

13 February 2015

BALAMARA ANNOUNCES INTENTION TO DE-LIST FROM ASX

Review of corporate strategy concludes that de-listing is the best option to protect existing shareholder value and advance Polish coal projects towards production

Balamara Resources (“Balamara” or “the Company” – ASX: BMB) today announced that following an extensive review of its corporate strategy within the current market conditions it has decided to begin the process to remove itself from the Official List of the Australian Securities Exchange (ASX).

The decision follows due consideration of a range of key factors including:

- lack of liquidity on the stock;
- the general inability to access new capital via the ASX;
- the market value of Balamara not being reflective of the Boards perception of the underlying asset value of the projects;
- the high administrative costs associated with being listed on the ASX;
- the location of projects in Europe; and
- the negative sentiment against junior resource companies on the ASX, considered likely to continue over the short to medium term.

The Board believes that shareholders interests’ are best served by protecting the value of the Company as it progresses its key projects through the Feasibility Study stage and towards first production.

The Board’s intention would be to re-list Balamara on an appropriate exchange at a time closer to first production from its most advanced asset, the Mariola Thermal Coal Project, at a revised valuation that reflects the true value of its assets at that time.

Key Reasons for De-Listing

The Board believes that the value of the Company’s underlying assets is not reflected in the trading price of the shares on the ASX, which has dropped from a 52-week high of \$0.16 (16 cents) in February 2014 to \$0.015 (1.5 cents) as at 12 February 2015 – giving the Company a market capitalisation of just \$9 million.



In this same period, the Company has acquired three high-quality coal projects with substantial coal inventories in a low operating cost, low sovereign risk location in Poland, close to both infrastructure and to potential customers, and has advanced all three of these assets significantly.

Balamara understands that the overall sentiment on the ASX towards junior resource companies is negative and that the market perception of coal and other bulk commodities is currently particularly poor. However, the Board believes the Company's assets offer significant competitive advantages and are substantially differentiated in their overall value proposition when compared with the general market trend against coal.

The Board is confident that current work programmes, including the delivery of Pre-Feasibility and Scoping Studies and establishment of upgraded JORC compliant resources, will provide tangible evidence of that value proposition over the course of 2015.

If the current negative trends continue, the Board believes that the impact of raising capital over the next 12-18 months to bring the Company's flagship Mariola Project into production will result in an excessive and unacceptable level of dilution to existing shareholders.

This combined with the very low level of liquidity in the Company's shares, the considerable challenges involved in raising any new funds on the ASX, and the high ongoing administrative costs of maintaining an ASX Listing, have led the Board to conclude that an unlisted company structure represents the best option for advancing these assets in the short-to-medium term.

De-listing Process

The Board has made its position on delisting clear to the ASX (under listing rule 17.11), which has advised of the terms and conditions required for Balamara to delist, which are as follows:

- The request for removal of the Company from the official list of ASX must be approved by an ordinary resolution of ordinary shareholders of the Company; and
- The Notice of Meeting seeking shareholder approval to request the removal of the Company from the official list must include a statement to the effect that the removal will take place no earlier than one month after the approval is granted, and clearly set out the timetable that will be followed for the removal.

Notice for a General Meeting will be sent to shareholders shortly, explaining this position in further detail and requesting their support for the de-listing. If the ordinary resolution is passed in favour of de-listing at this General Meeting, the Company will remain listed on the ASX for exactly one month thereafter before being removed from the Official List.



It is important to note that this does not mean there will be any change to the existing holdings of Balamara shareholders. All shares, rights and entitlements will be protected under the Corporations Act, ASIC and the Company's Constitution.

Shares can still be traded off-market if the Company were to be de-listed, and Balamara management would make every effort to facilitate any buying or selling of shares.

Forward Strategy

It will be the intention of the board to continue business-as-usual throughout 2015 and thereafter, which is to fast-track the development of all three of its Polish coal assets with particular emphasis on the Mariola Project, which is intended to be the Company's first asset into production.

The Board believes that, once decoupled from the ASX, Balamara can focus more time and resources to adding value to its Polish coal projects by utilising the \$4 million of new cash to be injected by its major shareholder, as well as realising considerable savings on current listing fees and associated costs.

The Board believes that the opportunity to raise project finance at a higher price to fund Mariola into production will be much greater once the Company is delisted than by continuing on ASX. As noted above, the Board's intention would be to re-list Balamara on an appropriate exchange sometime in the future, either immediately before first production or soon thereafter, at a significantly higher valuation that would reflect the progress made over the next 18-24 months.

-ENDS-

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