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UPDATE ON DRILLING ACTIVITIES

Balamara Resources Limited ("Balamara" or the "Company") is pleased to provide an update on the current exploration programmes at its various resource projects in Central Europe.

Montenegro Base Metals (Monty) Project:

Brskovo deposit

Since recommencing drilling in April the Company has completed Holes DH17 and DH13 for 115 metres and 130 metres respectively; this now completes the programme as originally planned for the resource upgrade at Brskovo and samples for these two Holes will be assayed with the Visnjica Holes. Hole DH13 in particular intersected consistently strong mineralisation for over approximately 53 metres down hole from 68-121 metres.

Visnjica deposit

Balamara has already completed 6 Holes out of the 11 within the programme – *as announced to the ASX on 28 February 2013*, including the most recent Hole V20 for 180 metres. Hole V18 is at 120 metres going for 150 metres and Hole V16 at 60 meters going for 170 metres. There remains approximately 315 metres only to complete the full Visnjica resource upgrade programme before moving onto the Zuta Prla deposit. Drill holes V18 and V20 intersected good visual mineralization.

Core has been cut for samples for holes DH13 and DH17 at Brskovo and Hole V-20 at Visnjica, and these samples left for the assaying on Friday May 31. Results are expected in approximately 6 weeks' time.

Zuta Prla deposit

The resource upgrade programme will commence after Visnjica is completed, with 5 Holes planned at Zuta Prla for 1,940 meters. Approximately half of the Monty Project JORC tonnage sits within Zuta Prla and as such this will be a very important resource definition drilling programme.

Varesh Base Metal Project (Bosnia):

Planning is underway for drilling programmes at both the Veovaca and Rupice deposits. Initial indications are that approximately 3,000 metres will be drilled at each deposit and this can commence later in 2013 but will probably take place over more than one year. A successful completion of these programmes could result in a large component of Indicated Resources including results for silver which historically was only assayed for sporadically.

RSC Project:

Local consultants have designed a provisional exploration programme over three years and this includes initial drilling of the major outcropping zones directly along strike from the adjacent Suplja Stijena zinc-lead mine, lying across the border into Montenegro.

This programme has recently been finalized and submitted to the local authorities with official confirmation and approval to commence work expected in the next few weeks.

Bogdan Project (Poland):

Balamara completed the latest Bogdan Hole B10 last week to a total depth of 615 metres and a full stratigraphic sequence was intersected. This includes the overlying younger Quaternary, Tertiary and Triassic sediments which extended to 502 metres.

The Permian Zechstein Formation began at 502 metres and this formation typically consists of anhydrite, limestone/dolomite and also include the Kupferschiefer black shale which is typically the focus of the major mineralization at the adjacent KGHM ore bodies.

At B10 the Zechstein consists of:

- 502-532 Anhydrite
- 532-587.85 - Dolomite and limestone
- 587.85 to 588.05 - Kupferschiefer black shale for 20 cm
- 588.05 to 588.7 - dolomite and grey-black shales
- 588.7 to 589.10 - basal dolomite
- 589.10 to 611.6 - white sandstone
- 611.6 - 615 - red sandstone and end of hole.

Typically mineralization is localised around the Kupferschiefer shale and can occur in the overlying dolomites, the black shale itself, the underlying basal dolomites and the upper part of the white sandstones.

At B10 the overlying dolomites contained disseminated galena from 574 to 587.85 and also some pyrite/marcasites from around 586 metres. The Kupferschiefer contained some fine grained sulphide mineralization that was difficult to identify but was probably pyrite with possibly some chalcopyrite.

The basal dolomite below the Kupferschiefer also contained fine sulphides and visible sulphide mineralization was observed in the white sandstone to a depth of 594.6 metres. The mineralization is predominantly pyrite.

Overall we have visible sulphide mineralization over 20 metres. It is galena in the overlying dolomites. It is very fine in the Kupferschiefer and basal dolomite and difficult to identify but appears to be pyrite with possibly some chalcopyrite. The underlying white sandstones

contain pyrite in the upper five metres or so and could contain other species including chalcopyrite but it is difficult to determine as they are fine.

Core arrived in Krakow on Friday May 31 for sample preparation at the laboratories. Assay results are expected in approximately 6 weeks.

Demobilisation at Hole B10 is underway and the rig will move to Hole B7; approximately 3 kilometres away and is adjacent to the western lease boundary with KGHM. Actual drilling at Hole B7 is expected to start this week and the hole is estimated to be 550 metres in depth and should take 6-8 weeks to complete.

-ENDS-

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Competent Persons Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Kevin Alexander. Mr. Alexander is a full time employee of Balamara Resources Limited. Mr. Alexander is a member of The Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists.

He has sufficient experience that is relevant to the style of mineralization under consideration and to the activity which he is undertaking to be qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting on Exploration Results, Mineral resources and Ore Reserves". Mr. Alexander consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.