW-3. Drilling of the first three diamond holes, CHL-1, CHL-2 and CHL-3 has now been completed at the Lech deposit with coal parameter testwork largely completed for the first two holes.

Coal parameter testwork on coal from the CHW-1 and CHW-2 drill holes at the Waclaw deposit indicated that the coal was low in sulphur, with low spontaneous combustion and low amounts of methane and carbon dioxide. Coal washability testwork using various heavy media techniques was also highly successful in reducing the ash content. Coals at Waclaw are essentially high quality coking coals.

At Lech, coal washability testwork for CHL-1 and CHL-2 was also highly successful in reducing the ash content. Coal parameter testwork indicates that the coals are a combination of high quality coking coals and high ranking low volatile thermal coals that are an essential ingredient for coke plants.

In the latest drilling results, Lech hole CHL-4 has intersected four seams and/or seam composites all with substantial thicknesses ranging from 1.82m to 5.78m at depths ranging from 870.04m to 999.43m (see Figure 2 – schematic section).

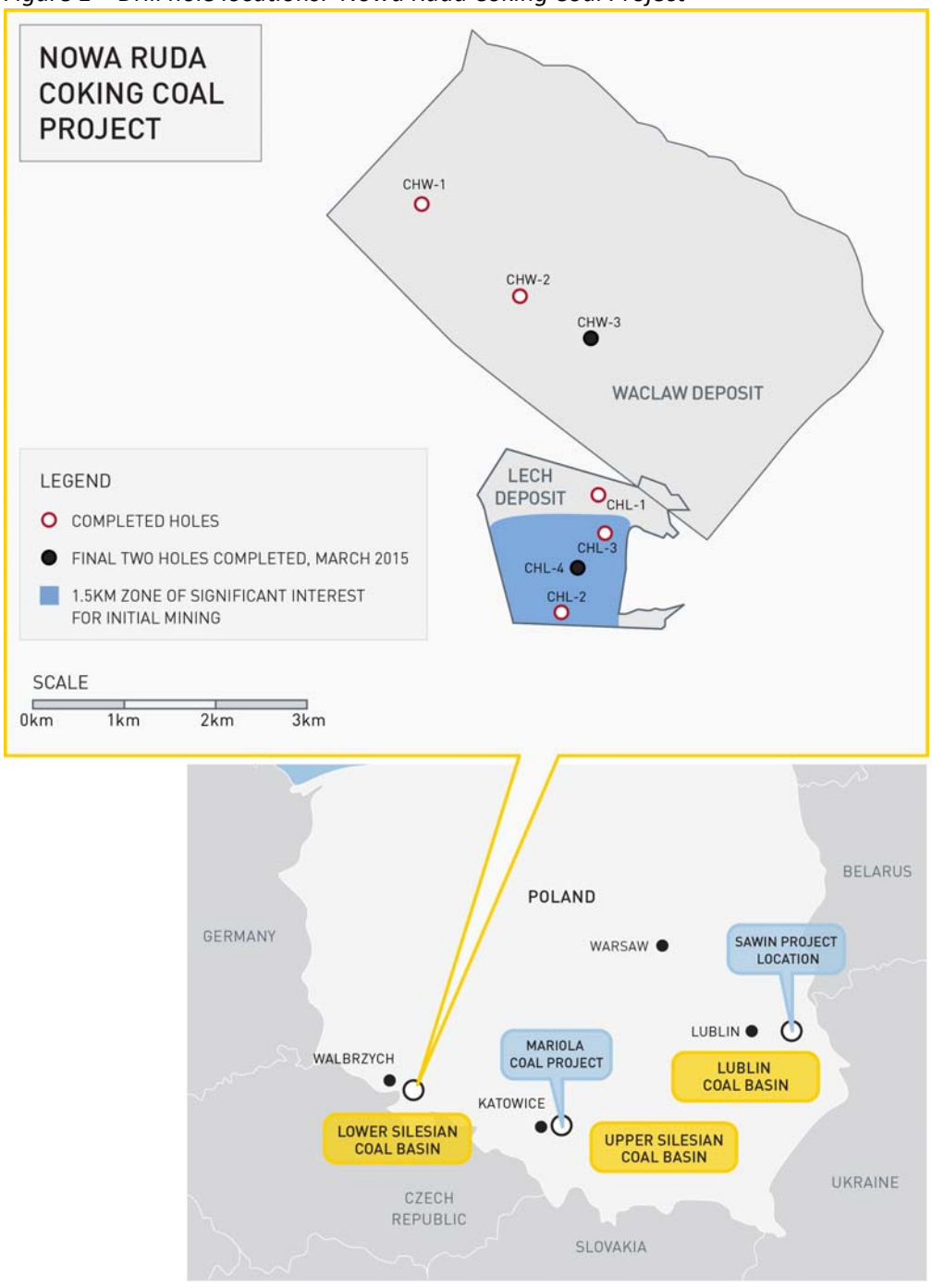
Three out of four holes in the current programme at Lech have delivered substantial intersections of high quality coking coal and this is a major boost for the Project, far exceeding the thicknesses contained at equivalent locations in the current JORC resource model for Nowa Ruda.

Hole CHL-4 was drilled between CHL-2 and CHL-3 and confirms the earlier positive results highlighted by these two holes. These three significant intersections with multiple seams at different levels extend over a strike length of approximately 1.5km. The results indicate very good continuities of individual coal seams and this is likely to result in a significant proportion of the upgraded JORC resources going into the Indicated Category, forming a very solid basis for the Pre-Feasibility Study.

The third Waclaw hole (CHW-3) intersected three very acceptable seams and/or seam composites in the vicinity of 2m in thickness (1.96-2.07m). These are thicker that what was obtained in CHW-1 and CHW-2.

Balamara has mandated HDR Salva to provide an updated JORC resource for Nowa Ruda and it is expected that these results will deliver a substantial increase to the maiden JORC resource delivered in 2014. The revised JORC resource is expected by the end of May 2015 as Balamara is still awaiting final coal quality data, which is due over the next 30 days from the local laboratories doing the analytical work.

Figure 1 – Drill hole locations: Nowa Ruda Coking Coal Project



HDR Salva has also been mandated to produce a Pre-Feasibility Study, including preliminary commercial outcomes for a mining operation at this deposit (*see ASX Announcement – 1 April, 2015 "Further Mandates Executed to Fast-Track Polish Coal Strategy"*).

Key parameters from the coal testwork results received for early holes suggest that Nowa Ruda coal will be in high demand by coking plants in Poland and across Europe.

This is consistent with historical sales data on coal quality from the Walbrzych coking plant, which primarily used coking coal from Nowa Ruda prior to its closure in 1996 (*see ASX Announcement – 5 May, 2014 "Additional Information to Nowa Ruda JORC – Coal Quality"*).

These various intersections of thick seams of high quality coking coal and associated materials provide further significant impetus to Nowa Ruda and further support the commercial viability of the Project.

Figure 2: Schematic cross-section indicating coal seams and intervals for hole CHL-4

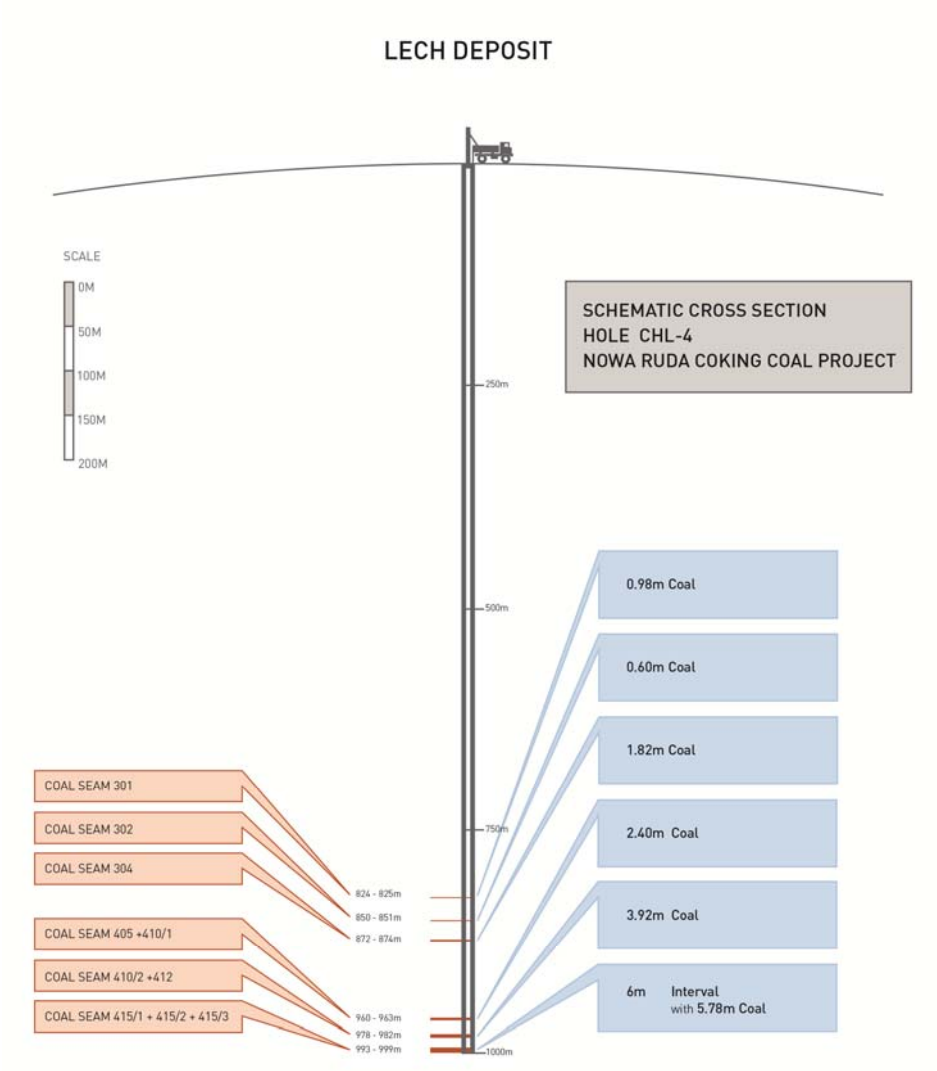
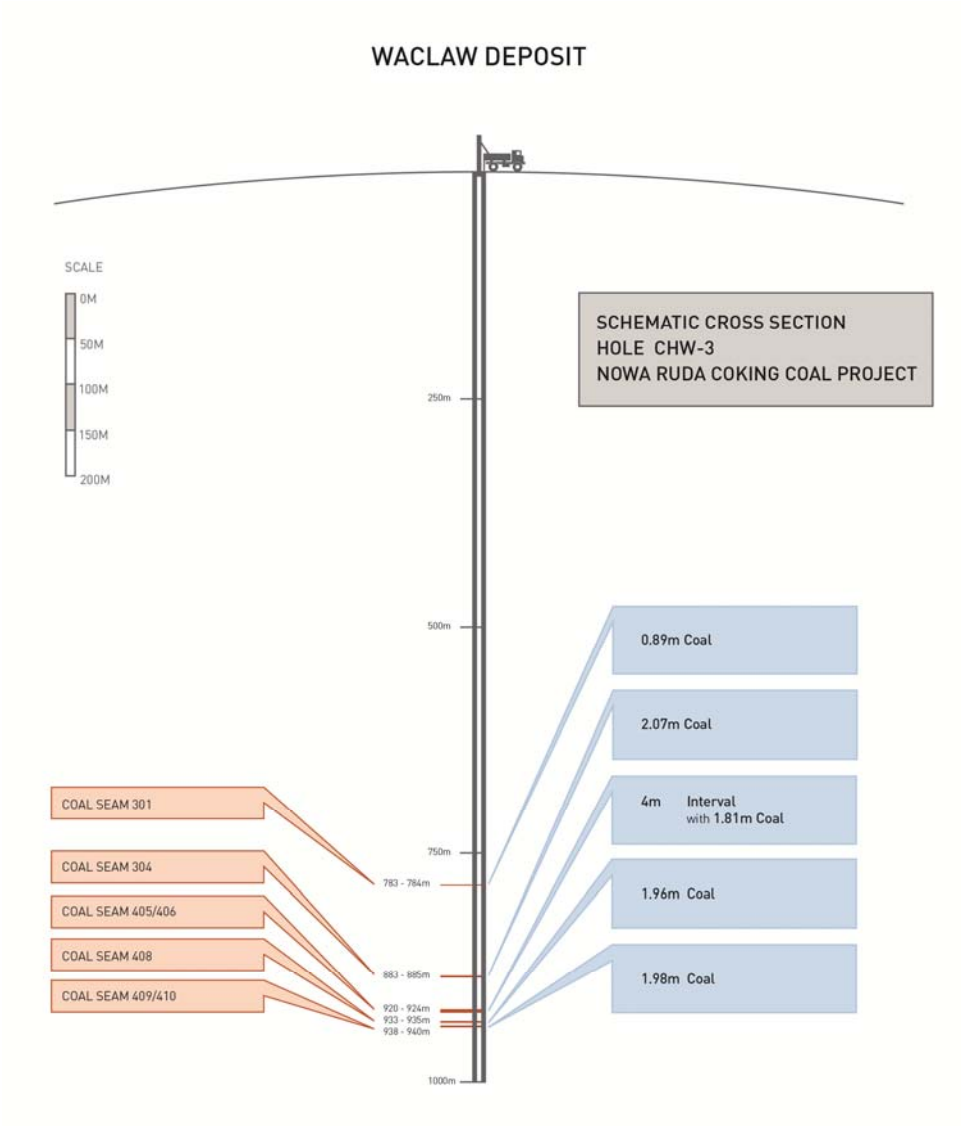


Figure 3: Schematic cross-section indicating coal seams and intervals for hole CHW-3



The drilling programme, which comprised three holes at the Waclaw deposit and four holes at the Lech deposit for a total of seven holes and ~7000m of diamond drilling, has now been completed.

Drilling was undertaken by a combination of non-core and coring methods and is described in detail in the JORC (2012) Table 1 that is included as an Appendix to this announcement. Borehole summary logs including full information on drillhole locations and hole paths are also provided at the end of the announcement.

All coal parameter testwork sampling was undertaken at the internationally accredited Glowny Instytut Gornnictwa ("GIG"), located in Katowice, Poland. It is also known as the Central Mining Institute and is the major facility for undertaking coal parameter testwork.

All cores for sampling were transported to GIG and sample selection and testwork design was undertaken jointly by GIG personnel and the Nowa Ruda Project site geologists. Full details are provided in JORC (2012) Table 2.

The initial holes at Waclaw and in particular hole CHW-1 were targeted at the western edges of the deposit in order to determine the extent of the strike. Hole CHW-3 targeted the central part of the deposit and intersected coal seam thicknesses considerably greater than those obtained in the earlier drilling. An important aspect is that core recoveries continue to be very high and the major coal seam intersections will qualify as points of observation for a revised JORC resource model.

Balamara is continuing to focus on its core objective of becoming the next significant European coal producer through the development of its three tier one Polish coal projects over the medium term. The Mariola Thermal Coal Project is likely to be the first mine into production, targeting end of 2016; followed by the Nowa Ruda Coking Coal Project and finally the world-scale Sawin North Thermal Coal Project.

The results reported today provide further strong support and validation for the Company's overall development strategy and focus.

-ENDS-

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Competent Persons Statement:
Information in this announcement that relates to Exploration Results and Coal Resources is based on information compiled by Mr Kevin Alexander who is a full time employee of Balamara resources limited and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Alexander has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity in which he is undertaking to qualify as a Competent Person under the 2012 edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Alexander contents to the inclusion of the data in the form and context in which it appears.

BOREHOLE NO. CHW-3

BOREHOLE SUMMARY

LOCALITY				Ludwikowice Kłodzkie			
District	Nowa Ruda			Area		Kłodzko	
Co-ordinates (PL 2000)	X – 56 09 957,09						
	Y – 63 93 137,44			Map No.		-	
Elevation	460,14 m a.s.l.			Aerial Photo No.		-	
Inclination	Vertical (deviation in file)			Asimuth		-	
CONTRACTOR							
Company	Algeo Sp. z o.o.			Operator			
Machine	URB 2.5 A / URB 3A3 / WIRTH B3A			Pump/Compressor		NB-50	
DRILLING							
Method	Openhole	Openhole	Openhole	Openhole	Openhole	Coring	Coring
Core Barrel Type							**PQ-3**
Bit Type	Cogged bit	Cogged bit	PDC bit	PDC bit	PDC bit	Core bit	Wireline
B/H Diameter (mm)	444	311	216	152	149	132	122,6
Core Diameter (mm)							85
Depth (m)	4	57	380	453	513	515	945,55

CASING				**REAMING**			**GROUTING**	
Diameter (mm)	339,72	244,47	177,80	Diameter (mm)	152	132	Grout Type:	
Depth (m)	4	57	380	Bit Type (mm)	Diamond bit	Diamond bit	Grounding Method: plugs as below	
Left in hole (m)	4	57	380	From (m)	453	539	Plug	
Capped				To (m)	539	718	From (m)	To (m)
Reason for capping				Reason			0,0	70,0
Notes: Cementing reports available in the drilling documentation							70,0	320,0
							320,0	600,0
							600,0	945,55

Dates drilled	Started: 13.07.2014.	Completed: 16.03.2015.	Grouted: 29.03.2015.	
	Geophysical: I interval – 16.03.2015.		Descriptive:	
Purpose of borehole	To verify historical data			
Geophysical logs run	770,0 – 945,0 NGRS 770,0 – 945,0 4ACS 0,0 – 945,0 VERT		Seams present:	301 – 409/410
Piezometer inserted	-			
Hydrogeological tests	-			
Geotechnical tests				

Terminal depth (m)	945,55	Core storage:		
Logged by	Janusz Trentowski		Geophysical reconciliation by:	
Water levels (m)	Intersected:		Rest:	

BOREHOLE NO. CHL-4

BOREHOLE SUMMARY

LOCALITY				Nowa Ruda					
District	Nowa Ruda				Area		Kłodzko		
Co-ordinates (PL 2000)	X – 56 07 420,50								
	Y – 63 93 037,70				Map No.		-		
Elevation	524,29 m a.s.l.				Aerial Photo No.		-		
Inclination	Vertical (deviation in file)				Asimuth		-		
CONTRACTOR									
Company	ŚTW Dalbis Sp. z o.o.				Operator				
Machine	FRASTE FS 400 / YDX 3000				Pump/Compressor		NB-125/BW-300		
DRILLING									
Method	Openhole	Openhole	Openhole	Openhole	Coring				
Core Barrel Type					**PQ-3**				
Bit Type	Cogged bit	Cogged bit	Cogged bit	Cogged bit	Wireline				
B/H Diameter (mm)	460	311	216	152,4	122,6				
Core Diameter (mm)					85				
Depth (m)	10	200	418	734	1001,19				
CASING				**REAMING**			**GROUTING**		
Diameter (mm)	355,60	244,47	168,30	Diameter (mm)			Grout Type:		
Depth (m)	10	200	418	Bit Type (mm)			Grounding Method: plugs as below		
Left in hole (m)	10	200	418	From (m)			Plug		
Capped				To (m)			From (m)	To (m)	
Reason for capping				Reason			0,0	170,0	
Notes: Cementing reports available in the drilling documentation							170,0	380,0	
							380,0	449,0	
							449,0	533,0	
							533,0	632,0	
							632,0	759,0	
							759,0	1001,19	
Dates drilled	Started: 25.10.2014.			Completed: 02.03.2015.			Grouted: 22.03.2015.		
	Geophysical: I interval – 03.-05.03.2015.						Descriptive:		
Purpose of borehole	To verify historical data								
Geophysical logs run	810,0 – 998,0 NGRS 810,0 – 998,0 DNNS 810,0 – 983,0 4ACS 0,0 – 998,0 VERT 0,0 – 983,0 TCME						Seams present:	301 – 415/3	
Piezometer inserted	-								
Hydrogeological tests	-								
Geotechnical tests									
Terminal depth (m)	1001,19		Core storage:						
Logged by	Janusz Trentowski				Geophysical reconciliation by:				
Water levels (m)	Intersected:				Rest:				

JORC Code, 2012 Edition – Table 1 – Nowa Ruda Coal Project – CHL-1, CHL-2 and CHL-3 Coal Parameter Testwork

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary

Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*
	• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*
		• All coal sampling and also geotechnical testing of the immediate host rocks to the coal formations was undertaken at Glowny Instytut Gornnictwa (GIG), Central Mining institute in Katowice, Poland.
		• The site geologist identifies coal seams to be sampled and also prospective locations for geotechnical sampling and the core is transferred approximately 240 km from site to the GIG laboratories. Before sampling the site geologist together with GIG representatives consult the geological logs and review the specific locations recommended for sampling which is then undertaken by experienced GIG personnel.
		
		• Testing took place on all coal seams greater than 0.6 m in thickness, and included partings up to 5cm in thickness. Sampling was extensive and a 200g charge was used to conduct standard tests including, but not limited to:
		  • Ash Content;
		  • Calorific Value;
		  • Moisture;
		  • Coal Type;
		  • Sulphur Content;
		  • Coking parameters;
		  • Volatile matter content
		  • Density
		
		Coal washability testwork was undertaken using a range of heavy media. The products washability tests were used to determine specific coking coal parameters including:
		
		  • Swelling Index
		  • Roga Index
		  • Geissler plasticity
		
		• Vacuum degassing tests were conducted on all seams greater than 0.3m in thickness to test for methane and CO2 content. Approximately 100g of

Criteria	JORC Code explanation	Commentary

		material was taken within 24 hours of coring and placed in a purpose designed metal gas sampling vessel which was then transferred to the Barbara Experimental Mine in Katowice which is a division of GIG.
		
		• A range of geotechnical tests were also conducted on floor and roof of the host rocks to the coal seams. These tests included but were not limited to:
		  • Uniaxial Compressive Strength
		  • Tensile Strength
		  • True relative density and volumetric density
		  • Rock Quality Designation
		  • Effective porosity
		  • Gravity drainage capacity
		  • Permeability

Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Thre drillholes CHW-1, CHW-2 and CHW-3 have been completed at Waclaw as part of a planned seven hole programme comprising three holes at Waclaw and four holes at Lech. All drilling at Waclaw was conducted by Algeo Sp. Z o o, a specialized private drill contracting company based at z siedziba 36-207 Grabownica Starzenska 609 in southeastern Poland • In Poland before any drilling can commence a borehole plan must be produced for each borehole. The plan is approved by the local mining authority with input from local government authorities. Regular inspections are conducted by officials from the local mine authority. CHW-3 was completed to a total depth of 945.55 metres using a combination of a URB 3A3 and Wirth B-3A (German manufactured) drill rig with an NB-50 pump. Drilling was conducted by roller cone bits at gradually decreasing diameters down to 515m. The major diameters were 311mm from 4-57m, 216mm from 57-380, 152mm from 380-453, 149mm from 453-513 and 132mm from 513-515. Diamond core drilling commencing at 515m and was undertaken by PQ (3) methods. Cementation generally took place at each major reduction in diameter and permanent casing of varying diameters remained in the hole to a depth of 380m. Drilling at CHL-1 and CHL-2 was conducted by Algeo Sp. Z o o, a specialized

Criteria	JORC Code explanation	Commentary
		private drill contracting company based at z siedziba 36-207 Grabownica Starzenska 609 in southeastern Poland. Drilling at CHL-3 and CKHL-4 was conducted by ŚTW Dalbis Sp. z o.o a separate private drilling contractor based at ul. Hutnicza 5 – 9, 42 – 600 Tarnowskie Góry near Katowice. • CHL-1 was completed to a total depth of 960.4 metres using a combination of a URB 3A3 and Wirth B-3A (German manufactured) drill rig with an NB-50 pump. Drilling was conducted by roller cone bits at gradually decreasing diameters down to 507.5m. The major diameters were 311mm from 6-39m, 216mm from 39-245, 149mm from 245-507.7, 132mm from 507.5-607 and 122.6mm from 607-960.4. Diamond core drilling commencing at 507.5m and was undertaken by PQ (3) methods. Cementation generally took place at each major reduction in diameter and permanent casing of varying diameters remained in the hole to a depth of 535m. • CHL-2 was completed to a total depth of 1001.5 metres using a combination of a URB 3A3 and Wirth B-3A (German manufactured) drill rig with an NB-50 pump. Drilling was conducted by roller cone bits at gradually decreasing diameters down to 585m. The major diameters were 311mm from 8-152.5m, 216mm from 152.5-400, 149mm from 400-600, 143mm from 600-621 and 122.6mm from 621-1001.5. Diamond core drilling commencing at 621m and was undertaken by PQ (3) methods. Cementation generally took place at each major reduction in diameter and permanent casing of varying diameters remained in the hole to a depth of 400m. • CHL-3 was completed to a total depth of 835.75 metres using a YDX-3000 drill rig with an NB-125/BW-300 pump. Drilling was conducted by roller cone bits at gradually decreasing diameters down to 631m. The major diameters were 311mm from 10-165m, 216mm from 165-402m, 152mm from 402-631 and 122.6mm from 631-835.5. Diamond core drilling commencing at 631m and was undertaken by PQ (3) methods. Cementation generally took place at each major reduction in diameter and permanent casing of varying diameters remained in the hole to a depth of 402m. • CHL-4 was completed to a total depth of 1001.19 metres using a YDX-3000 drill rig with an NB-125/BW-300 pump. Drilling was conducted by roller cone bits at gradually decreasing diameters down to 734m. The major diameters were 311mm from 10-200m, 216mm from 200-418m, 152mm from 418-734 and 122.6mm from 631-835.5. Diamond core drilling commencing at 734m

Criteria	JORC Code explanation	Commentary
		and was undertaken by PQ (3) methods. Cementation generally took place at each major reduction in diameter and permanent casing of varying diameters remained in the hole to a depth of 418m.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The collection of core samples generally followed the standard Polish procedures. • The 3m core tube was fitted with special plastic tubing inside the triple tube and the core run was removed by two drilling supervisors. The tubing was fitted with plastic stoppers at each end and the core is then transferred by trailer to a dedicated logging facility approximately 1-2 km for the drill sites. • Core recovery was determined by measuring the lengths of recovered core and calculating as a % of the interval based on drilling depths. The recovered core was also compared to the coal interval thickness and depths determined from the geophysical logs. Core recoveries in the coal seams and the interburden were generally of the order of 95%. • All core sampling takes place at the GIG laboratory in Katowice and sample material and the remaining core is stored there after sampling. • Core from intervals that were not sampled remains at the project site near Ludwikowice. • Open hole drilling was undertaken from surface to usually just above the unconformable contact between the Permian strata and the underlying Carboniferous strata that host the coal measures.
Logging	• *Whether core and chip samples have been geologically and geotechnical logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• CHL-4, CHW-3 were drilled by open hole methods to 734m and 515m respectively. Drill chips were collected at 1m intervals and stored in large plastic bags. Sub-samples weighing approximately 0.5 kg were taken and stored in wooden boxes containing 20 units. The drill chip samples were photographed and a graphic log and geological description of the open hole section of the drillhole was produced by the site geologist • Detailed geological logs have been produced of the coal measures based on the drilling depths. The logs are presented as a graphic log with a detailed geological description and all core was geologically logged prior to sampling.

Criteria	JORC Code explanation	Commentary
		• Geotechnical is undertaken at site and includes standard measurements such as solid recovery (SRC), fracture analysis per metre of core and rock quality data (RQD). Detailed geotechnical testwork is also conducted on samples from the host rocks that from the floor and roof to the various coal seams. This testwork is conducted at GIG in Katowice • All core was photographed as part of the core logging process. • Downhole geophysical surveying was undertaken for both CHL-1. CHL-2 and CHL-3 by Geofizyka Krakow SA. These surveys provide a downhole survey of the hole path and also provide information that can confirm the location and thickness of the coal seams.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Immediately after the coal seams are extracted from the core barrel a spot coal sample secured in a specific air tight container is taken for gas testing. • A very comprehensive suite of testwork was conducted including coal parameter testwork, specific testing of coking properties and a comprehensive range of geotechnical testwork has been carried out as per Polish standards. This testwork has been previously described in 'Sampling techniques'.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All coal sampling and also geotechnical testing of the immediate host rocks to the coal formations was undertaken at Glowny Instytut Gornnictwa (GIG), Central Mining institute in Katowice, Poland. • The laboratory undertakes quality control checks with three independent laboratories in Poland. GIG also uses internal quality control to verify results. Quality control checks occur on a quarterly basis. • The laboratory facilities were inspected in May 2014 by Wardell Armstrong International (WAI) as part of an independent QAQC conducted by WAI into the drilling, logging, sampling and assaying procedures at the Nowa Ruda project. A QAQC report on this work was produced in September 2014 by Wardell Armstrong International (WAI).
Verification of sampling and	• *The verification of significant intersections by either independent or alternative company personnel.*	• The laboratory undertakes its own quality control checks with three independent laboratories in Poland. GIG also uses internal quality control to

Criteria	JORC Code explanation	Commentary
assaying	• *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	verify result. • Sampling and coal quality test results are held in both hard copy and electronic format at Balamara's office in Katowice. Similarly test results are retained by GIG at its facility in Katowice. • No adjustments have been made to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Boreholes are set out by survey in accordance with the Poland CS2000 Zone 6 grid system. A second borehole survey is conducted at the end of the hole after demobilization of the drill rig. The survey includes the X and Y coordinates and the height above sea level. • Topographic maps for the area are available in digital form. • Following the completion of each borehole, a down-hole geophysical logging survey is undertaken to provide the inclination and azimuth of the borehole throughout its length.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• These two drillholes completed at Lech are approximately 1.6 km apart. The drilling is part of a larger programme at both Waclaw and Lech that will comprise seven holes – three at Waclaw and four at Lech. • An initial JORC (2012) resource estimate for Nowa Ruda was completed by WAI in April 2014 and the current drilling programme is designed to verify and infill the historical drilling.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Both boreholes were drilled vertically with no pre-determined orientation or drilling angle and downhole surveying has been conducted and the trace of the drill path. Locally dips steepen up against major faults but dips are generally modest at up to 20 degrees and not considered sufficient to have introduced a sampling bias
Sample security	• *The measures taken to ensure sample security.*	Core sampling and storage is undertaken in an indoor facility that is lockable with restricted access and contains good lighting and heating. A chain of custody and associated documentation has been developed for the transfer of core/samples from site to GIG for analysis. Samples are transported by the site geologist to the GIG Laboratory where they are received by GIG personnel. Samples for testwork are selected jointly by the site geologist and GIG personnel.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• An independent QAQC was conducted by WAI into the drilling, logging, sampling and assaying procedures at the Nowa Ruda project. An interim QAQC report with a number of recommendations was produced in July 2014

Criteria	JORC Code explanation	Commentary
		followed by an update in September 2014. A number of changes to procedures were made based on the WAI recommendations.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Nowa Ruda exploration lease is owned by Balamara Resources Ltd, through Coal Holding, which is a Polish subsidiary company, 100% owned by Balamara resources Ltd. • The exploration lease comprises a single area, divided into the 'Piast Coalfield Wacław Area' and the 'Piast Coalfield Lech Area'. • The lease number is 8/2013/p, it covers an area of 20.289km2. • The lease was granted on 18th July 2013 and will expire on 18th January 2016. • There is designated area of natural beauty (Natura 2000), which overlaps with the northern part of the lease, as follows: • Habitat Directive Site (SCI) • Name: Ostoja Nietoperzy Gor Sowich • Code: PLH020071 • Area: 21338.43 Ha • Natura 2000 is reported to contain 4 protected species of mammals. • Natura 2000 may potentially impede future exploration and/or mining.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Wacław • Surface and underground exploration was carried out by the Polish state geological institutes, as follows: • 1843 to 1858: Initial exploration and small scale extraction where the coal seams outcropped; • 1955 to 1956: Two boreholes drilled to 172m and 600m (but these failed to prove the continuity of coal seams from workings. Five channel samples taken from underground workings at Wacław drift

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		for analyses at Nowa Ruda Hard Coal Mine Laboratory; • 1964 to 1965: The drilling of five boreholes, B.1, B.2, B.3, B.4 and B.5 to coal seams 301 and 304; • 1971 to 1975: Underground exploration at Ludmiła Shaft and an exploration drift through the Permian to the Carboniferous; • 1972 to 1977: The drilling of four boreholes, B.W-1, B.W-2, B.W-3 and B.W-4, at spacing's of 1,000 to 1,100m, to about 1,200m deep and approximately 1200 from underground workings. These were tested for coal quality and CO2 content; and • 1985: Drilling of two boreholes, GN24 and GN25. Lech • Surface exploration was carried out by the Polish state geological institutes, as follows: • 1968 to 1974: The drilling of four boreholes, B.I, B.II, B.III and B. IV, along a traverse approximately 1,500m long in a northwest to southeast direction. • From 1961 to 1964, there were 1,243 underground boreholes drilled at Wacław and Lech. • Many of the surface boreholes were lithologically and geophysically logged. However, the borehole records for Lech were not available and there were no original geophysical logs available. • The Nowa Ruda coking coal deposit is a Carboniferous coal bearing sedimentary sequences. The deposit is suited in the Lower Silesian Coal Basin, in southwest Poland. The coal seams are inter-bedded within sequences of siltstones, shale, mudstones and conglomerates. The coal seams are susceptible to thinning and are disturbed by intense faulting, which included both normal and reverse (thrust) faults. These faults divide the coal field into a series of structural cells and influence and may have displacements of at least 1,000. The faults, sandstone horizons and coal seams are prone to elevated accumulations of gas, mainly CO2, that have caused fatal outburst in the past. The coal seams dip at about 20o to 35o to the southwest,

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		although may steepen to around 70o adjacent to faults. • In accordance with Polish classification, these coal seams have been categorized as a Group II deposits in terms of structural complexity. • Due to the depth of the coal seams, they are potentially mineable by underground mining methods.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Nowa Ruda coking coal deposit is a Carboniferous coal bearing sedimentary sequences. The deposit is suited in the Lower Silesian Coal Basin, in southwest Poland. The coal seams are inter-bedded within sequences of siltstones, shales, mudstones and conglomerates. The coal seams are susceptible to thinning and are disturbed by intense faulting, which included both normal and reverse (thrust) faults. These faults divide the coal field into a series of structural cells and influence and may have displacements of at least 1,000. The faults, sandstone horizons and coal seams are prone to elevated accumulations of gas, mainly CO2, that have caused fatal outburst in the past. The coal seams dip at about 20o to 35o to the southwest, although may steepen to around 70o adjacent to faults. • In accordance with Polish classification, these coal seams have been categorized as a Group II deposits in terms of structural complexity. • Due to the depth of the coal seams, they are potentially mineable by underground mining methods.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the*	• A summary of the drillhole information is provided on the attached Borehole Summary sheets. • A plan view of drill hole collar locations form this programme is provided in Figure 1.

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	information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No data aggregation methods were used in the preparation of this announcement. • Coal quality has been determined for each seam independently based on the results of the coal parameter testwork.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralization with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The coal seams have been intersected by drillholes that are near vertical and holes have been surveyed to determine the inclination and azimuth of each drillhole. • The coal seams are generally moderately dipping with average dips of approximately 20 degrees and as such down hole lengths are approximately 94% of true widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• A plan view of drill hole collar locations form this programme is provided in Figure 1. Schematic cross sections are given for CHL-2 and CHL-3 in Figures 2 and 3 respectively.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All of the relevant data and information from this two hole exploration programme has been made available for the announcement.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No additional, relevant or material exploration data and information was provided for the purposes of reporting these exploration results
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• This announcement relates to results from the final hole at Lech (CHL-4) and the final hole at Waclaw (CHW-3)s drilled at Lech. These holes are part of a seven hole drill programme at the Nowa Ruda project, consisting of

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	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	approximately 6800 metres. The programme consists of three holes at Waclaw and four holes at Lech and individual holes range in depth from 930 to a maximum allowable depth of 1000 metres. Drilling has now been completed with the coal parameter testwork results awaited for CHW-3 and CHL-3 and CHL-4. • Following the completion of the total programme there will be an updated JORC (2012) resource calculation incorporating all relevant results for the drilling programme.