

30 April 2015

MARCH 2015 QUARTERLY ACTIVITIES REPORT

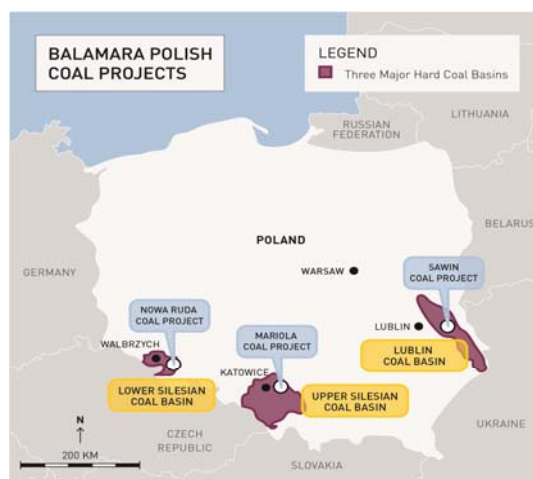
Substantial progress with all three Polish coal projects: positive Pre-Feasibility Study completed at Mariola Project with A\$400M NPV; Pre-Feasibility Studies underway at Nowa Ruda and Sawin Projects; additional funding secured from major shareholder

HIGHLIGHTS

- ***Approvals granted to de-list from the official list of the Australian Securities Exchange (ASX), with the last day of trading being 1 May 2015.***
- ***Positive Pre-Feasibility Study (PFS) completed at Mariola Thermal Coal Project, Poland, with key highlights including:***
 - *Maiden Coal Reserve estimate* 39.5Mt Probable
 - *After-tax Net Present Value (NPV):* US\$312.7M (A\$400m) @ 10.5%
 - *Initial mine life:* 15 years
 - *Cumulative Free Cash Flow:* US\$881M (A\$1.13 billion)
 - *Average life-of-mine total cash cost of US\$45/t, delivered to the ROM*
 - *Planned average production of 2.7Mtpa across current mine life*
 - *Capital development cost of US\$79M (A\$100M) inclusive of 25% contingency*
- ***Maiden 1.2 billion tonne JORC resource completed at Sawin Thermal Coal Project, Poland.***
- ***7-hole drill programme completed at Nowa Ruda Coking Coal Project, with JORC Resource upgrade expected late May.***
- ***Pre-Feasibility Studies underway at both Nowa Ruda and Sawin Projects, Poland.***
- ***\$4M convertible loan agreement executed with major shareholder, Ample Skill Limited. Conversion price fixed at 3.0 cents per share.***
- ***Resignation of Executive Director Mr Milos Bosnjakovic from the Board; Appointment of Executive Director Mr Piotr Kosowicz.***

PROJECT OVERVIEW

During the Quarter, Balamara continued to fast-track the development of its three Polish coal Projects as part of its overall strategy to become the next substantial European coal producer. The Company now has a project in each of the major coal basins in Poland, as shown pictorially to the right.





Mariola Thermal Coal Project (100% owned)

During the Quarter, internationally accredited coal consultants Salva Resources (“HDR”), completed the Pre-Feasibility Study on the Mariola Project. Detailed information on the report was released to the ASX on 4 March 2015, with extracts provided below:

Mariola Operating & Financial Figures	
Mining Method	Underground
Life of Mine	15 years
Maiden Probable Coal Reserve Estimate	39.5 Mt
Coal Resources within Optimised Mine Plan	40.9 Mt
Annual Saleable Production (LOM Average)	2.7 Mtpa
Operating Cost (LOM Average, including rehabilitation)	US\$45/t
Project Capital Cost (Including contingency but excluding contractor/leased items & sustaining)	US\$79 M
NPV 10.5% Discount (nominal, post tax)	US\$313 M
Post-tax IRR (nominal)	214%
Post-tax LOM Free Cash Flow (nominal)	US\$881 M

Mariola Underground Mining Parameters	
Mining Method	Underground Longwall
Mine Life	15 years
ROM Production (Average LOM)	2.7mtpa

Mariola Costs & Revenue	
Operating Cost	US\$45/t
Coal Sale Price	US\$68/t
Operating Margin (Average LOM)	US\$23/t

The Company is currently working on to secure the required permitting for additional drill holes that assist with the Definitive Feasibility Study. Drilling is expected to be completed by the end of 2015.

Nowa Ruda Coking Coal Project (100% owned)

Work also continued at the Nowa Ruda Coking Coal Project during the Quarter, where a comprehensive 7000m drilling campaign has now been completed. The drilling programme was designed to verify and revise the initial Nowa Ruda JORC resource and use this to underpin a PFS at Nowa Ruda during 2015.

The first two holes at Nowa Ruda (CHW-1 and CHW-2) were completed in 2014 and test work was conducted on the coal quality. These holes were both drilled at the Wacław deposit and Coal parameter testwork 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.

In the latest drilling results as released to the ASX on 10 March 2015 and 13 April 2015, Lech holes CHL-2/CHL-3/CHL-4 intersected excellent seams and/or seam composites with substantial thicknesses, including an intersection of 7.60m within CHL-3.

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

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.

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.

Sawin Thermal Coal Project (100% owned)

The Sawin Project is located in the Lublin Coal basin in Eastern Poland, adjacent to the world-class Bogdanka thermal coal mine operated by listed Polish mining company Lubelski Wegiel Bogdanka SA (see Figure 1).

During the Quarter, HDR has completed a maiden Coal Resource estimate in accordance with the JORC Code (2012) for the Sawin Thermal Coal Project, which was announced to the ASX on 23 March 2015 and is set out below:

Coal Resource Estimate for the Sawin Thermal Coal Project as at 4 March 2015 (tonnes calculated on an air dried basis)

Resource Classification	Mass (Mt)	Ash (adb) (%)	Moisture (adb) %	Gross Calorific Value (adb) Kcal/kg)	Volatile Matter (adb) %	Relative Density (adb)	Total Sulphur (adb) %	FSI
Inferred	1,200	10	3.5	6,900	33	1.3	1.7	2
TOTAL	1,200							

The estimate incorporates a minimum seam thickness of 0.6 m and a maximum raw ash content of 30%. Inferred Resource rounded to the nearest 5 Mt

The coal resource has been compiled from a total of 52 historical drill holes. Balamara has appointed HDR to undertake the PFS on Sawin, which represents the largest coal resource within Balamara's Polish coal portfolio.

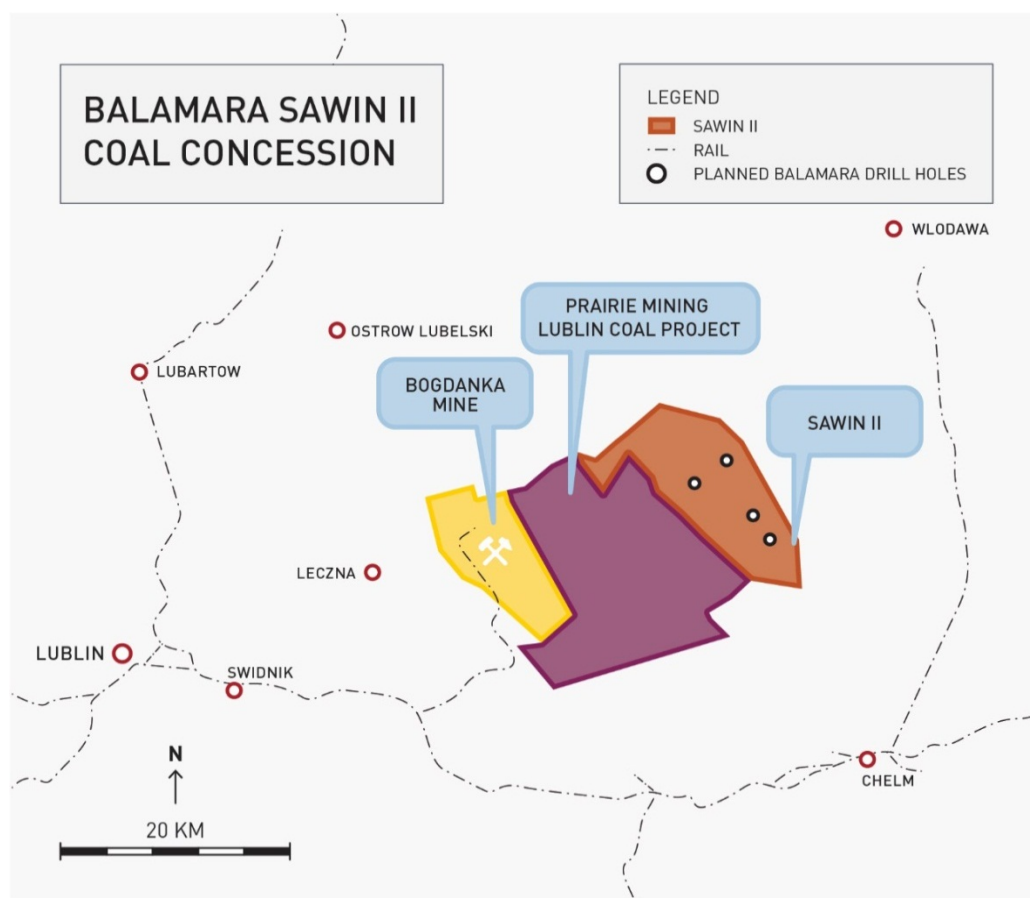


Figure 1 – Location of Sawin Coal Project in south-western Poland, in close proximity to other significant Lublin coal projects.

CORPORATE REVIEW

ASX De-listing

During the Quarter, Balamara received all the approvals required for it to de-list from the official list of the ASX. The last day of trading will be 1 May 2015. For more information on the de-listing, please refer to the Frequently Asked Questions announcement released to the ASX on 31 March 2015.

Moving forward, an e-mail distribution list will be maintained with important news distributed to shareholders as required. Should you wish to be included on this distribution list, please provide your details to enquiries@balamara.com.au. The Company is also working on an enhanced website that will be a useful tool for shareholders to keep up to date with progress made within the Company.

Togo Phosphate tender

Balamara remains within the short-list of final candidates for the Togo Phosphate tender, but there is little activity on this process and no meaningful progress has been made towards securing this project over the past 24 months.



The Company will continue to evaluate its position in this tender process in light of continued development of its three coal assets in Poland.

Cash Position

Balamara has ~\$910k cash in bank at 31 March 2015 and has executed a \$4 million convertible loan with its major shareholder Ample Skill Limited. \$500,000 has been drawn under this convertible loan as at 31 March 2015. The Company remains well supported by its major shareholder who understands the overall asset value within the current portfolio.

This cash will be used to continue development of all three coal assets during 2015 with work programmes in place to transform these Projects through exploration, feasibility studies and other key activities. Balamara remains in discussions with several large strategic organisations involved in the Polish energy market with a view to considering all opportunities for parties to build value in the future.

The Company has consciously reduced its overheads to take into consideration the current market and will continue to look to reduce costs wherever possible to allow for the majority of cash to be spent adding further value to the assets in 2015. This includes a change in registered office, with details to be made available on the Company's website once the move becomes official.

COMPETENT PERSON REQUIREMENTS

Coal Resources and Coal Reserves:

The information within this announcement relating to coal resources & coal reserves have been derived from the announcement released to the ASX on 4 March 2015 and 23 March 2015. Balamara confirms that it is not aware of any new information or data that materially affects the information included in the prior announcement and, in the case of coal resources and coal reserves that all material assumptions and technical parameters underpinning the estimates in the prior announcement continue to apply and have not materially changed.

Production Targets:

The information within this announcement relating to production targets has been derived from the announcement released to the ASX on 4 March 2015. Balamara confirms that all the material assumptions underpinning the production target, or the forecast information derived from the production target, in the initial report on 4 March 2015, continue to apply and have not materially changed.

-ENDS-

For Further Information Contact:

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

BALAMARA RESOURCES LIMITED

ABN

84 061 219 985

Quarter ended ("current quarter")

31 Mar 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,229)	(2,507)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(406)	(2,109)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	23
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Discontinued operations	-	(51)
	Net Operating Cash Flows	(1,630)	(4,644)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) Carbon Investment, net of cash received	-	(352)
	(c) other fixed assets	-	(70)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) Sale of Balkan Mining, net of cash forgone	-	(144)
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	-	(566)
1.13	Total operating and investing cash flows (carried forward)	(1,630)	(5,210)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,630)	(5,210)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	5,484
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	500	4,829
1.17	Repayment of borrowings	-	(4,329)
1.18	Dividends paid	-	-
1.19	Other – Issue/Raising costs	(10)	(251)
	Net financing cash flows	490	5,733
	Net increase (decrease) in cash held	(1,140)	523
1.20	Cash at beginning of quarter/year to date	2,051	387
1.21	Exchange rate adjustments to item 1.20	(1)	-
1.22	Cash at end of quarter	910	910

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(181)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' salaries, superannuation and consulting fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

n/a

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	4,000	500
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(1,650)
4.2 Development / acquisitions	-
4.3 Production	-
4.4 Administration	(590)
Total	(2,240)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	910	2,051
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	910	2,051

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	-	-	Not required	Not required
7.2	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	*Ordinary securities	626,430,662	626,430,662	Not required	Not required
7.4	Changes during quarter	2,022,222	2,022,222	\$0.045	\$0.045
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)	15,000,000	Nil	<u>Exercise price</u> \$0.08	<u>Expiry date</u> 22/12/18
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-		
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~^{not} (delete one) give a true and fair view of the matters disclosed.

Sign here: 

Date: 30 April 2015.

(~~Director~~/Company secretary)

Print name: Daniel Kendall

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.