

02 June 2014

BALAMARA SECURES US\$5M STRATEGIC INVESTMENT IN NOWA RUDA COKING COAL PROJECT

Investment by the Company's major shareholder into Nowa Ruda reflects a value of \$36M

Balamara Resources Limited (ASX: BMB) ("Balamara" or the "Company") is pleased to advise that it has secured a **US\$5 million** (A\$5.35 million) direct equity investment into its flagship Nowa Ruda Coking Coal Project in Poland to underpin ongoing resource drilling and feasibility works.

Balamara's major shareholder, Hong Kong-based Ample Skill Limited, has agreed to invest US\$5 million into Balamara's local Polish subsidiary, Coal Holdings, which holds the rights over the Nowa Ruda Project. The transaction will be subject to shareholder approval with funds to be transferred over a period of three months; US\$3 million post approvals and US\$1 million to be made each subsequent month thereafter.

Once completed, this investment will give Ample Skill a direct 15% equity interest in the Nowa Ruda Project (via Coal Holdings) along with a 37% stake in Balamara.

This investment in Coal Holdings reflects a valuation in the Nowa Ruda Project of approximately \$36 million, which is a strong endorsement of the significant progress made by Balamara since acquiring the asset in July 2013.

It also removes any necessity for a further capital raising and associated dilution at the Balamara corporate level over the near term.

As a 37% shareholder, the transaction will be captured by Chapter 10.1 of the ASX Listing Rules "*Transactions with persons in a position of influence*" and therefore subject to shareholder approval.

The Company will proceed with the process to engage with consultants in preparing an Independent Experts Report on the transaction, and work as quickly as possible to prepare the Notice of Meeting, which will be lodged with the ASX once finalised.

The investment by Ample Skill is expected to cover the cost of completing the Nowa Ruda drilling and feasibility costs through to mid-2015, when it is targeting a decision to mine and will seek project development funding.



The Company is currently undertaking a 5-hole resource definition drilling programme at Nowa Ruda in conjunction with consultants Wardell Armstrong International (“WAI”), and may add a further two holes to extend the JORC resource at the Lech deposit. All drilling is expected to be completed by the end of 2014 with updates to the JORC resource to be published at various intervals during the year.

In parallel, Balamara is working through the Nowa Ruda Feasibility Study with programmes underway in all key areas, including infrastructure, mine planning, mine design, coal quality, environmental studies, discussions with potential off-take partners and potential funding solutions. Balamara is targeting completion of the Feasibility Study by the end of Q1 2015 in order to progress quickly to permitting and thereafter to funding.

Balamara’s Managing Director Mike Ralston said “the direct project equity investment by Ample Skill represents a strong vote of confidence both in the quality of the Nowa Ruda asset and in the development strategy currently being implemented by the Company.”

“With the uncertainty regarding the completion timing of the sale of the Company’s non-core Balkans assets, it was important for Balamara to secure sufficient funding quickly to ensure that we can maintain the momentum of our fast-track drilling and development strategy at Nowa Ruda,” Mr Ralston said.

“We are pleased to extend our existing strong relationship with our major shareholder through to the Project level and we are pleased at the strong endorsement of the value within this Project that this investment delivers,” he said.

“Balamara will continue to pursue its divestment strategy for its non-core assets while maintaining its corporate focus where we see maximum value generated in the future, namely Polish coal.”

-ENDS-

For further information contact:

Mike Ralston
Managing Director
Balamara Resources
(08) 6365 4519

Nicholas Read / Paul Armstrong
Read Corporate
(08) 9388 1474