BALAMARA

RESOURCES LIMITED

ANNUAL FINANCIAL REPORT
30 JUNE 2015

ACN: 061 219 985

Global Mineral Prospects

Carbon Investment

Coal Holding

CORPORATE DIRECTORY

Directors

Mike Ralston
Derek Lenartowicz
Piotr Kosowicz
Michael Hale

Company Secretary

Daniel Kendall

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, WA 6008

Bankers

ANZ Banking Corporation
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Chatswood, NSW 2067

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Share Registry

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ACN: 061 219 985

Web site: www.balamara.com.au

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MANAGING DIRECTORS REPORT

Dear Shareholders,

It is my pleasure to reach out to you all and give you a view of where we are at as a Company, what we have achieved over the past year, and the exciting times ahead as we develop Balamara into the next substantial European coal producer.

Once again Balamara has found itself in the midst of challenging resource market conditions which have become the norm rather than the exception over the past few years, meaning that we have to think harder, work harder and consider all strategies, whether inside or outside the box, to add value. It is my great pleasure to add that the Company, its board, management and staff have all reacted very positively in this period and shown great fortitude in these conditions, and as such we continue to add considerable value despite all the headwinds.

Our focus has been on the continued development of our exceptional Polish coal assets and we have had a stellar year in progressing these forward at a pace that would be the envy of many other organisations. Since July 2014 we have completed a 10,000m drilling programme at Nowa Ruda (coking coal) project and we are well advanced in a Pre-Feasibility Study there, to be completed by the end of 2015. All indications suggest a high quality product and the opportunity to deliver considerable cash flow into the future when this asset moves into production within the staged production programme ahead.

In 2014 we acquired an outstanding thermal coal project called Mariola which will become our first producing mine, and together with our technical consultants HDR Salva we put a JORC resource on Mariola as well as a very successful Pre-Feasibility Study (PFS). As I write we are in the final stages of completing a revised PFS for Mariola which we are confident will materially uplift the excellent results we highlighted in the first report in March, and this will likely underpin Mariola's huge cash flow potential ahead. During 2014 we also brought in a tier one asset in the south-east of Poland called Sawin, which genuinely has the size and scale to deliver a world class project for Balamara. The Company delivered a 1.2 billion tonne JORC resource for Sawin in March 2015 and followed up with an outstanding PFS that shows this asset can be company-making for Balamara in the years ahead. We are very excited with the prospect at Sawin and as such we will continue to work that asset in parallel to Mariola so that we can look to bring it into the production mix in the shortest possible time as it will have a massive impact.

In amongst all of this we have recently added the Mariola 2 thermal coal concession, just 4kms from our original Mariola project, and this advanced asset will provide further size and scale to the combined Mariola mining operation as we drive towards first coal. We do not foresee any further acquisitions ahead, we have enough coal and our focus now will be on production and cash flow.

With nearly 1.5 billion tonnes of high quality JORC standard resource coal in our portfolio, all of advanced nature and sitting within a safe sovereign risk location in a low operating cost environment, near to a 180Mt (annual coal imports) wider European market, Balamara is poised to become the next significant regional coal producer in the years ahead. Our strategy is to produce high quality coal at the lowest cost to deliver into the large European market at a price no competitor can match, and we are working to achieve this in order to take advantage of this opportunity. We have considerable work underway on all projects by way of completing reserve drilling as necessary before embarking on Definitive Feasibility Study for Mariola, and a host of revised PFS reports on all assets. Behind all of this we are working through environmental approvals as the first step to award of mining licenses, as well as developing significant relationships for processing, blending and marketing of coal.

We continue to build a strong management team, mainly based in Poland, and my thanks go to all of these people who continue to work very hard in testing market circumstances, adding value and diligently using their experience in all facets to ensure that Balamara will emerge as a standout.

As a direct result of dire market sentiment towards junior resource companies, and Australian coal in particular, the board and our major shareholders believed it made sense to exit off the ASX earlier this year, and the continued slide of the companies in our sector ever since has vindicated this decision. We remain firm in our belief that an unlisted Balamara will be shielded from some of the negative fallout in the resource sector, and we will continue to develop our assets and our overall strategy off-market, with a view to re-listing the Company at some future date when it makes most sense to do so for all of our shareholders. Work is already underway on this and updates will follow when appropriate.

MANAGING DIRECTORS REPORT (Continued)

We recognise that this strategy to de-list was not supported by all shareholders and we respected the decision by some at the time to exit and move on. However the Company is run for the greater good of all shareholders and we genuinely believe that the future wealth and highest value for Balamara will be achieved under this strategy rather than continuing to run the gauntlet on-market, with associated risks and likely mass dilution. We will continue to maintain the highest of standards in all respects despite being de-listed, and all financial integrity, marketing, reporting and communication continues to be done to an ASX quality.

Within all the challenges we face and all the hype that continues to rock the macro markets, we ask our shareholders to remember that Balamara has something profoundly unique, and as such we are emboldened in our quest to drive forward and deliver the huge value to all shareholders that we believe is possible in the months and years ahead. We have a number of milestones in the coming months so news flow will remain steady, and we urge any shareholders who have not yet given us their email details to receive regular updates to do so, and for all parties to view our updated website where we post all events, in both Polish and English.

Finally, a thank-you to you the shareholders, both large and small, for believing in us and supporting us and giving us the chance to continue to do our job and develop this Company. Without that support we will not succeed.

Mike Ralston

Managing Director
Balamara Resources Limited

OPERATIONS REPORT

During the year, 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 below.

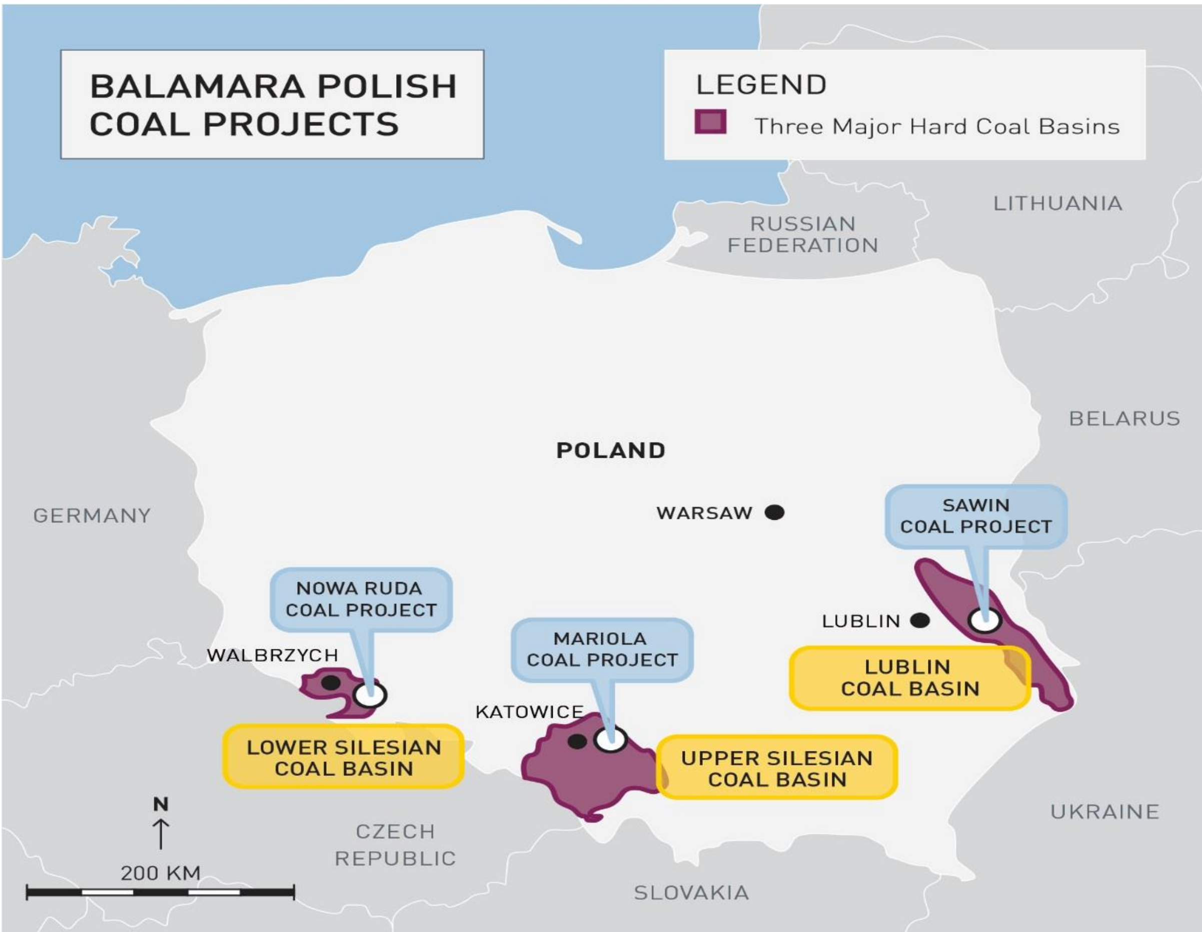


Figure 1: *Diversity of Balamara's coal projects located within all three major hard coal basins in Poland.*

Mariola: Thermal coal projects (100% owned; Poland)

Mariola 1

Balamara secured an initial 15% interest in Carbon Investment (holder of the Mariola 1 Thermal Coal Project) through a $1.6 million deal announced on 15 July 2014, which subsequently led to further due diligence on the remaining 85%. After positive due diligence was performed, the Company completed the acquisition of the balancing 85% via the award of 200 million shares to the shareholders of Carbon Investment.

Mariola 1 is an advanced, synergistic, coal Project in Poland that complements the Company strategy of advancing to a coal producer in Poland in the near future. The Project is located in the heart of the Upper Silesian Basin where most Polish thermal coal historically has been mined and where the majority of Polish thermal power stations are currently located.

Figure 2: *Coal at the Mariola 1 concession*

A revised JORC Resource was completed in December 2014 as part of the due diligence procedures, which was used in completing the maiden Pre-Feasibility Study (PFS) as summarised below.

Table 1: Revised Mineral Resource Estimate for the Mariola Thermal Coal Project as at 03 Dec 2014 (tonnes calculated on an air dried basis)

Resource Classification	Mass (Mt)	Ash (adb) (%)	Moisture (adb) %	GCV (adb) Kcal/kg)	Volatile Matter (adb) %	Relative Density (adb)	Total Sulphur (adb) %
Indicated	85.6	15.5	11.5	6,118	31.7	1.41	1.59
Inferred	35	16	12	5,975	31	1.4	1.5
TOTAL	**120.6**						

The estimate incorporates a minimum seam thickness of 0.6 m and a depth limit of not less than 80m below the topographic surface. Inferred Resource rounded to the nearest 5 Mt

The PFS was completed by internationally accredited coal consultants Salva Resources (“HDR”), with detailed information on the report released to the ASX on 4 March 2015, with extracts provided below:

Mariola 1 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 1 Underground Mining Parameters	
Mining Method	Underground Longwall
Mine Life	15 years
ROM Production (Average LOM)	2.7mtpa

Mariola 1 Costs & Revenue	
Operating Cost	US$45/t
Coal Sale Price	US$68/t
Operating Margin (Average LOM)	US$23/t

A revised PFS is currently underway with consideration to room & pillar mining, with more information to follow upon completion. The Company will shortly commence a 4-hole drill program to assist with commencement of the Definitive Feasibility Study (DFS) which will commence in early 2016.

OPERATIONS REPORT (Continued)

Mariola 2

In July 2015 the Company was awarded a valuable new coal concession strategically located just 4km from its existing Mariola 1 Thermal Coal Project in south-east Poland. This new concession has been named “Mariola 2” and, together with the Company’s original Mariola 1 concession, will ultimately form the enlarged “Mariola Project”, immediately transforming it into a project of significantly increased size and scale moving forward.

The award of the new concession marks another step in Balamara’s development strategy in the Polish coal industry, adding further critical mass to its strategy to become a long-life, low-cost supplier of coal to the European market – positioning it to take advantage of strong medium and long-term demand forecasts which will be underpinned by continued regional economic growth.

Mariola 2, covers 11km2 of the deposit locally known as ‘Jan Kanty Szczakowa’, and is located in Jaworzno (near Katowice) southern Poland, near to where Balamara has its local offices. The Company has been granted a two-year exploration licence through its 100%-owned Polish subsidiary, Carbon Investment, with a requirement to drill a single borehole commencing within the next six months, and to carry out testwork on this drill-hole and ultimately modify the geological information thereafter.

Like Mariola 1, the new Mariola 2 concession has multiple coal seams of medium quality thermal coal. Historical drilling data indicates that 62 holes have been completed to date for 23,825m, which provides considerable information under the Polish geological standard of reporting. Balamara will report tonnage and quality of this deposit when the maiden JORC resource is completed.

Balamara sees considerable synergistic value in mining both Mariola concessions as part of the same broader project as their close proximity affords significant advantages, mainly by way of capital cost reductions stemming from both operations utilising the same above-surface infrastructure wherever possible.

Further potential operating cost advantages will be targeted by utilising same management, contractors, equipment suppliers, freighting agents, processing facilities and potential off-take partners. Internal blending of coal between the two operations may also add value.

The calculation of a JORC compliant Coal Resource for Mariola 2 is underway, which will form the basis of a Pre-Feasibility Study (PFS).

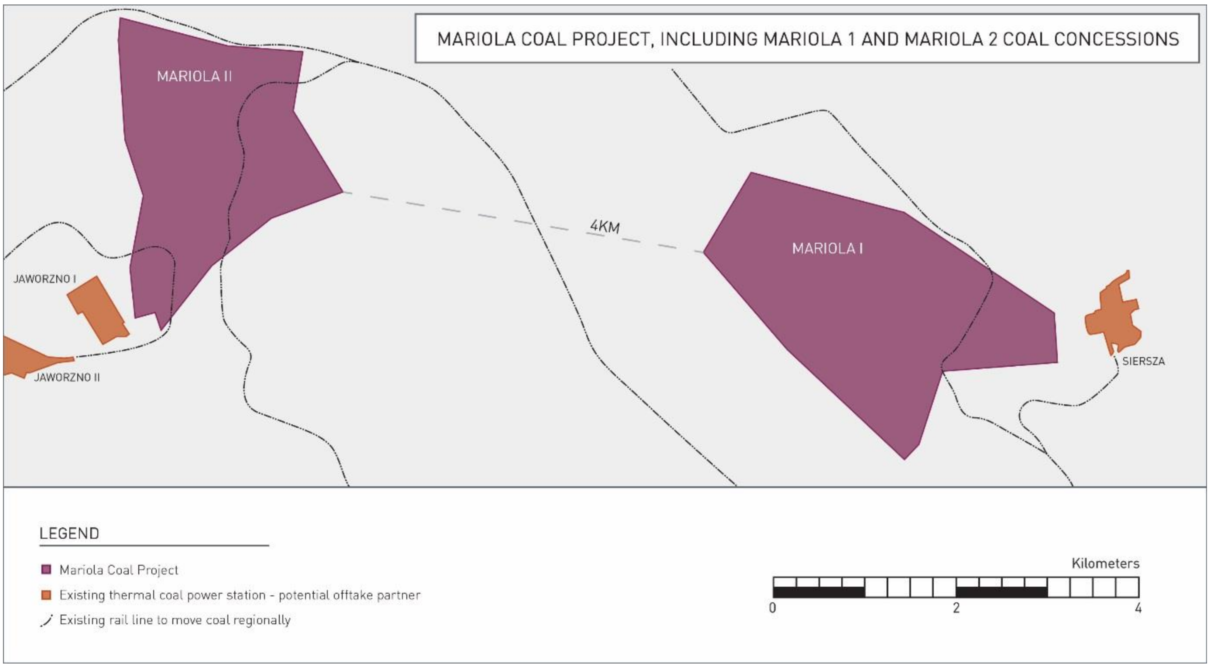


Figure 3: *Close proximity of the two Mariola coal concessions, also showing nearby thermal power stations.*

Sawin: Thermal coal project (100%)

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, located in the highly prospective Lublin Coal Basin in south-eastern Poland.

Sawin is a large concession spanning an area of 13,200 hectares and comes with considerable data relating to exploration drilling conducted in the 1970s and 1980s by the Polish Government. This data provides evidence of significant coal deposits within Sawin that exist throughout the entire Lublin Basin.

In March 2015, HDR completed a maiden Coal Resource estimate based on a total of 52 historical drill holes in accordance with the JORC Code (2012), 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

This substantial resource subsequently led to a positive PFS completed in June 2015 by HDR, with results summarised below:

Sawin Operating & Financial Figures	
Mining Method	Underground Longwall
Life of Mine	51 years
Mineral Resources within Optimised Mine Plan	288.4Mt
Annual Saleable Production (LOM Average)	5.8Mtpa
Operating Cost (LOM Average, including rehabilitation), at mine gate	US$42.8/t
Transport Cost (assumed average distance 130kms rail to end user)	US$5.6/t
Project Capital Cost (Including contingency but excluding contractor/leased items & sustaining)	US$151.3M
NPV 10.5% Discount (nominal, post-tax)	US$921M
Post-tax IRR (nominal)	28.4%
Post-tax LOM Free Cash Flow (nominal)	US$1.75 billion

Key highlights of the PFS include an after-tax Net Present Value of **A$1.2 billion** (US$921 million) and projected cumulative free cash-flows of A$2.25 billion (US$1.75 billion) over a 51-year mine life. This is based on the development of an underground mining operation using state-of-the-art, highly efficient longwall extraction techniques capable of delivering average annual production of 5.8Mtpa.

The upfront capital development cost is estimated at just A$194 million (US$151 million), including a 25% contingency but excluding leased equipment capital cost, for the establishment of a longwall underground mining operation. Similar longwall mining at the nearby Bogdanka coal mine has consistently delivered very low cost and efficient mining, including several world records for coal extraction over the past few years.

This exceptional PFS result has given Balamara sufficient confidence to move ahead with a final drilling program at Sawin, which is currently underway as at the date of this report. This is the initial step required before moving to a Definitive Feasibility Study (DFS) in 2016, paving the way for further development towards production thereafter.

Nowa Ruda: Coking coal project (100% owned; Poland)

In July 2013, the Government of Poland awarded the rights to explore and develop the Nowa Ruda Coal Project to Balamara's 100%-owned Polish subsidiary company, Coal Holding Sp z o.o., providing an exciting opportunity for the Company to reposition itself as a significant mid-tier player in the international coal industry.

The Nowa Ruda Project is located in the Central Sudeten range within the Lower Silesian Coal Basin, close to the Czech Republic border. It consists of a single lease area covering two large, adjacent coal deposits – known as the Waclaw and Piast deposits. The project covers a surface land area of approximately 20sqkm and extensive key infrastructure including roads, rail, power and water is in place in this area.

Nowa Ruda was a substantial producing underground coal mine for a large part of the last century, before being placed on care and maintenance at the end of 1995 due to lower coking coal prices along with excessive and inefficient cost structures attached to the overall project; these structures were established by the Communist Government almost 50 years ago.

During the year, a revised JORC Resource was completed by international coal consultants, Salva Resources ("HDR"), following the completion of a seven-hole (6,920m) drilling programme. This programme comprised a total of three holes at the Waclaw deposit and four holes at Lech deposit.

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 the latter of 2015 along with provide updated coal quality, geotechnical and other data for the deposit.

Figure 4: *Drilling at Nowa Ruda during winter*

OPERATIONS REPORT (Continued)

The total revised Coal Resource Estimate for both the Waclaw and Lech deposits is 86.5 million tonnes and comprises:

- JORC (2012) Measured and Indicated Resources – 30.5Mt
- JORC (2012) Inferred Resources – 56 Mt

Table 2: Nowa Ruda resource estimate, as at 1 June 2015

Resource Classification	Mass (Mt)	F1.55 Theoretical Yield (adb) %	Raw Relative Density (adb)
Measured	10.5	72	1.58
Indicated	20.0	67	1.57
Inferred	56	66	1.58
TOTAL	**86.5**		

Tonnes calculated on an adb basis, Minimum seam thickness cut-off of 0.6m and Minimum F1.55 theoretical yield cut-off of 35%

The revised resource estimate represents a 270% increase compared with the maiden JORC (2012) Resource completed by Wardell Armstrong International (“WAI”) in April 2014 (*see ASX Announcement, 28 April 2014: Nowa Ruda – Maiden JORC Resource and Exploration Target*).
The total initial WAI resource estimate for both the Waclaw and Lech deposits was 23.06Mt and comprised 8.76Mt of Indicated Resources and 14.30Mt of Inferred Resources.

<u>Peelwood: Zinc-copper-lead-silver project (80% owned; NSW Australia)</u>

The Peelwood Project consists of the following exploration licences: Peelwood (EL2934); Black Springs (EL6831) and Mount Costigan (EL6955). In line with the Company’s divestment strategy for its non-core assets, Balamara entered into a farm-in agreement with UK-listed CEB Resources in late 2013.

The key terms of the agreement are that CEB can earn up to a 49% of the Peelwood Project by spending $1.2 million in three tranches.

In 2014 an airborne electromagnetic survey was completed. The survey produced at least two strong targets that will be considered for future exploration under the terms of the JV Agreement signed between the companies in December 2013. Any further exploration will be subject to CEB Resources funding per stage two of the farm-in agreement, which has been delayed for the time being.

<u>Elsienora: Gold project (100% owned; NSW Australia)</u>

Elsienora consists of the exploration licences located in the Lachlan Fold Belt of Eastern New South Wales, Australia, being: Junction Point (EL6082) and Elsienora (EL6767). In September 2013, Balamara signed a farm-in agreement with Alkane Resources Limited (ASX: ALK). The terms of the arrangement are that Alkane can earn up to an 80% interest in the Elsienora Project by spending $500,000 on exploration over three years, with a minimum of $250,000 to be spent over two years.

Alkane completed a 1,516 metre scout RC drilling program at the Elsienora Project in NSW testing surface geochemical and geological targets, with encouraging results. Alkane are proposing to complete a program of AC drilling to test along strike from the Cuddyong prospect within the Junction Point licence (EL6082), and soil sampling and follow-up AC drilling within EL6767.

<u>Bogdan: Copper/zinc/lead/silver project (*relinquished*)</u>

During the year, the Company made best efforts to divest the Bogdan Project due to exploration results not being as expected. Recently, a decision was made to relinquish the tenement and not incur any additional costs on the Project.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Balamara Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

Directors

The names of the directors of the company in office during the year and until the date of this report are as follows:

Mike Ralston
Derek Lenartowicz
Piotr Kosowicz (*appointed 17/02/2015*)
Milos Bosnjakovic (*resigned 08/01/2015*)
Michael Hale

Note: *Directors held office for the entire period unless otherwise stated.*

Principal activities

The principal activities of the group are for the exploration of mineral resources and reserves, creating value to shareholders either by taking the project to production, or by sale. The core strategy is to acquire and advance quality projects of significant size and scale, in low cost and low sovereign risk environments, those being our Polish coal projects. The group currently has projects in Poland and NSW Australia, however the focus lies with coal in Poland. For a detailed review of the Group's Projects, refer to the operations report commencing on page 6.

Review and results of operations

During the year, the Group:

- Completed the ~$10 million acquisition of the priority Mariola 1 Thermal Coal Project, via award of 200 million shares to the shareholders of Carbon Investment;
- Completed a positive maiden JORC Resource and Pre-Feasibility Study (PFS) at the Mariola 1 Project;
- Awarded the Sawin Thermal Coal Project, and successfully completed a maiden JORC Resource and PFS;
- Completed the 7-hole drill programme at Nowa Ruda, which led to an upgrade of the JORC Resource and commencement of PFS;
- Completed the sale of the Balkans Assets, namely the Monty/Varesh/RSC Projects;
- Relinquished the Bogdan Project;
- Completed an unmarketable parcel sale to significantly reduce the amount of shareholders of the Company, reducing administrative costs; and
- Successfully completed a US$5 million placement and $4 million convertible loan agreement ($2,250,000 converted during the year) with its major shareholder, Ample Skill Limited.

The comprehensive loss for the consolidated entity attributable to members was $8,698,672 (2014: $12,515,642). Similar to the prior year, the auditors have issued an emphasis of matter on going concern.

Significant changes in the state of affairs

No significant changes in the state of affairs of the consolidated entity occurred during the financial year.

Dividends

No dividends were paid or proposed to be paid to members during the financial year.

Matters subsequent to the end of the financial year

Subsequent to reporting date:

- In August 2015, the Company executed a $7 million convertible loan agreement with major shareholder, Ample Skill Limited. The loan will be drawn down in 7 tranches at $1 million per month, ending February 2016, with a coupon rate of 5%. The loan can be converted to equity at the election of the lender within 4 years, with a weighted average price of 4.7cents per share.
- In September 2015, the Board approved 50,500,000 incentive options to the Directors and employees, with an exercise price of 5 cents, and a term of 4 years.

Other than the matter set out above, there has been no other matters or circumstances that has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

1. The consolidated entity's operations in future financial years, or
2. The results of those operations in future financial years, or
3. The consolidated entity's state of affairs in future financial years.

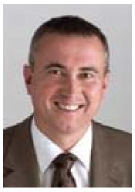
Likely developments and expected results of operations

Other than as described under Principal Activities and Matters Subsequent to the End of the Financial Year, the likely developments in the activities of the Group and the expected results of these operations have not been discussed in this report. Disclosure of the information would be likely to result in prejudice to the Group.

Environmental regulation

The consolidated entity is subject to the usual environmental regulations that are applicable to mineral exploration.

Information on Directors



Derek Lenartowicz ***BS Eng MSE*** **(Executive Chairman)**

Appointed as an Executive Director on the 2nd of May 2007 and became the Executive Chairman from the 1st of August 2011.

Experience and expertise
Mr Lenartowicz is a Mining Engineer with considerable experience in developing and operating resource projects, most particularly in Australia where he has lived for the past ~40 years, and in Poland, his country of birth. Most notably he was General Manager of BHP's Mt Keith Nickel Mine in Western Australia for 5 years, which is one of the largest nickel mines in Australia. In addition, he has held senior executive positions with View Resources and Syngas, both ASX listed resource companies.

Mr Lenartowicz's role at the company is to focus on strategic and technical matters, working closely with Mr Ralston. Mr Lenartowicz plays a hands-on role in the Company's projects in Poland; owing to his close ties with that country.

Other current Directorships of listed entities
None

Former Directorships in the last three years (ASX listed)
None

DIRECTORS' REPORT (Continued)

Mike Ralston (Managing Director)

Appointed as a Non-Executive Director on the 1 March 2011 and became the Managing Director effective from 1 August 2011.

Experience and expertise

Mr Ralston is a Chartered Management Accountant with extensive international experience. He has been directly involved in the resources sector in Australia since moving to Perth in 2004 and has been a Director and/or Chief Finance Officer for several ASX-listed resource companies in that time, including Terra Gold Resources, View Resources, Fireside Resources and most recently Kangaroo Resources. In his previous role, as Chief Financial Officer of Kangaroo Resources, Mr Ralston was an integral part of developing that business from a small shell company to a company with a market capitalisation of over $600 million within just two years, which was admitted into the ASX-300 in March 2012. He was directly involved with selling a majority position in Kangaroo Resources to a major listed Indonesian coal producer in 2011 before leaving to join Balamara.

Mr Ralston has an executive role at Balamara, with a key focus on all corporate and financial decisions. Responsibilities include delivery on strategy and objectives, marketing the Company and raising capital.

Other current Directorships of listed entities

None

Former Directorships in the last three years (ASX listed)

Non-Executive Director of Conto Resources Limited (Appointed 3 February 2011, resigned 22 April 2013)

Piotr Kosowicz (Executive Director)

Appointed 17 February 2015

Experience and expertise

Mr Kosowicz is the Chief Executive Officer of subsidiary 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.

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

Other current Directorships of listed entities

None

Former Directorships in the last three years (ASX listed)

None

Michael Hale (Independent Non-Executive Director)

Appointed 12 April 2011

Experience and expertise
Mr Hale has a long held interest in Public Administration including service in the Cabinet Office for the State Government of Western Australia.
He has previously held elected positions with the governing bodies of the City of Perth and University of Western Australia. Mr Hale has over 35 years' experience in public administration and corporate governance, having served on various Boards and Committees.

Other current Directorships of listed entities
None

Former Directorships in the last three years (ASX listed)
None

Milos Bosnjakovic (Executive Director)

Mr Bosnjakovic joined the Board in June 2009 to assist in expanding Balamara's interests in the Balkans region and played a vital role in securing and advancing the Company's base metals portfolio up until the recently announced sale of those assets. With the sale of these assets occurring in late 2014, Mr Bosnjakovic tendered his resignation on 9 January 2015.

Company Secretary

Mr Daniel Kendall was appointed as the Company Secretary in January 2013, and is also the CFO of the Company. Mr Kendall has significant financial and governance experience within the resources sector.

Mr Kendall graduated with a Bachelor of Commerce (Accounting and Finance) from Curtin University and is a member of both the Institute of Chartered Accountants Australia and the Governance Institute of Australia.

Meetings of Directors

The numbers of meetings of the company's board of directors held during the year ended 30 June 2015, and the numbers of meetings attended by each director were as follows:

Director	Number of Meetings	
	Eligible to attend	Attended
Mike Ralston	8	8
Derek Lenartowicz	8	8
Piotr Kosowicz	3	3
Milos Bosnjakovic	3	3
Michael Hale	8	8

Other matters of board business have been resolved via circular resolutions of the directors, which are a record of decisions made at a number of informal meetings of the directors held to control, implement and monitor the company's activities throughout the year. There were no committee meetings held throughout the year, these issues are dealt with at each meeting of the directors.

Additional information

(a) Shares under option

At 30 June 2015 the following ordinary shares under option were on issue (2014: Nil):

- 15,000,000 options with an exercise price of 8 cents, expiring 22 December 2018.

(b) Insurance of officers

During the financial year the Company paid a premium of $15,900 (2014: $21,470) to insure the directors and officers of the company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company and any other payments arising from liabilities incurred by the officers in connection with such proceedings.

This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(c) Agreement to indemnify officers

The Company has entered into agreements to provide access to company records and to indemnify the directors of the company. The indemnity relates to any liability:

1. As a result of being, or acting in their capacity as, an officer of the company to the maximum extent permitted by law; and
2. for legal costs incurred in successfully defending civil or criminal proceedings.

No liability has arisen under these indemnities as at the date of this report.

(d) Proceedings on behalf of the Company

No person has applied to the court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under Section 237 of the *Corporations Act 2001*.

(e) Auditor

BDO Audit (WA) Pty Ltd is the appointed auditor of the Company, approved at the Annual General Meeting on 17 November 2011, and remains in office in accordance with Section 327 of the *Corporations Act 2001.* The auditor has not been indemnified under any circumstance.

(f) Non-audit services

During the year the group paid $7,405 (2014: $24,150) to a related entity of the auditor for non-audit services provided as outlined in note 23 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

(g) Auditors' independence declaration

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 17 of the annual report.

Signed in accordance with a resolution of the directors,
On behalf of the directors

Mike Ralston
Managing Director
SUBIACO, 30 September 2015

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF BALAMARA RESOURCES LIMITED

As lead auditor of Balamara Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Balamara Resources Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June

	Note	2015 $	2014 $ Re-presented
Interest revenue		27,674	35,374
Other income	8a	-	126,393
Consultancy costs		(193,983)	(410,459)
Director & employee costs		(783,292)	(625,865)
Share-based payments	21	-	(2,155,724)
Other corporate expenses	8b	(931,647)	(829,696)
Professional services		(135,208)	(109,392)
Exploration costs expensed as incurred	14	(4,386,483)	(3,123,339)
Write-off of capitalised exploration expenditure	7	(1,284,686)	-
Foreign exchange gain / (loss)		1,039	19,960
Loss before income tax expense		(7,686,586)	(7,072,748)
Income tax expense	6	-	-
Loss from continuing operations		(7,686,586)	(7,072,748)
Loss after income tax from discontinued operations	19	(12,852)	(5,742,649)
Net loss after tax for the year		**(7,699,438)**	**(12,815,397)**
Other comprehensive income/(losses) for the year:			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		(999,234)	299,755
Total comprehensive loss for the year		**(8,698,672)**	**(12,515,642)**
Net loss is attributable to:			
Owners of Balamara Resources Limited		(7,438,920)	(12,649,076)
Non-controlling interests		(260,518)	(166,321)
		(7,699,438)	***(12,815,397)***
Total comprehensive loss is attributable to:			
Owners of Balamara Resources Limited		(8,426,442)	(12,353,434)
Non-controlling interests		(272,230)	(162,208)
		(8,698,672)	***(12,515,642)***
The comprehensive loss for the period attributable to owners of Balamara Resources Limited arises from:			
Continuing operations		(8,636,213)	(5,982,828)
Discontinued operations		(62,459)	(6,532,814)
		(8,698,672)	**(12,515,642)**
Basic and diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company (cents per share):	27	(1.48)	(2.10)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share):	27	(1.49)	(3.85)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
As at 30 June

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents	9	1,669,039	387,906
Trade and other receivables	10	221,893	108,597
Other assets	11	105,083	100,977
		1,996,015	597,480
Assets classified as held for sale	12	-	721,966
Total current assets		**1,996,015**	**1,319,446**
Non-current assets			
Other assets	11	72,479	77,876
Plant and equipment	13	79,523	10,918
Exploration and evaluation assets	14	10,705,051	1,909,686
Total non-current assets		**10,857,053**	**1,998,480**
Total assets		**12,853,068**	**3,317,926**
Current liabilities			
Trade and other payables	16	957,754	998,179
Borrowings	18	1,060,008	-
		2,017,762	998,179
Liabilities directly associated with assets classified as held for sale	12	-	330,198
Total current liabilities		**2,017,762**	**1,328,377**
Non-current liabilities			
Provisions	17	30,302	16,585
Total non-current liabilities		**30,302**	**16,585**
Total liabilities		**2,048,064**	**1,344,962**
Net assets		***10,805,004***	***1,972,964***
Equity			
Issued capital	20	79,989,197	62,649,240
Reserves	21	491,605	2,797,400
Accumulated losses		(69,477,696)	(63,471,030)
Capital and reserves attributable to owners of Balamara Resources Limited		**11,003,106**	**1,975,610**

CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 30 June

	Note	2015 $	2014 $
Non-controlling interests	29	(198,102)	(2,646)
Total equity		***10,805,004***	***1,972,964***

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Issued capital $	Share-based payments reserve $	Foreign currency translation reserve $	Convertible note reserve $	Reserve for transactions with NCI $	Accumulated losses $	Total $	Non-controlling interest $	Total equity $
Balance at 1 July 2014	62,649,240	2,155,724	719,294	-	(77,618)	(63,471,030)	1,975,610	(2,646)	1,972,964
Comprehensive income for the year									
Loss for the year	-	-	-	-	-	(7,438,920)	(7,438,920)	(260,518)	(7,699,438)
Foreign currency translation	-	-	(987,522)	-	-	-	(987,522)	(11,712)	(999,234)
Total comprehensive income for the year	-	-	(987,522)	-	-	(7,438,920)	(8,426,442)	(272,230)	(8,698,672)
Transactions with owners in their capacity as owners:									
Share based payments	175,135	(12,934)	-	-	-	12,934	175,135	-	175,135
Issue of shares, net of transaction costs	5,101,404	-	-	-	-	-	5,101,404	-	5,101,404
Value of conversion rights on convertible notes issued	-	-	-	547,703	-	-	547,703	-	547,703
Conversation of convertible note*	2,261,918	-	-	(356,948)	-	-	1,904,970	-	1,904,970
Transactions with non-controlling interests	-	-	-	-	-	(76,774)	(76,774)	76,774	-
Acquisition of Mariola Project	9,570,000	-	-	-	-		9,570,000	-	9,570,000
Balamara Share Plan conversion	231,500	(1,496,094)	-	-	-	1,496,094	231,500	-	231,500
Balance at 30 June 2015	**79,989,197**	**646,696**	**(268,228)**	**190,755**	**(77,618)**	**(69,477,696)**	**11,003,106**	**(198,102)**	**10,805,004**

* The issued capital is primarily a reduction in debt.

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Issued capital $	Share-based payments reserve $	Foreign currency translation reserve $	Reserve for transactions with NCI $	Accumulated losses $	Total $	Non-controlling interest $	Total equity $
Balance at 1 July 2013	56,012,446	4,524,187	423,653	-	(55,346,141)	5,614,145	(118,056)	5,496,089
Comprehensive income for the year								
Loss for the year	-	-	-	-	(12,649,076)	(12,649,076)	(166,322)	(12,815,398)
Foreign currency translation	-	-	295,641	-	-	295,641	4,114	299,755
Total comprehensive income for the year	-	-	295,641	-	(12,649,076)	(12,353,435)	(162,208)	(12,515,643)
Transactions with owners in their capacity as owners:								
Share based payments	459,052	(1,820,690)	-	-	3,976,414	2,614,776	-	2,614,776
Issue of shares, net of transaction costs	6,177,742	-	-	-	-	6,177,742	-	6,177,742
Transactions with non-controlling interests	-	-	-	(77,618)	-	(77,618)	277,618	200,000
Expiry of options during the year	-	(547,773)	-	-	547,773	-	-	-
Balance at 30 June 2014	**62,649,240**	**2,155,724**	**719,294**	**(77,618)**	**(63,471,030)**	**1,975,610**	**(2,646)**	**1,972,964**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June

	Note	2015 $	2014 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,188,897)	(1,862,909)
Exploration expenditure		(4,484,756)	(3,750,542)
Interest received		27,674	56,181
Interest Paid		(2,201)	(89,487)
Discontinued operations		(51,309)	-
Net cash outflows from operating activities	26	**(6,700,489)**	**(5,646,757)**
Cash flows from investing activities			
Deposits (paid)/returned		-	(37,374)
Acquisition of plant and equipment		(96,147)	(8,737)
Acquisition of subsidiary, net of cash acquired	15	(351,155)	-
Proceeds from sale of subsidiaries, net of cash foregone	19	(144,423)	-
Acquisition of projects		-	(762,969)
Net cash outflows from investing activities		**(591,725)**	**(809,080)**
Cash flows from financing activities			
Proceeds from issue of share capital	20	5,483,919	6,459,929
Payment of share issue costs		(410,927)	(56,814)
Proceeds from borrowings	18	3,500,000	-
Net cash inflows from financing activities		**8,572,992**	**6,403,115**
Net Increase/(decrease) in cash and cash equivalents		*1,280,778*	*(52,722)*
Cash and cash equivalents at beginning of the year		387,906	433,442
Exchange rate adjustment		355	7,186
Cash and cash equivalents at end of the year	9	**1,669,039**	**387,906**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents to the notes of the consolidated financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Balamara Resources Limited and the entities it controlled at the end of, or during the financial year.

(a) Basis of preparation

These general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Balamara Resources Limited is a for profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS
These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New amended standards adopted by the group
There were no new standards or other amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014, that have affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods.

(iii) Early adoption of standards
The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

(iv) Historical cost convention
These financial statements have been prepared under the historical cost basis.

(v) Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(vi) Comparative Figures
Where required by Accounting Standards, comparative figures have been adjusted or re-presented to conform to changes in presentation for the current financial period.

Going concern

The group has incurred a net loss after tax for the year ended 30 June 2015 of $7,699,438 (2014: $12,815,397) and experienced net cash outflows from operating activities of $6,700,489 (2014: $5,646,757). At year-end the working capital position was a deficit of $21,747 (2014: deficit $8,931).

The financial report has been prepared on the going concern basis of accounting which assumes that the group will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business. This includes expenditure on the Group's various exploration projects. In arriving at this position, the directors recognise the Company is dependent on various funding alternatives to meet these commitments, including share placements and debt facilities.

However, if the group is unable to achieve the above, there is material uncertainty that may cast significant doubt about the group's ability to continue as a going concern.

The directors believe that at the date of signing the financial report they have reasonable grounds to believe that having regard to matters set out above, along with the recently executed convertible loan as disclosed in note 25 '*events occurring after the reporting date*', the group will have sufficient funds to meet its obligations as and when they fall due.

1 Summary of significant accounting policies (continued)

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern and meet its debts as and when they fall due.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Balamara Resources Limited (the Company) as at 30 June 2015 and the results of all subsidiaries for the year then ended. Balamara Resources Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50 per cent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(c)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated of profit or loss and other comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received in recognised in a separate reserve within equity attributable to owners of Balamara Resources Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1 Summary of significant accounting policies (continued)

(c) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(d) Segment reporting

The group determines and presents operating segments based on the internal information that is provided to the board, whom are considered the group's chief operating decision maker.
Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(e) Foreign currency translation

(i) Functional and presentational currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Balamara Resources Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

1 Summary of significant accounting policies (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each foreign subsidiary are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The functional currency of its foreign subsidiaries is as follows;

- Polmetal Sp. z o.o. (Poland): Polish Zloty
- Global Mineral Prospects Sp. z o.o. (Poland): Polish Zloty
- Coal Holding Sp. z o.o. (Poland) Polish Zloty
- Carbon Investment Sp. z o.o. (Poland) Polish Zloty

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods and disposal of other assets is recognised when the group has passed control of the goods or other assets to the buyer. Interest revenue is recognised using the effective interest method.

(g) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

1 Summary of significant accounting policies (continued)

Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade receivables

Trade receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(j) Investments and other financial assets

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

1 Summary of significant accounting policies (continued)

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Financial assets – reclassification
The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available -for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

1 Summary of significant accounting policies (continued)

Impairment
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(i) Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in note 1(i).

(ii) Assets classified as available-for-sale
If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(k) Plant & equipment

Plant and equipment is shown at cost less accumulated depreciation and impairment losses (refer note 1(n)). Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the prime cost method with their estimated useful lives as follows:

Category	Useful Life
Office furniture & equipment	3-7 years
Motor vehicles	3-5 years
Computer equipment	1-3 years

1 Summary of significant accounting policies (continued)

(l) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (CGUs) or groups of CGUs, expected to benefit from the synergies of the business combination.

CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

(m) Exploration and evaluation expenditure

Exploration and evaluation costs, excluding the cost of acquiring areas of interest, are expensed as incurred.

The acquisition cost is carried forward where the right of tenure of the area of interest is current and they are either expected to be recouped through sale or successful development and exploitation of the area of interest or the activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active significant operations in, or in relation to, the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written-off in the financial year the decision is made.

Exploration and evaluation assets are assessed and tested for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to CGU's to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

(n) Impairment of Assets

(i) Financial assets (including receivables)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The group considers evidence of impairment for receivables and held-to-maturity investment securities at an individual asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1 Summary of significant accounting policies (continued)

(ii) Non-financial assets (other than Goodwill)
Non-financial assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The group assesses at each reporting date whether any objective indications of impairment are present. Where such an indicator exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and 'value-in-use' ("VIU"). The VIU is the present value of the future cash flows expected to be derived from the asset or cash generating unit.

In estimating VIU, a pre-tax discount rate is used which reflects the current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial period which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Compound financial instruments
Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder.

1 Summary of significant accounting policies (continued)

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.
Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

Borrowing costs
Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (Note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

(r) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, number of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(s) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1 Summary of significant accounting policies (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Balamara Resources Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects are included in equity attributable to the owners of Balamara Resources Limited.

(u) Loss per share

Basic loss per share ("LPS") is calculated by dividing the profit attributable to owners of the Company by the weighted number of shares outstanding during the year.

Diluted LPS adjusts the figures used in the calculation of basic LPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed or known to have been issued in relation to dilutive potential ordinary shares.

(v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(w) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

1 Summary of significant accounting policies (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(x) New accounting standards and interpretations
When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 Income Taxes applies. No goodwill will arise on the acquisition.

(y) New accounting standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below:

Reference	Title	Summary	Application date of standard	Impact on consolidated financial report	Application date for group
AASB 9 (issued December 2014)	Financial Instruments	**Classification and measurement** AASB 9 amendments the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss.	Periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The group has not yet made an assessment of the impact of these amendments.	1 July 2018
AASB 15 (issued December 2014)	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those	Annual reporting periods commencing on or after 1	The Group currently has no contracts with customers, and therefore no change is expected on the financial statements as currently	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reference	Title	Summary	Application date of standard	Impact on consolidated financial report	Application date for group
		goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 *Revenue*.	January 2018	presented.	
AASB 2014-9 (issued December 2014)	Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements	Currently, investments in subsidiaries, associates and joint ventures are accounted for in separate financial statements at cost or at fair value under AASB 139/AASB 9. These amendments provide an additional option to account for these investments using the equity method as described in AASB 128 *Investments in Associates and Joint Ventures*.	Annual periods beginning on or after 1 January 2016	The Group has no investments in associates or joint venture's at this stage, therefore no change is expected on the financial statements as currently presented.	1 July 2016
AASB 2014-3 (issued August 2014)	Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations	When an entity acquires an interest in a joint operation whose activities meet the definition of a 'business' in AASB 3 *Business Combinations*, to the extent of its share of assets, liabilities, revenues and expenses as specified in the contractual arrangement, the entity must apply all of the principles for business combination accounting in AASB 3, and other IFRSs, to the extent that they do not conflict with AASB 11 *Joint Arrangements*. This means that it will expense all acquisition-related costs and recognise its share, according to the contractual arrangements, of: • Fair value of identifiable assets and liabilities, unless fair value exceptions included in AASB 3 or other IFRSs, and • Deferred tax assets and liabilities that arise from the initial recognition of an asset or liability as required by AASB 3 and AASB 112 *Income Taxes*. Goodwill will then be recognised as the excess consideration over the fair value of net identifiable assets acquired.	Annual periods beginning on or after 1 January 2016	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to acquisitions of interests in joint operations.	1 July 2016

2 Financial risk management

Risk management is carried out by the board of directors under policies approved by the board. The Board identifies and evaluates financial risks and provides written principles for overall risk management. The current activities of the group expose it to minimal financial risk, however, as activities increase there may be exposure to market, credit and liquidity risks.

The groups financial instruments are measured in accordance with the most appropriate accounting standards, discounted to its present value when settlement is expected to be greater than 12 months. At the reporting date, there were no differences between the carrying value and fair value of any financial instruments.

(a) Market risk

Market risk is the risk that changes in market prices such as equity prices, commodity prices, foreign exchange rates and interest rates will affect the income or the value of financial instruments of the group.

Price risk
The group is not exposed to equity securities price risk as there is no holding of investments in securities classified on the balance sheet as available-for-sale or at fair value through profit or loss. Furthermore, changes in commodity prices did not impact, nor are likely to impact the group in the short-term future as the company is still in the exploration/development phase.

Currency risk
As financing of foreign exploration activities is in Australian dollars, there is naturally a currency risk within the group, material examples during the period are outlined below:

1. During the period, extensive exploration was undertaken at each of the coal projects in Poland. The foreign currencies for these projects are Polish Zloty. Balamara transfers funds to its foreign subsidiaries on an as required basis, and therefore the fluctuating foreign exchange rates on these currencies may affect the amount payable in AUD terms.

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date based on historical information and market trends. Management's assessments of the possible changes in foreign exchange rates are between the ranges of 10% either way. The potential effect on post-tax loss and equity are as follows:

	2015	2014
Foreign exchange sensitivity analysis:	**$**	**$**
Increase in AUD against foreign currencies by 10%	19,395	96,076
Decrease in AUD against foreign currencies by 10%	(19,395)	(96,076)

Interest rate risk

2015 Consolidated:	Weighted average interest rate	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets		$	$	$	$
Cash and cash equivalents	1.25%	1,335,890	-	333,149	1,669,039
Other assets	-	-	-	212,056	212,056
Total financial assets		1,335,890	-	545,205	1,881,095
Financial liabilities					
Trade and other payables	-	-	-	(821,048)	(821,048)
Borrowings	5%	-	(1,060,008)	-	(1,060,008)
Total financial liabilities		-	(1,060,008)	(821,048)	(1,881,056)
Net financial assets		1,335,890	(1,060,008)	(275,843)	39

2 Financial risk management (continued)

2014 Consolidated:

Financial assets		$	$	$	$
Cash and cash equivalents	2.2%	332,702	-	55,204	387,906
Other assets	-	-	-	145,684	145,684
Total financial assets		332,702	-	200,888	533,590
Financial liabilities					
Trade and other payables	-	-	-	(934,088)	(934,088)
Total financial liabilities		-	-	(934,088)	(934,088)
Net financial assets		332,702	-	(733,200)	(400,498)

The group has interest bearing financial instruments in the form of cash and cash equivalents; therefore the group's income and operating cash flows are subject to changes in the market rates.

The exposure of the group to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market rates, and the weighted average interest rates on classes of financial assets and financial liabilities, are as follows:

The risk of market changes in interest rates will not have a material impact on the profitability or operating cash flows of the group. If interest rates had moved at 30 June and all other variables held constant, the loss before tax and cash flows would be affected as illustrated in the following table:

	Increase/decrease in equity	
	2015	**2014**
Consolidated entity	**$**	**$**
+1%: (*100 basis points*), (2014: +1%)	13,359	3,327
- 1% (*100 basis points*), (2014 -1%)	(13,359)	(3,327)

The group does not hedge against interest rate risk.

The carrying value of financial assets and financial liabilities recorded in the financial statements represent their respective fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements. Due to their liquid nature, the carrying amount of cash and cash equivalents is the fair value. Due to the short-term nature, the receivables and payables carrying amounts reflect the fair value.

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group has the majority of its cash and cash equivalents with ANZ Banking Corporation; however the board does not determine this to be a risk as their credit rating per Standard & Poor's is a stable AA-. The group has no other exposure to credit risk at 30 June 2015.

(c) Capital risk management and liquidity risk

Capital is the funding required to continue the activities of the group. Capital risk is the risk that capital cannot be raised as and when required to fund the operations of the group. Liquidity risk is the risk that the group cannot meet its short-term financial obligations as and when they become due.

The group objective in managing capital is to safeguard the ability to continue as a going concern to provide a return to shareholders and reduce the cost of capital. In order to reduce the additional dilution to shareholders, the group has removed itself from the Official List of the Australian Securities Exchange (ASX), which will assist in raising additional capital at prices higher than the market value derived from the ASX.

The group manages liquidity risk by continuously monitoring forecast and actual cash flows and requirements for future capital raisings. The group has no committed credit lines available, which is appropriate given the nature of the operations. Surplus funds are invested in a cash management account.

2 Financial risk management (continued)

The material liquidity risk for the group is the ability to raise equity in the future. Historically capital has been raised sufficiently to fund operations. During the financial year, the Company successfully raised over ~$9.5 million before costs, with an additional $7 million agreed with the major shareholder post reporting date, via a convertible loan.

Contractual maturities of financial liabilities	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying amount
30 June 2015:	**$**	**$**	**$**	**$**	**$**
Trade and other payables	957,754	-	-	957,754	957,754
Borrowings	-	-	1,250,000*	1,250,000	1,060,008
	957,754	**-**	**1,250,000**	**2,207,754**	**2,017,762**
**Lender has option to convert at any time before maturity*					
30 June 2014					
Trade and other payables	998,179	-	-	998,179	998,179
	998,179	**-**	**-**	**998,179**	**998,179**

3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The following critical accounting estimates and/or assumptions have been made during the preparation of the financial report:

Exploration and evaluation expenditure
These costs (other than the cost of acquiring the interests) continue to be expensed as incurred and not carried forward, to reduce the risk of uncertainty that the expenditure can be recouped through the sale or successful development and exploitation of the areas of interest. Management believe that there is no need to impair the acquisition costs, as it is likely that these will be recouped in the future via way production or sale of the assets.

Recognition of deferred tax assets
The group has not recognised a deferred tax asset for tax losses as the group does not believe it probable to be recovered by future taxable income in the short-term future.

Share-based payments
The group measures the cost of equity settled transactions with directors, employees, consultants and creditors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes valuation model; refer to note 21 for further details.

4 Fair value measurement

To provide an indication of the reliability of inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

4 Fair value measurement (continued)

The Group does not have any financial instruments carried at fair value, and consequently does not have any Level 1, Level 2 or Level 3 financial instruments. There were no transfers between Level 1, Level 2 or Level 3 during the current or previous period.

The Group also has a number of financial instruments which are not measured at fair value in the consolidated balance sheet. The fair values are not materially different to their carrying amounts, since the interest payable is either close to current market rates or the instruments are short-term in nature.

5 Segment information

Description of a business segment

In accordance with AASB 8, the reportable segments are based on aggregated operating segments determined by the similarity of the minerals targeted for the same jurisdiction, as these are the sources of the group's major risks and have the most effect on the rates of return.

Once reportable segments have been identified, all remaining segments that do not satisfy the thresholds are to be aggregated together to form an all other segments reporting segment. In accordance with *AASB 8 Segment Reporting*, corporate and administration activities are to be included in the 'other segments' reporting segment.

The group is an explorer for prospective zinc/lead/silver in Montenegro, copper/lead/silver and zinc with its Bogdan project in Poland, and zinc/lead/copper/gold with its tenements in New South Wales. The Board considers the entity from both a commodity type, and a geographical perspective, and at this stage just has the two reportable segments.

(i) Segment assets - 30 June 2015	**Exploration Poland $**	**Exploration Australia $**	**Total $**
Segments assets	10,080,051	685,000	10,765,051

Reconciliation of segment assets to the balance sheet

Total reportable segment assets	10,765,051
Cash and cash equivalents	1,669,039
Trade and other receivables	221,893
Other assets	117,562
Plant and equipment	79,523
Total assets	**12,853,068**

(ii) Segment assets - 30 June 2014			
Segments assets	96,596	1,873,090	1,969,686

Reconciliation of segment assets to the balance sheet

Total reportable segment assets	1,969,686
Cash and cash equivalents	387,906
Trade and other receivables	108,597
Other assets	118,854
Plant and equipment	10,918
Assets classified as held for sale	721,966
Total assets	**3,317,927**

5 Segment information (continued)

(iii) Segment profit and loss	**Exploration Poland $**	**Exploration Australia $**	**Total $**
Reportable segment loss 2015	(4,434,380)	(1,236,789)	(5,671,169)
Re-presented reportable segment loss 2014	(2,169,139)	(274,418)	(2,443,557)

A reconciliation of reportable segment loss to operating loss before income tax is provided as follows:	**2015 $**	**2014 $ Re-presented**
Total loss for reportable segment	(5,671,169)	(2,443,557)
Interest revenue	27,674	35,374
Other income	-	126,393
Foreign exchange gain / (loss)	1,039	19,960
Consultancy costs	(193,983)	(410,459)
Director & employee costs	(783,292)	(1,305,647)
Share-based payments	-	(2,155,724)
Other corporate expenses	(931,647)	(829,696)
Professional services	(135,208)	(109,392)
Loss before income tax from continuing operations	**(7,686,586)**	**(7,072,748)**

6 Income tax & deferred tax

(a) Income tax expense	**2015 $**	**2014 $**
Current tax	-	-
Deferred tax	-	-
	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	(7,686,586)	(7,072,748)
Loss from discontinued operations before income tax expense	(12,852)	(5,742,649)
	(7,699,438)	(12,815,397)
Tax at the Australian tax rate of 30% (2014: 30%)	(2,309,831)	(3,844,619)
Tax effect of amounts not deductible (allowable) in calculating taxable income:		
Over/(under) provision for tax loss in prior year	-	-
Share-based payments	-	567,217
Annual leave	10,016	6,468
Unrealised exchange loss	(441)	4,364
Expenses incurred on foreign projects	1,230,623	2,358,299
Allowable deductions	(98,677)	(75,726)
Tax losses not recognised	1,168,310	983,997
Income tax expense	-	-

(c) Unrecognised deferred tax assets

The following deferred tax assets have not been brought to account:		
Tax losses - revenue	6,143,794	5,472,041
Temporary differences - exploration	(3,264,020)	(634,066)
Temporary differences - other	367,485	290,535
	3,247,259	**5,128,510**

6 Income tax & deferred tax (continued)

Deferred tax assets have not been recognised as it is not probable that taxable income will be available against which the deferred tax deductions can be utilised, in respect of the following:

	2015 $	2014 $
Exploration	(3,264,020)	(634,066)
Trade & other payables	10,016	6,468
Section 40-880 expenses	357,469	284,067
Tax loss carry-forward	6,143,794	5,472,041
	3,247,259	**5,128,510**

7 Write-off of capitalised exploration expenditure

In accordance with the group's accounting policy as disclosed in note 1(m), the acquisition costs for each tenement/concession are capitalised. The board has reviewed the recoverability of these costs in light of both internal and external factors, and determined that the write-offs are to be made to the Peelwood Project ($1,188,090) and the Bogdan Project ($96,596).

8 Other income & expenses

	2015 $	2014 $ Re-presented
(a) Other income		
Research & development refund	-	77,315
Reversal of previously recorded liabilities	-	49,078
	-	**126,393**
(b) Other corporate costs		
ASIC, ASX & share registry fees	(59,863)	(64,079)
Depreciation	(26,209)	(20,805)
Insurance	(43,777)	(30,793)
Office rent and outgoings	(162,276)	(188,675)
Marketing and public relations	(188,280)	(77,567)
Printing and mail	(12,693)	(24,992)
Communication costs	(32,606)	(55,301)
Business development costs	(7,756)	(84,350)
Interest expense	(70,317)	(2,009)
Taxes (local and international)	(14,743)	(36,432)
Sponsorship / donations	(18,990)	-
Travel & Accommodation	(160,831)	(171,986)
Other administrative costs	(133,306)	(72,707)
	(931,647)	**(829,696)**
(c) Superannuation guarantee		
Included within director and employee costs	(42,751)	(26,901)
Included within exploration costs	(18,183)	(48,632)
	(60,934)	**(75,533)**

9 Cash and cash equivalents*

	2015	2014
Cash at bank	**1,669,039**	**387,906**

** Refer to note 2 for risk exposure*

10 Trade and other receivables

	2015 $	2014 $
GST/VAT receivable	**221,893**	**108,597**

11 Other assets*

	2015 $	2014 $
Current:		
Deposit for project due diligence	65,650	65,650
Prepayments	30,226	33,168
Other	9,207	2,159
	105,083	**100,977**
Non-current:		
Office bond	12,479	17,876
Tenement bonds – Australia	60,000	60,000
	72,479	**77,876**

** Refer to note 2 for risk exposure*

12 Assets classified as held for sale

The assets classified as held for sale, and liabilities associated with those assets as at 30 June 2014 are directly attributable to the sale of the Balkans Assets, signed in February 2014 (which have been sold during the current financial year. Refer to note 19). The Balkans Assets are made up of the subsidiaries Balkan Mining, North Mining, Eastern Mining and Western Mining, details as follows:

Assets classified as held for sale (at carrying value)

	2014 $
Trade and other receivables	75,043
Other assets	403,339
Exploration and evaluation assets	203,869
Plant and equipment	39,715
	721,966

Liabilities directly associated with assets classified as held for sale

Trade and other payables	**330,198**

13 Plant and equipment

	Computer equipment $	Office furniture and fittings $	Motor vehicles $	Total $
Year ended 30 June 2015				
Opening net book amount	7,639	3,279	-	10,918
Additions – at cost	13,997	14,707	67,443	96,147
Depreciation charge	(5,671)	(10,684)	(9,854)	(26,209)
Foreign exchange adjustment	(275)	(1,038)	(20)	(1,333)
Closing net book amount	**15,690**	**6,264**	**57,569**	**79,523**
As at 30 June 2015				
Cost	60,860	37,175	84,799	182,834
Accumulated depreciation	(45,170)	(30,911)	(27,230)	(103,311)
Net book amount	**15,690**	**6,264**	**57,569**	**79,523**

13 Plant and equipment (continued)

Year ended 30 June 2014	Computer equipment	Office furniture and fittings	Motor vehicles	Total
	$	$	$	$
Opening net book amount	13,174	14,234	39,628	67,036
Additions – at cost	7,386	1,248	-	8,634
Classified as held for sale	(5,975)	(6,155)	(41,158)	(53,288)
Depreciation charge	(10,987)	(9,818)	-	(20,805)
Foreign exchange adjustment	4,041	3,770	1,530	9,341
Closing net book amount	**7,639**	**3,279**	**-**	**10,918**
As at 30 June 2014				
Cost	57,958	38,787	17,699	114,444
Accumulated depreciation	(50,319)	(35,508)	(17,699)	(103,526)
Net book amount	**7,639**	**3,279**	**-**	**10,918**

14 Exploration and evaluation expenditure

	2015	2014
Capitalised:	$	$
Opening balance	1,909,686	6,141,999
Additions – Mariola Project (Note 15)	10,155,067	-
Additions – Sawin Project[1]	100,000	-
Classified as non-current assets held for sale	-	(203,869)
Exchange rate movements	(175,016)	200,258
Exploration and evaluation expenditure written off (*note 7*)	(1,284,686)	(4,228,702)
Closing balance	**10,705,051**	**1,909,686**

As outlined in note 1(m), only acquisition costs are capitalised, whilst all other exploration and evaluation expenditure is expensed as incurred. Refer below for a summary of expenditure incurred;

1. In July 2014, the Company secured the rights to the Sawin Project, via the award of a government concession. An amount of $100,000 was payable for facilitation fees to secure this concession, which remained as a payable at 31 December 2014 and was settled via equity post reporting date.

Expensed as incurred:	2015	2014
	$	$
		Re-presented
Drilling costs	(1,523,992)	(866,118)
Assaying and analysis costs	(367,326)	(289,818)
Consultancy costs	(847,114)	(636,301)
Salaries and wages	(1,220,337)	(785,026)
Acquisition of historical data	(132,338)	(240,003)
Travel and accommodation	(169,119)	(124,433)
Concession fees	(121,223)	-
Other	(5,034)	(181,640)
	(4,386,483)	**(3,123,339)**

15. Asset acquisition

The Company made a strategic 15% investment in Carbon Investment Sp. z o.o in July 2014, being the holder of the Mariola Project. This was done in two steps:

1. Via a purchase of 10% from CEB Resources for 15,000,000 ordinary shares and $100,000 in cash; and
2. A direct $400,000 placement for the remaining 5% in Carbon Investment.

15. Asset acquisition (continued)

After considerable due diligence, the Company agreed to acquire the remaining 85% from the shareholders of Carbon Investment via the issue of 200,000,000 ordinary shares.

Reconciliation of Mariola acquisition cost:

	Cash	Equity
10% purchase from CEB Resources	$100,000	$1,170,000*
5% placement	$400,000	-
85% acquisition	-	$8,400,000*
Deficiency in equity balances acquired	-	$85,067
	$500,000	$9,655,067
Total	**$10,155,067**	

**Share value calculated on issue date. With minimal comparable sales and sale history, cost is considered the most accurate reflection on the fair value of the asset.*

The assets and liabilities of Carbon Investment at the date of acquisition were as follows:

Total assets	$229,819
Total liabilities	$313,577
Total deficiency in equity	($85,067)

Cash balances acquired at the date of acquisition totaled $148,845, and cash foregone for the acquisition amounted to $500,000. Net cash acquired amounts to $351,155

16 Trade and other payables

	2015 $	2014 $
Trade payables	642,672	599,874
Other payables and accruals	222,127	346,975
Annual leave payable	92,955	51,330
	957,754	**998,179**

Trade and other payables are expected to be settled within 12 months. Management estimates that 50% of the annual leave balance will be used within the next 12 months. Refer to note 2 for risk exposure.

17 Provisions

Long service leave	**30,302**	**16,585**

18 Convertible note

In January 2015 the Company secured $4m via a convertible loan agreement, with its major shareholder Ample Skill Limited. The amount drawn down to 30 June 2015 amounted to $3,500,000, with $2,250,000 being converted to shares during the year at the fixed price of $0.03 per share. The notes are unsecured, have an interest rate of 5% and convertible into equity of the parent entity, at the option of the holder, or repayable by 31 January 2019. The convertible note is presented in the balance sheet as follows;

Face Value of Notes Issued	3,500,000	-
Convertible note reserve – value of conversion rights (Note 21)	(190,755)	-
Amount converted to issued capital	(2,250,000)	-
	1,059,245	**-**
Interest expense*	13,708	-
Interest paid/payable	(12,945)	-
Total Liability	**1,060,008**	**-**

* Interest expense is calculated by applying the effective interest rate of 10.3% to the liability component.

18 Convertible note (continued)

The fair value as at 30 June 2015 of the convertible note liability recognised at amortised cost is $877,949. Discounted cash flow models are used to determine the fair values of convertible notes at amortised cost. Discount rates used on the calculations are based on market interest rates existing at the end of the reporting period, consistent with those used within the recently completed pre-feasibility studies. The discount rate used at 30 June 2015 is 10.3% and the instrument is classified as level 3 under the fair value hierarchy.

19. Discontinued operations

During the current year, Balamara completed the sale of its wholly owned subsidiary Balkan Mining Pty Ltd, the holder of:

North Mining doo – Monty Project;
Eastern Mining doo – Varesh Project; and
Western Mining doo – RSC Project.

(a) Financial performance

The financial performance information presented is for the period ending 8 December 2014 (30 June 2015 column) and for the year ended 30 June 2014.

Provisions	2015 $	2014 $ Re-presented
Revenue	-	-
Expenses	(209,607)	(5,742,649)
Loss before income tax	(209,607)	(5,742,649)
Income tax expense	-	-
Loss of discontinued operation after income tax	(209,607)	(5,742,649)
Gain on sale of Balkan Mining before income tax	196,755	
Income tax expense	-	
Gain on sale of Balkan Mining	196,755	
Loss from discontinued operation	**(12,852)**	

(b) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 8 December 2014 were:

Cash	194,423
Receivables and other assets	60,592
Plant and equipment	37,742
Exploration and evaluation assets	503,671
Total assets	796,428
Trade and other payables	(172,502)
Foreign currency translation reserve	(770,681)
Net assets	**(146,755)**

(c) Details of the sale

Consideration received or receivable:

Cash	50,000
Fair value of contingent consideration	-
Present value of amount due	-
Total consideration	50,000
Carrying amount of net liabilities sold	146,755
Gain on sale	196,755

19. Discontinued operations (continued)

Although a $15,000,000 royalty agreement has been executed as part consideration for the sale, this has not been accounted for due the risks associated with the projects and the likelihood of the projects commencing production.

For cash flow purposes, the Company received $50,000 on the sale, however had foregone $194,423 on the date of sale, amounting to a net position of $144,423 foregone.

20 Issued Capital

	30 June 2015		30 June 2014	
Movement in ordinary shares	**Number of shares**	**Value $**	**Number of shares**	**Value $**
Opening balance	341,680,538	62,649,240	257,144,549	56,012,446
Placement Shares[1]	66,500,000	5,483,919	80,131,977	6,259,898
Share-based payments[4]	3,250,124	175,135	3,804,012	459,052
Conversion of convertible note[5]	75,397,260	2,261,918	-	-
Director/employee share scheme[2]	-	231,500	600,000	-
Asset acquisition[3]	215,000,000	9,570,000	-	-
Capital raising costs	-	(382,515)	-	(82,156)
Closing balance	**701,827,922**	**79,989,197**	**341,680,538**	**62,649,240**

1. *2015:* Placement to major shareholder, Ample Skill Limited.

   2014: Completion of $5.26 million Rights Issue in July 2013 at 7.5 cents, and $1 million placement to major shareholder in March at 10 cents.
2. These shares were issued in accordance with the director and employee share plans, approved by shareholders on 29 November 2013. These shares are issued via an interest-free loan, calculated at the higher of $0.11 or a 20% discount to the VWAP of the 5 trading days prior to issue. During the current period, bonuses were issued to directors and employees, which were offset against the loans owing under the share plan. Refer to note 21(c) for further details.
3. *2015*: Refer to note 15 for details.
4. *2015*: Consultants paid via equity, representing fair value of services rendered.
5. *2015*: Includes interest expense paid via equity amounting to $11,918

21 Reserves

(a) Reserve balances	**2015 $**	**2014 $**
Share-based payments reserve	646,696	2,155,724
Transactions with non-controlling interests reserve (*note 21 (e)*)	(77,618)	(77,618)
Convertible note reserve *(note 18)*	190,755	-
Foreign currency translation reserve	(268,228)	719,294
	491,605	**2,797,400**

(b) Nature and purpose of reserves

The share based payments reserve arises from an issue of options as consideration for a service or an acquisition transaction, along with shares issued under the Balamara director/employee share scheme. Details on options issued, exercised and lapsed during the financial year, and options outstanding at the end of the reporting period is set out in note 21(c).

The foreign currency translation reserve is used to record exchange differences arising from the translation of balances in the foreign subsidiaries.

21 Reserves (continued)

(c) Movement in share-based payments reserve

(i) Reconciliation of options issued

Date	Details	Number of options	Amount $
01/07/2013	Opening balance	4,900,000	547,773
May 2014	Expired unexercised	(4,900,000)	(547,773)
30/06/2014	*Balance*	-	-
Dec 2014	Free Attaching Options	15,000,000	-
30/06/2015	**Closing Balance**	**15,000,000**	**-**

Set out below are the options on issue as at 30 June 2015:

Expiry date	Exercise price	Balance at start of year	Granted during the year	Exercised during the year	Expired/ lapsed during the year	Balance unvested at year end	Balance vested and exercisable
22/12/2018	$0.08	-	15,000,000	-	-	-	15,000,000
		-	**15,000,000**	**-**	**-**	**-**	**15,000,000**

(ii) Reconciliation of director/employee share plan

On 29 November 2013, shareholders approved both the director and employee share plans. Under the plan, at the discretion of the board (*subject to shareholder approval with directors*) shares were issued to eligible participants, whereby they would enter into an interest-free loan with the company to acquire the set amount of shares.

The loans were non-recourse and have a term of 4 years. The loan value was calculated at the higher of $0.11 or a 20% discount to the volume weighted average price of 5 trading days at the time of issue.
The shares under the scheme cannot be traded until the loan is repaid, and the entitlement to the plan is lost once the director/employee is no longer an eligible participant (leaves the Company).

The following table outlines the shares on issue under the Balamara Director Share Plan, and changes during the year:

Directors	Opening balance	Issued during the year	Other decrease	Repayments *	Closing balance
No of shares	30,000,000	-	-	(20,000,000)	10,000,000
Value of loan	$3,300,000	-	($2,000,000) #	($200,000)	$1,100,000
Share-based payment amount	$1,940,088	-	-	($1,293,392)	$646,696

The following table outlines the shares on issue under the Balamara employee Share Plan, and changes during the year:

Employees	Opening balance	Issued during the year	Other decrease	Repayments *	Closing balance
No of shares	3,350,000	-	(200,000) ##	(3,150,000)	-
Value of loan	$368,500	-	($337,000) #	($31,500)	-
Share-based payment amount	$215,636	-	($12,934) ##	($202,702)	-

21 Reserves (continued)

***** Non-cash Bonuses were issued during the year to Directors and senior management, allowing the eligible participants to own their shares under the scheme, via offsetting the loan amount. Once the loan is repaid, the shares are no longer associated with the Plan, and the original share-based payment expense is reversed through accumulated losses.
[#] Due to the share price differentiation between origination of the Plan and the repayment date, a loss has occurred on the loan.
[##]Plan shares relating to participants whom have ceased employment during the year have also been disposed of in accordance with the Plan.

(d) Calculation of share-based payments

Under the Balamara share plan approved by shareholders on 29 November 2013, there were 2 issues made in the prior year to both directors and employees. Although the share plan relates to the issue of shares, the fact that the loan is non-recourse gives the holder an option over the loan, and thus shall be calculated as such, using the Black-Scholes option pricing model. The following table lists the inputs to the model used in the 2 valuations throughout the prior year;

	*Issue one**	*Issue two*
Expected volatility (%)	100	100
Risk-free interest rate (%)	3.46	3.46
Exercise price	$0.11	$0.11
Share price at grant date	$0.095	$0.093
Fair value per option at grant date	$0.065	$0.063
Grant Date	29 Nov 13	20 Dec 13
Expiry date	29 Nov 17	20 Dec 17

**Relates to all the shares that were cancelled/re-issued under the new plan.*

(e) Transactions with non-controlling interests

In December 2013 a farm-in deal was signed with UK AIM-Listed Company CEB Resources PLC, to farm-in on the Peelwood Project. The first stage was $200,000 for a 20% interest in the subsidiary Peelwood Pty Ltd, which was completed during year.

	2015 **$**	**2014** **$**
Opening Balance	(77,618)	-
Carrying amount of non-controlling interests disposed	-	(277,618)
Consideration received from non-controlling interests	-	200,000
Difference recorded within the reserve	**(77,618)**	**(77,618)**

22 Related party disclosures

(a) Investments in controlled entities

	% Owned		Book value of Investments	
			2015	2014
	2015	2014	$	$
Parent entity				
Balamara Resources Limited#1			n/a	n/a
Controlled entities				
Isabella Minerals Pty Ltd#1	100%	100%	637,912	1,836,401
Balkan Mining Pty Ltd#1	-	100%	-	1,092,547
Peelwood Pty Ltd#1	80%	80%	-	1
North Mining doo#2	-	100%	-	-
Polmetal Sp. z o.o.#3	85%	85%	-	-
Global Mineral Prospects Sp. z o.o.#3	100%	98%	-	-
Western Mining doo#4	-	80%	-	-
Eastern Mining doo#4	-	100%	-	-
Coal Holdings Sp. z o.o.#3	100%	100%	-	-
Polish Coal Resources Ltd#5	100%	-	2	-
Carbon Investment Sp. z o.o. #3	100%	-	10,180,553	-
			10,818,467	**2,928,949**

1. Company incorporated in Australia
2. Company incorporated in Montenegro
3. Company incorporated in Poland
4. Company incorporated in Bosnia-Herzegovina
5. Company incorporated in the United Kingdom

(b) Key management personnel remuneration

	2015	2014
Cash remuneration	1,176,839	804,795
Post-employment benefits	23,750	23,125
Non-cash bonus*	200,000	-
Share-based payments	-	1,940,088
	1,400,589	**2,768,008**

**Bonus issued to key-management personnel was to be used to repay the Director Share Plan, as noted within the Director table in note 21 (c).*

23 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Company:

Entity	Description	2015 $	2014 $
BDO Audit (WA) Pty Ltd	Audit and review of financial statements	32,710	37,300
BDO Corporate Finance (WA) Pty Ltd	Preparation Independent Experts Report	-	17,000
BDO Corporate Tax (WA) Pty Ltd	Preparation of tax returns and advice	7,405	7,150
		40,115	**61,450**

It is the Company's policy to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where the auditor is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major material consulting projects.

24 Commitments

Lease commitments	2015 $	2014 $
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within 1 year	90,506	39,408
Later than one year but not later than five years	126,930	25,572
Later than five years	-	-
	217,436	**64,980**
Representing:		
Non-cancellable operating leases	**217,436**	**64,980**

25 Events occurring after the reporting date

Subsequent to reporting date:

- In August 2015, the Company executed a $7 million convertible loan agreement with major shareholder, Ample Skill Limited. The loan will be drawn down in 7 tranches at $1 million per month, ending February 2016, with a coupon rate of 5%. The loan can be converted to equity at the election of the lender within 4 years, with a weighted average price of 4.7cents per share.
- In September 2015, the Board approved 50,500,000 incentive options to the Directors and employees, with an exercise price of 5 cents, and a term of 4 years.

With exception to the above, there have been no other matters or circumstances that have arisen since 30 June 2015 that has significantly affected, or may significantly affect:

(i) The consolidated entity's operations in future financial years, or
(ii) The results of those operations in future financial years, or
(iii) The consolidated entity's state of affairs in future financial years.

26 Reconciliation of loss after income tax to net cash outflow from operating activities

	2015 $	2014 $
Loss for the year:	(7,699,438)	(12,815,397)
Add back:		
Share based payments	-	2,155,724
Depreciation	26,209	31,452
Write-off of capitalised exploration expenditure	1,284,686	4,228,702
Consultants paid via equity	34,135	265,000
Interest paid via equity	11,918	-
Non-cash bonus	231,500	-
Gain on sale of Balkan Mining	(196,755)	-
Impact from unrealised foreign currency (gain)/loss	(1,469)	309
Changes in operating assets and liabilities:		
(Increase) / Decrease trade and other receivables	(103,531)	(61,536)
(Increase) / Decrease in other assets	69,163	229,841
Increase / (Decrease) in trade and other payables	(356,907)	319,148
Net cash outflow from operating activities	**(6,700,489)**	**(5,646,757)**

27 Loss per share

(a) Basic and diluted loss per share	2015 Cents	2014 Cents
Loss from continuing operations attributable to the ordinary equity holders of the Company	(1.48)	(2.10)
Loss attributable to the ordinary equity holders of the Company	(1.49)	(3.85)

(b) Reconciliation of loss used in calculating loss per share	$	$
Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(7,426,068)	(6,906,427)
Loss attributable to the ordinary equity holders of the Company	(7,438,920)	(12,649,076)
Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(7,426,068)	(6,906,427)
Loss attributable to the ordinary equity holders of the Company	(7,438,920)	(12,649,076)

(c) Weighted average number of shares used as the denominator	2015 Number	2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	500,747,979	328,742,566
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	500,747,979	328,742,566

(d) Information concerning the classification of securities

The group is in a loss making position and it is unlikely that the conversion of options to ordinary share capital would lead to diluted earnings per share that shows an inferior view of earnings per share. For this reason, the diluted losses per share for the years ending 30 June are the same as basic loss per share.

28 Contingencies

There are no contingencies at the reporting date.

29 Non-controlling interests

	2015 $	2014 $
Interests in:		
Issued capital	292,963	292,963
Reserves	(10,294)	1,418
Accumulated losses	(480,771)	(297,027)
	(198,102)	**(2,646)**

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations:

29 Non-controlling interests (continued)

Summarised balance sheet	**Peelwood Pty Ltd**		**Western Mining d.o.o.**		**Polmetal Sp. z o.o.**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**	**$**	**$**
Current assets	1	1	-	18,536	10,635	25,176
Non-current assets	30,000	1,218,090	-	241,788	149,771	197,696
Total Assets	30,001	1,218,091	-	260,324	160,406	222,872
Current liabilities	-	-	-	163,916	2,647	11,462
Non-current liabilities	105,020	76,940	-	-	1,438,094	1,438,094
Total Liabilities	105,020	76,940	-	163,916	1,440,741	1,449,556
Net assets	(75,019)	1,141,151	-	96,408	(1,280,335)	(1,226,684)
Accumulated NCI	(15,705)	228,230	-	19,282	(200,763)	(186,166)
Summarised statement of comprehensive income						
Total loss for the year	(1,219,676)	(246,940)	-	(295,352)	(60,255)	(336,675)
Other comprehensive income / (loss)	-	-	-	36,567	(86,140)	(139,078)
Total comprehensive income/(loss)	(1,219,676)	(246,940)	-	(258,785)	(146,395)	(475,753)
Income/(loss) allocated to NCI	(243,935)	(49,388)	-	(51,757)	(21,959)	(71,363)
Dividends paid to NCI	-	-	-	-	-	-

Summarised cash flows	**Peelwood Pty Ltd**		**Western Mining d.o.o.**		**Polmetal Sp. Z o.o.**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**	**$**	**$**
Cash outflows from operating activities	-	-	-	(150,857)	(47,788)	(512,792)
Cash outflows from investing activities	-	-	-	-	-	-
Cash inflows from financing activities	-	-	-	117,803	47,925	486,349
Net increase / (decrease) in cash and cash equivalents	-	-	-	(33,054)	137	(26,443)

30 Parent entity disclosures

(a) Financial information

Financial position	2015 $	2014 $
Assets		
Current assets	1,425,368	708,422
Non-current assets	15,334,412	1,467,078
Total assets	**16,759,780**	**2,175,500**
Liabilities		
Current liabilities	1,410,700	216,008
Non-current liabilities	30,301	16,585
Total liabilities	**1,441,001**	**232,593**
Equity		
Issued capital	79,989,199	62,649,240
Accumulated losses	(65,507,872)	(63,517,056)
Reserves	837,452	2,155,724
Total equity	**15,318,779**	**1,287,908**
Financial performance		
Loss for the year	(4,154,844)	(11,757,785)
Other comprehensive income	-	-
Total comprehensive income	**(4,154,844)**	**(11,757,785)**

(b) Total equity

Notwithstanding the deficiency of net assets (total equity) of the group in comparison to the parent entity, the investments and loan receivables with its subsidiaries were considered not to be impaired due to the likelihood of earnings in excess of these investment/loan values in the near future.

(c) Guarantees and commitments

The parent entity has not provided any guarantees in relation to the debts of its subsidiaries. The parent entity has commitments as at 30 June:

	Within 1 year		2-5 years		> 5 years		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Office lease	$45,800	-	$45,800	-	-	-	$91,600	-

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) The financial statements and notes set out on pages 18 to 55 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date, and

(b) There are reasonable grounds to believe that Balamara Resources Limited will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the relevant persons as required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

Mike Ralston
Managing Director

Subiaco
30 September 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of Balamara Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Balamara Resources Limited, which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Balamara Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Balamara Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(a) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon various funding alternatives to meet its commitments, including share placements and debt facilities. These conditions, along with other matters as set out in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 30 September 2015

Additional Information

Additional Information provided that has not been disclosed elsewhere in this report is set out below. The shareholder information was applicable as at 22 September 2015.

(a) Top 20 shareholders

The names of the twenty largest shareholders are listed below:

Shareholder	Number	% of issued capital
AMPLE SKILL LIMITED	267,869,216	38.17
TSIOUPIS TRADING LIMITED	200,000,000	28.50
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,663,164	3.37
VULPES INVESTMENT MANAGEMENT PRIVATE LIMITED	20,814,225	2.97
DEREK LENARTOWICZ	12,500,000	1.78
CITICORP NOMINEES PTY LIMITED	10,503,831	1.50
MBL CONSTRUCTIONS PTY LTD	10,000,000	1.42
MICHAEL RALSTON & SHARON RALSTON	8,500,000	1.21
MBL CONSTRUCTION PTY LTD	7,049,800	1.00
BNP PARIBAS NOMINEES PTY LIMITED	6,524,191	0.93
DEREK LENARTOWICZ	4,241,254	0.60
NJLH INVESTMENTS PTY LTD	3,911,833	0.56
MR JAMES VINCENT CHESTER GUEST & MRS SARAH LOUISE GUEST	3,697,870	0.53
MR GUL CHANDIRAM MAHTANI & MR AVEEN GUL MAHTANI & MRS MANJIT KAUR	3,610,000	0.51
MISS LINDA LOUISE HUTCHISON	3,500,000	0.50
MR PETER ASLAN	3,174,000	0.45
ASLAN INVESTMENT HOLDINGS PTY LTD	2,938,532	0.42
RHB SECURITIES SINGAPORE PTE LTD	2,594,339	0.37
NATIONAL NOMINEES LIMITED	2,567,942	0.37
KEVIN RAYMOND ALEXANDER	2,566,881	0.37
	600,227,078	**85.52**
Balance of Register	**101,600,844**	**14.48**
TOTAL	**701,827,922**	**100.00**

(b) Voting Rights

Ordinary Shares
On a show of hands every member present at a meeting of shall have one vote and upon a poll each share shall have one vote.

Options
There are no voting rights attached to the options

(c) Distribution of Equity Security Holders

Category	Ordinary Fully Paid Shares	Percentage of equity securities
1 – 1,000	6,398	0.00%
1,001 – 5,000	168,716	0.02%
5,001 – 10,000	697,789	0.10%
10,001 – 100,000	25,045,941	3.57%
100,001- and over	675,909,078	96.31%
Total	**701,827,922**	**100%**

for Polish coal

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