

25 April 2017

BALAMARA: CORPORATE AND PROJECT UPDATE

Balamara Resources (“Balamara” or the “Company”) would like to update its shareholders on progress within its portfolio of Polish coal assets as well as corporate matters concerning the Company.

Balamara remains a public company which was de-listed off the ASX in May 2015, and the Company continues to develop its portfolio of high quality coal projects in Poland. The overriding strategy concerning de-listing in 2015 was to avoid, or mitigate, a massive potential future dilution to all existing shareholders associated with the anticipated large capital raise as necessary to develop infrastructure to bring its projects into production. Most junior resource companies making the transition from explorer to producer face the same challenge, namely raising substantial new cash to bring the mines into production in a manner that preserves as much value within the existing shareholders as possible.

Balamara would like to take this opportunity to update its shareholders on matters concerning the Company and its coal projects.

Sawin Coal Project

Balamara is developing a large-scale thermal coal concession in south-west Poland located near to the existing producing coal mine owned and operated by listed Polish mining company *Lubelski Wegiel Bogdanka SA* (“Bogdanka”). Substantial feasibility work has been completed on Sawin over the past 18 months and this work highlights a robust commercial underground mining opportunity with the following highlights:

Coal Quality	High grade thermal coal
Mineable tonnes (overall)	326Mt
Life of Mine (LOM)	38 years
Average mineable tonnes – first 10 years	11Mtpa
Average mineable tonnes – LOM (38 years)	8.6Mtpa



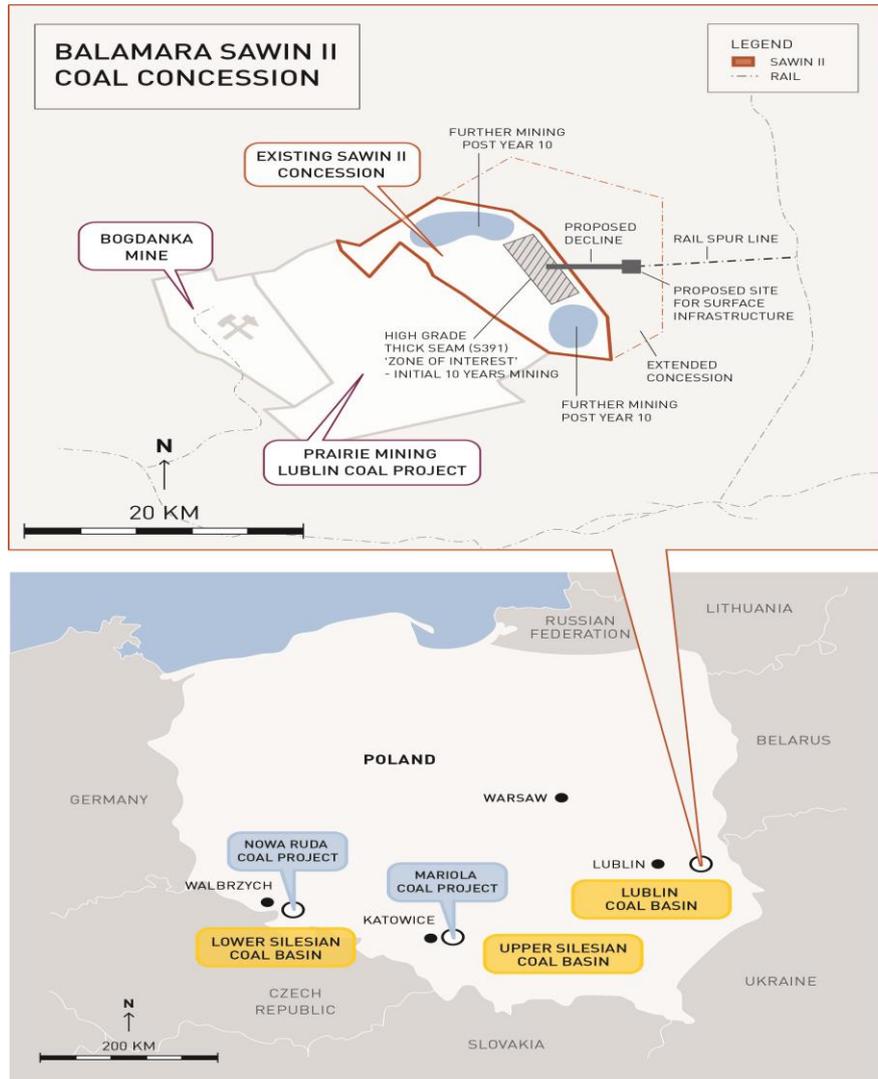
Initial Capital Expenditure (including 25% contingency)	US\$200M
Overall Capital Expenditure (including 25% contingency)	US\$260M
Forecast Selling price of coal (average price over LOM)	US\$64/t
Operating cost – at mine gate Operating cost – at Gdansk port (600kms)	US\$23/t US\$33/t
Free Cash – Cumulative first 10 year’s production Free Cash – Cumulative 38 years Life of Mine	US\$4.4 billion US\$13.5 billion
Net Present Value (10.5% discount rate)	US\$2.4 billion
IRR	95%

**These numbers are preliminary in nature and an investment decision should not be made based on this information alone in its current format.*

Sawin has considerable size and scale and will therefore be Balamara’s priority project ahead with a projected ~326 million tonnes of coal to be produced over ~38 year mine life, forecasting US\$13.5 billion free cash (after tax) at an average US\$350 million per annum net free cash after tax each year over life of mine. That is substantial potential return on a forecast ~US\$200 million initial capital outlay.

The projected capital cost is forecast to be repaid over a very short timeframe and thereafter the Company would have a significant asset that delivered considerable free cash, which may be used to bring other coal assets into production and/or also provide significant dividend flow to shareholders.

New funds of US\$5 million are to be used for working capital to develop Sawin. Balamara will use the US\$5 million prepayment of coal to continue to develop Sawin through final feasibility stage, with environmental approval expected in early 2018 and a mining license thereafter. Assuming project financing in place and a decision to mine thereafter Sawin will potentially be producing coal by the end of 2020.



Nowa Ruda Coal Project

Balamara has continued to develop its Nowa Ruda Coal Project in tandem with Sawin over the past 18 months. Nowa Ruda has a majority of high quality hard coking coal and is located in the Lower Silesian basin in south-west Poland, and the concession has previously been mined so the coal quality and general underground mining conditions are well known in that area.

Balamara has spent considerable resources on both drilling and feasibility work at Nowa Ruda over the past three years, as well as all environmental and other approvals, and management has now delivered a mine plan to develop Nowa Ruda ahead. This forecasts a low cost, high margin, quality coking coal project that may ultimately sell product into any one of several coking plants in the region, most of whom are sourcing this same product internationally as there is a shortage of this same high grade coking coal currently produced in Poland.



The Company is working through a funding solution for Nowa Ruda production ahead that may separate that asset out of the Company in the future, to allow for the development of both Sawin and Nowa Ruda mines concurrently. There is additional operational risk for Balamara to develop two mines in tandem within the same company using the same resources.

Balamara will be working through this strategy and will advise its shareholders ahead.

Mariola Coal Project

Balamara acquired the Mariola Thermal Coal Project in 2014 and sought to bring that asset into production quickly ahead of its other two assets in order to achieve early cash flows. However during 2016, when successful mine planning and initial feasibility studies were being delivered for Sawin, it became clear to management that Sawin possessed significant size and scale that could deliver substantially higher returns than either of Balamara's other two coal assets, and thus the focus and priority shifted from Mariola to Sawin.

The Mariola concession exploration license was due for renewal in October 2016 and this required another substantial investment ahead into additional drilling, which Balamara management does not believe is necessary or required to make any future decision to mine that asset, hence renewal of this particular license under these terms was regarded as an inefficient use of funds. Management therefore made the decision to let the concession lapse.

The Company's opportunity to mine at Mariola remains protected over the medium term in that it still has the first right to apply for a mining licence at Mariola before end-2019, and a decision on this asset will be made before that date.

Corporate Matters

The board believes that the Company is on the cusp of delivering valuable funding solutions that would, if successful, provide substantial additional value to Balamara. As such it is considered too early to re-list in the short term with these matters outstanding, and the decision to re-list the Company is therefore on hold pending the outcome of these discussions.

Providing value to shareholders remains the key priority for Balamara and the board will continue to monitor this position ahead.

Closure of Perth office

Over the past year Balamara has moved almost all of its management team to reside in Poland as that is where the bulk of the work is currently taking place and will do going



forward. The Perth office has remained open with only a small staff to manage corporate and finding matters in particular, but this is no longer considered cost-effective.

As such the Perth office will close with immediate effect, and the positions of Managing Director and Chief Finance Officer will both be terminated. As Balamara advances towards coal production it is envisaged that these positions may be offered to suitable candidates in Poland, but for now the Company's Executive Chairman Derek Lenartowicz will oversee Balamara's corporate matters. Managing Director Mike Ralston has accepted an ongoing role as a Non-Executive director based in Perth, and will therefore remain on the board. CFO and Company Secretary Daniel Kendall will continue to assist with all corporate matters during the transition period. It is expected that these changes will reduce the Company's overheads considerably and ensure that the bulk of its cash resources ahead are utilised for the development of the coal projects.

The Company wishes to thank both Mr Ralston and Mr Kendall for their efforts over a long period to move Balamara from a small exploration company to one that is substantially de-risked and moving towards production on several high quality coal assets.

-ENDS-

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