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June 9, 2015

BALAMARA DELIVERS 270% INCREASE IN NOWA RUDA COKING COAL RESOURCE, POLAND

Updated resource confirms large, high quality coking coal deposit and provides strong foundation for Nowa Ruda Pre-Feasibility Study due for completion by end-June 2015

Balamara Resources Limited ("Balamara" or "the Company"), an international coal explorer and developer, is pleased to report a substantial increase in the JORC (2012) compliant Coal Resource estimate for its **Nowa Ruda Coking Coal Project** in south-west Poland. Nowa Ruda is one of three advanced, high quality coal projects currently being developed by Balamara in Poland.

The Coal Resource estimate was calculated 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 (see Figure 1 for drill-hole locations).

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**

A more detailed breakdown of the resources is provided in Table 1 below.

Table 1: 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%

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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.

This updated resource estimate is the result of a very successful drilling campaign completed at Nowa Ruda over the past 16 months, which has also provided updated coal quality, geotechnical and other data for the deposit. The results will also underpin the completion of the Nowa Ruda Pre-Feasibility Study, which is currently well advanced and due for completion by the end of June 2015.

Details of Resource Estimate

The initial Nowa Ruda JORC (2012) resource estimate delivered in April 2014 was derived from existing and available historical data compiled by Balamara and its consultants following the acquisition of the Project. There was a reasonable amount of data associated with the historical underground mining and drilling, but insufficient surface drilling to test the extensions to the resource away from the final historical coal faces.

The Balamara drilling programme, completed between November 2013 and April 2015, was designed to provide detailed coal quality, geotechnical and geological inputs for utilisation for both the resource upgrade and Pre-Feasibility Study. The substantial upgrade to the resource is attributable to the excellent overall results from this programme and, in particular, the very thick intersections obtained from the recently completed CHL-2, CHL-3 and CHL-4 drill-holes at the Lech deposit.

Drill holes CHL-2, CHL-3 and CHL-4 produced substantial coal seam package thicknesses of between 5.65m - 7.81m for the 415 series seams, and from 3.61m - 4.09m for the 4103-412 series. In addition, drill-hole CHW-3 at Waclaw produced thicknesses of 1.96m and 1.98m respectively for the 408 and 409/10 seams. These results were detailed in recent ASX announcements ('10 March 2015 – Nowa Ruda Drilling Update' and '13 April 2015 – Completion of Drilling at Nowa Ruda').

These results indicate that an overall pattern that has emerged for the Nowa Ruda Project:

- The coal deposits at Nowa Ruda consist of 300-series seams and 400-series seams and both series are essentially a 'package' containing several closely spaced individual seams;
- The 300 series ranges in total stratigraphic thickness from 10-20m and the 400-series generally ranges from 50-70m stratigraphic thickness. The two series are separated by approximately 80-100m of barren sandstones;
- At Waclaw, both the 300-series and the 400-series predominantly consist of hard coking coals;
- At Lech, the 300-series predominantly consists of hard coking coals while the 400-series contains a combination of hard coking coals but with substantial amounts of the highly

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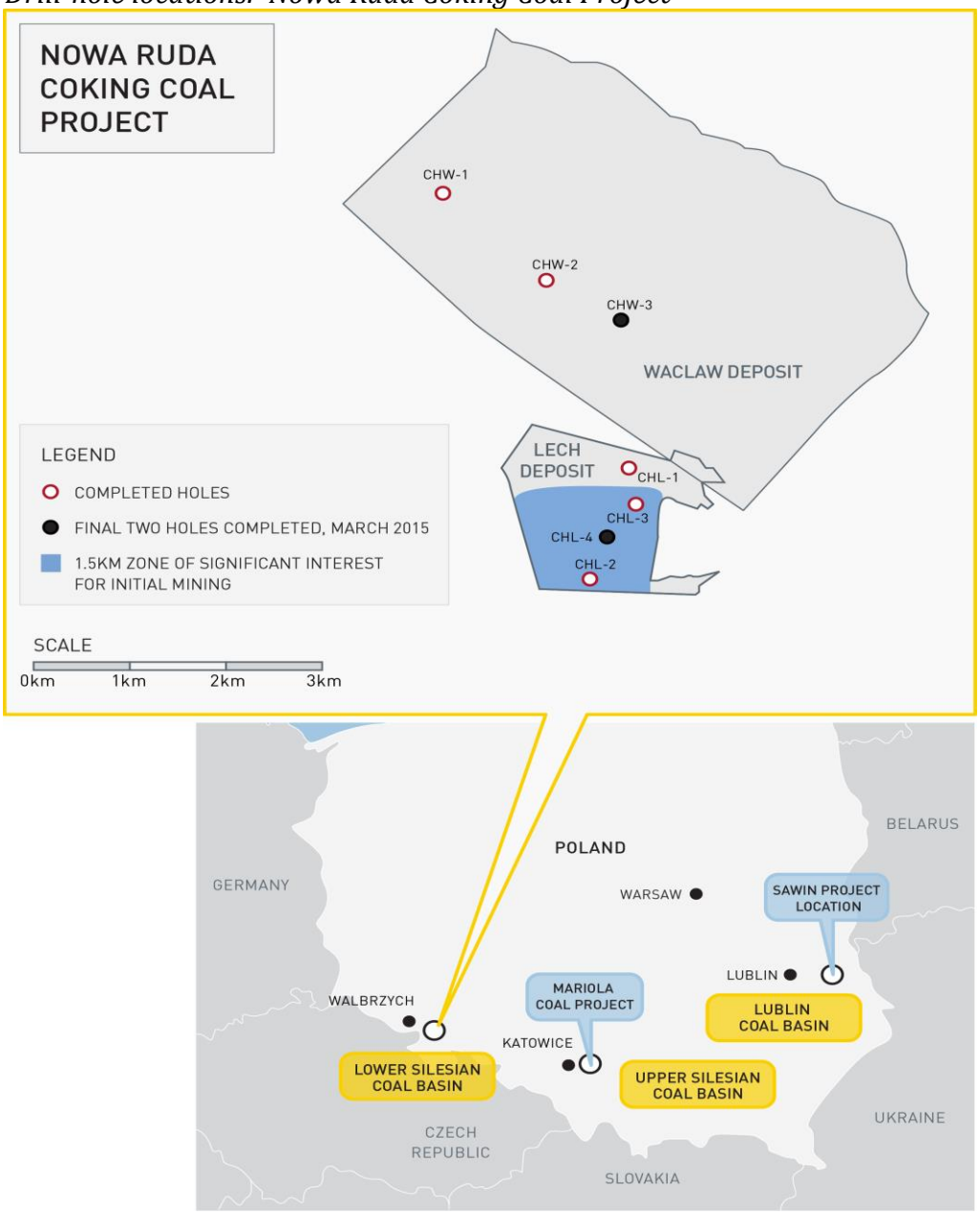
desirable low volatile high rank coal that is required as an essential additive to coking plants (Polish type 37.2);

- Lech is emerging as the most likely potential starting area for initial mining – given that this deposit has all the essential coking coal types required for optimum blends as well as substantial coal seam thicknesses. There is a 1.5km long zone of interest defined by the excellent results from drill-holes CHL-2, CHL-3 and CHL-4 (see Figure 1). This aspect is currently being investigated in detail as part of HDR's Pre-Feasibility Study, which is expected to be completed at the end of June 2015.

Figure 1 – Drill-hole locations: Nowa Ruda Coking Coal Project



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Coal parameter test work on coal samples from the seven recent drill holes at Waclaw and Lech indicate that the raw coal exhibits on average low-to-moderate total sulphur contents (Table 2). Low spontaneous combustion and low amounts of methane are also indicated; however carbon dioxide contents are low on the periphery of the deposit but higher in the central region of the deposit. Further test work is required but the Nowa Ruda coal seams are expected to require underground coal seam gas drainage prior to mining, given the recorded instances of gas outbursts occurring during previous mining.

Table 2: Average Coal Quality for Nowa Ruda, as modelled at 1 June 2015

Resource Classification	Tonnes (Mt)	Raw Moisture adb%	Raw Volatiles adb%	Raw Sulphur adb%	Raw Ash adb%	Raw Gross Calorific Value (Kcal/kg)	F1.55 Theoretical Yield adb%	
Waclaw: Measured & Indicated	**9.9**	1.06	18.94	1.32	26.11	25.13	70	
Waclaw: Inferred	**45**	1.03	18.86	1.14	29.17	24.23	65	
Lech: Measured & Indicated	**20.5**	0.85	18.25	0.73	24.63	25.03	68	
Lech: Inferred	**11**	0.89	18.12	0.81	27.02	24.64	68	
Total	**86.4**							

Note: totals may differ due to rounding

Coal resources have been estimated and classified in accordance with the guidelines contained within the Australian Guidelines for the Estimation and Classification of Coal Resources (2014 Edition) and are reported in accordance with the JORC Code (2012). The Coal Resources have been estimated by Salva Resources (HDR) using a seam thickness cut-off of 0.6m and a minimum F1.55 theoretical yield cut-off of 35%. Resource Classification is based on an assessment of the variability of critical variables (raw ash% and seam thickness) through statistical analysis, geostatistical analysis and by an assessment of the degree of geological complexity (general seam dip and structure).

Underground mine plans from areas previously mined show the presence of numerous small faults (1-2 m throw) and some larger faults (+10 m throw). The Larger faults have been extended down dip from the underground workings. However it is likely that as yet unidentified smaller scale faulting exists down dip of old workings, which the current down dip drill spacing of between 400 m to 1400 m is unable to identify.

Drilling was undertaken by a combination of non-core and coring methods and is described in detail in the JORC (2012) Table 1 that is included as an Appendix to this announcement.

All coal parameter testwork sampling was undertaken at the internationally accredited Glowny Instytut Gornnictwa (“GIG”), located in Katowice, Poland. It is also known as the Central Mining Institute and is the major facility for undertaking coal parameter test work. All cores for sampling

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were transported to GIG and sample selection and test work design was undertaken jointly by GIG personnel and Nowa Ruda Project site geologists. Full details are provided in JORC (2012) Table 1. The main target seams for the Nowa Ruda project are likely to be seams 304, 420 and 415. The table below shows the weighted average F 1.40 clean coal properties of these three seams. The data are from all available CHL and CHW cores.

Table 3 Indicative Washed Coal Quality for major Seams (F 1.40, weighted averages)

	Seam 304	Seam 420	Seam 415
Total Moisture %	8	8	8
Inherent Moisture % (ad)	1.2	0.9	1.2
Ash % (ad)	7	7	7
Volatile Matter % (ad)	22.3	19.6	17.8
Volatile Matter % (daf)	24.3	21.3	19.3
CSN	6	7	4
Plastic Range (°C)	87	66	55
Maximum Fluidity (ddpm)	145	19	8
Vitrinite % (mmf)	57	70	73
Rv_{max} % (mmr)	1.21	1.35	1.4

Coal washability test work was highly successful in reducing the ash content of the raw coal. Total ash contents of around 6-8% can be obtained with coal yields of the order of 60-70%. Based on the coal parameter test work conducted to date, the product coals can be generally divided nominally into two groups:

- Lower rank coal (i.e. volatile matter greater than or equal to 20 % (daf)) which includes seam 304 and 420.
- Higher rank coal (i.e. volatile matter less than to 20 % (daf)) which is seen in the deepest seams.

For the lower rank coal, a hard coking coal product is achievable provided the product coal ash chemistry, total sulphur and phosphorus do not detract from the market potential (testing still to be completed).

The higher rank coal displays significantly reduced plastic properties as a result of rank increase. Seam 415 and associated splits is the deepest seam in the resource and as such most consistently shows a drop in plastic properties associated with increased rank. Hence, it is likely that the product coal quality at Waclaw will be a hard coking coal. At Lech, coal products are likely to be a combination of hard coking coal and a higher rank, low volatile thermal coal (Polish type 37.2).

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Upcoming work programme

The updated JORC resource provided by HDR will be used to deliver the mine planning required as part of the Pre-Feasibility Study for the Nowa Ruda Project, which is expected to be completed by the end of June 2015.

Balamara is also expecting completion of the Pre-Feasibility Study for its large, high quality Sawin Thermal Coal Project by the end of May 2015. This timetable means that Balamara will have completed Pre-Feasibility Studies on all three of its coal projects in Poland by 30 June 2015, putting it in a strong position to highlight the considerable asset value within its current portfolio.

The Company announced the results of a PFS for the Mariola Thermal Coal Project on 4 March 2015, which delivered exceptional results including a US$312 million Net Present Value from US$880 million free cash over a 15-year mine life, for only US$79 million of capital expenditure.

Balamara is targeting similar high quality returns from both the Nowa Ruda and Sawin Pre-Feasibility Studies to be completed over the coming weeks.

The next phase of development within the Company's Polish coal portfolio will focus on Definitive Feasibility Studies, together with any final reserve or geotechnical drilling that may be required, and securing Mining Licenses. It is expected that this next phase will commence in 2H 2015 and take approximately 12-18 months to complete for the three Projects.

Balamara is aiming to make a decision-to-mine on at least one project, most likely Mariola, by mid-2016 and, pending successful outcomes from future work and project financing discussions, would then be in a position to commence infrastructure development with the target of achieving first coal production before the end of 2016.

Nowa Ruda – Location & Background

Nowa Ruda was historically a large underground coal mine consisting of two adjacent deposits, Wacław and Lech, which produced substantial volumes of high-quality coking coal throughout the last century. It was closed in 1996 when Poland made the transition from the Communist era to the existing democracy, and the mine has been on care and maintenance ever since.

Prior to the country's departure from Communism in the 1990s, all coal mines were owned by the Government of Poland and were heavily subsidised, delivering considerable employment which provided a bedrock for the entire Polish economy. The change in Government and associated political system led to subsidies being removed for many mines, making them instantly uneconomic; Nowa Ruda was one such mine and closed in 1996.

This has caused significant economic hardship in the local area in the intervening period and, as a result, there is considerable support for the re-start of a mining operation at Nowa Ruda which would bring a significant number of new jobs to the town and surrounding region.

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Nowa Ruda is also well situated in the Lower Silesian Basin close to at least four operating coke plants which are potential off-take partners for future production. Several of these plants are operated by ArcelorMittal Poland (previously Mittal Steel Poland), Poland's largest steel producer, which employs more than 11,000 people in six plants located in Silesia, Malopolska and Opolskie provinces.

With over US$2 billion invested in this region since 2004, ArcelorMittal Poland has become one of the most modern steel producers in Europe, currently accounting for ~70 per cent of the Polish steel industry's production capacity. The company is also one of the largest producers and exporters of coke in Europe. The production capacity of two coking plants in Zdzieszowice and Kraków totals 5Mtpa, requiring a significant supply of high quality hard coking coal, such as is prevalent at Nowa Ruda.

Management Comment

Balamara's Managing Director Mike Ralston said the Company was delighted with the substantial increase in the Nowa Ruda resource, which represented an important step towards achieving the Company's core objective of becoming a significant European coal producer over the medium term.

"We are extremely pleased to have been able to deliver a 270 per cent increase in the Nowa Ruda resource, and we are now looking forward to the delivery of the Nowa Ruda Pre-Feasibility Study by the end of this month," he said.

"Together with the Mariola PFS already announced in March, and the Sawin PFS due to be announced soon, we will clearly underline the value of Balamara's three advanced coal projects, highlighting the outstanding commercial opportunities for the Company moving forward.

"When you overlay these high quality coal assets onto a low sovereign risk location, with low operating costs, a skilled underground mining workforce and considerable infrastructure in place – including availability of railway at all three concessions – this creates the opportunity for Balamara to become the next significant European coal producer," he added.

-ENDS-

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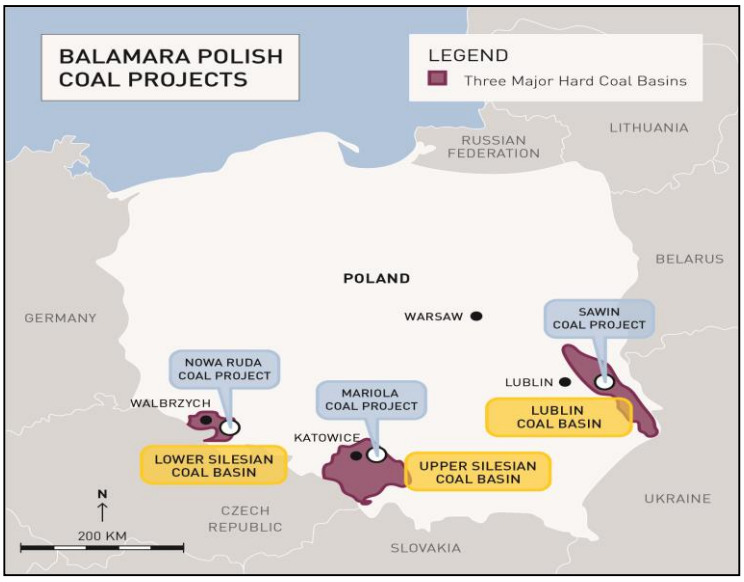
Competent Persons Statement:
Information in this announcement that relates to Exploration Results and Coal Resources is based on information compiled by Mr. Craig Williams who is a full time employee of the independent consulting firm, HDR Corporation Pty Ltd. and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Williams has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity in which he is undertaking to qualify as a Competent Person under the 2012 edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Williams contents to the inclusion of the data in the form and context in which it appears.

About Balamara Resources Limited
Balamara Resources is an unlisted public company which de-listed from the Australian Stock Exchange in April 2015. The Company has a stated ambition to become a significant coal producer in Poland within the medium term and has made considerable progress on all three of its existing, 100%-owned coal assets over the past 12 months.



Balamara has three advanced coal assets in each of the three major coal basins in Poland, which delivers considerable advantages including availability of railway, power and other core infrastructure, close proximity to off-takers such as coke plants (coking coal) or power plants (thermal coal), and a considerable skilled low cost mining labour force. The Company has its main office in Katowice.

Poland is viewed as a low sovereign risk location for mining ventures, being part of the European Union as well as a member state of NATO. It has well defined mining laws and a structured approvals process to completion of licensing and permits. The country itself is developing rapidly with growing heavy industry and manufacturing adding to the traditional mining focus within the economy.

Most analysts expect demand for energy in Poland to grow over the next decade in response to the expanding economic activity, and demand for coal is forecast to remain high as the most significant

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contributor to the energy mix. Local production of hard coal has fallen dramatically over the past decade from ~100Mt to current ~75Mt as a result of the large, incumbent producers struggling to maintain cost-effective practices to deliver coal within the current environment.

Balamara believes that there is a significant opportunity for new, efficient producers to step in to fulfil this market by delivering high quality coal in a cost-effective manner.

About HDR

HDR is a global, employee-owned architecture, engineering, consulting and construction services firm. In total HDR employs in excess of 9,200 professionals in 225 offices worldwide, including 500 in the resource sector. HDR Resources team delivers exploration, mining and commodities consultancy services to some of the world's largest mining and investment firms. HDR is committed to helping clients manage complex projects and make sound decisions.

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Appendix: JORC Table 1

Criteria	Explanation	Comment
Sampling techniques	Nature and quality of sampling (e.g. cut channels, random chips etc.) and measures taken to ensure sample representivity. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Historical Sampling; At Waclaw, surface drillholes BW1, BW2, BW3 and BW4 were drilled between 1972 and 1977. At Lech, surface holes BI,BII,BIII and BIV were drilled, logged and sampled during the years 1964-1965. Due to the historic nature of these holes there is no documentation on the sampling techniques. Samples from these holes were tested at the Department of Coal Quality Control of the Coal Mining Institute. Boreholes BW1, BW2 and BW3 and BW4 were examined for gas content and likelihood of seam outbursts. Sampling was extensive, with standard tests including, but not limited to: • Moisture content; • Volatile content; • ash content; • calorific value; • coal type; • sulphur content. • FSI (Free Swell Index) • Roga Index test In late 2013, the Polish technical agency PRGW, was appointed by Balamara to collate, capture and transfer all existing Nowa Ruda (historical) data into digital format. In addition to surface holes, the PRGW database also contains coal quality information from underground sampling conducted on the Lech property, during mining activities conducted there. Raw coal quality testing results for mainly ash, volatiles and sulphur (all on an as received basis) have been included in the estimate by matching the seam sampled in the database, at the plan co-ordinate position specified, to the relative seam in the geological model. Due to the historical nature of this underground sampling no information on the sampling and or analytical methods and quality control measures taken are available. Recent Sampling; The recent drilling campaign (2014-2015) has 7 new drillholes all of which have been sampled for coal quality testing. Percussion chip drilling was conducted up until the base of the Permian strata. Coring then commenced with 132mm conventional coring with 6m runs to a depth of around 700m (prior to intersecting coal seams) PQ3 coring with 3m core runs was then conducted to the end of hole. The core was logged and core runs containing coal were transferred to the GIG laboratories in Katowice to be sampled and the coal quality analysed. The drilling technique used involves recovery of core in clear plastic tubing measuring 87.5mm in diameter. Core runs recovered in 3m lengths. In order to enhance core recovery, core runs containing coal were not removed from the plastic tubing, other than being cut to size to fit the 1m long core trays. Testing took place on all coal seams greater than 0.6 m in thickness, and included partings up to 5cm in thickness. Sampling was extensive and a 200g charge was used to conduct standard tests including, but not limited to: • Ash Content; • Calorific Value; • Moisture; • Coal Type; • Sulphur Content; • Coking parameters;

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Criteria	Explanation	Comment
		• Volatile matter content • Density Coal washability test work was undertaken using a range of heavy media. The products washability tests were used to determine specific coking coal parameters including: • Swelling Index • Roga Index • Geissler plasticity Vacuum degassing tests were conducted on all seams greater than 0.3m in thickness to test for methane and C02 content. Approximately 100g of material was taken within 24 hours of coring and placed in a purpose designed metal gas sampling vessel which was then transferred to the Barbara Experimental Mine in Katowice which is a division of GIG. A range of geotechnical tests were also conducted on floor and roof of the host rocks to the coal seams. These tests included but were not limited to: • Uniaxial Compressive Strength • Tensile Strength • True relative density and volumetric density • Rock Quality Designation • Effective porosity • Gravity drainage capacity • Permeability
Drilling techniques	Drill type (e.g.. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka etc.) and details (e.g.. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	7 drillholes have recently been completed as part of a planned seven hole programme comprising three holes at Waclaw and four holes at Lech. Drilling was conducted by roller cone bits at gradually decreasing diameters. Diamond core drilling was undertaken by PQ3 methods. Cementation generally took place at each major reduction in diameter and permanent casing of varying diameters remained in the hole. Historical drilling involved 6 surface holes drilled in Waclaw during 1964 to 1985. 5 surface drillholes were drilled in Lech during 1968-1981.A total of 1243 underground holes have been drilled from 1961-1994. This historical drilling is likely to be core drilling, the exact details of which are unknown.

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Criteria	Explanation	Comment
Drill sample recovery	Whether core and chip sample recoveries have been properly recorded and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	The historical drilling was done mainly in 1970's and 80's when technologies which allow for modern day high core recoveries were not available. Records were kept in some cases of core recoveries which has allowed for statistical analysis of the influence of core recovery on coal quality which allowed for assessment of sample representivity during resource estimation. Core recoveries, where recorded, range from 40% to 100% and no bias in the coal quality results related to core recovery was observed. The recent drilling involved collection of core samples as per the standard Polish procedures. The 3m core tube was fitted with special plastic tubing inside the triple tube and the core run was removed by two drilling supervisors. The tubing was fitted with plastic stoppers at each end and the core then transferred by trailer to a dedicated logging facility approximately 1-2 km for the drill sites. Core recovery was determined by measuring the lengths of recovered core and calculating as a percentage of the interval based on drilling depths. The recovered core was also compared to the coal interval thickness and depths determined from the geophysical logs. Core recoveries in the coal seams and the interburden are generally of the order of +95%. After sampling, core is stored at GIG laboratories.
Logging	Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography. The total length and percentage of the relevant intersections logged.	Within Poland there is a formal process for the collection, interpretation and representation of coal exploration data which is formulated by the Polish Geological Institute. As part of this system, all final drill hole logs are signed off by a competent person authorised by the Polish Geological Institute. This system was observed to have been in place for all holes drilled within the Nowa Ruda Coal Project during a site visit conducted by HDR during November 2014. Final drill logs include information on detailed lithological logging of the drill core, geophysical logging, core recoveries, coal quality (although not always present) and the final interpretation by the competent person (exploration) in terms of seam stratigraphy. All recent drill holes have been geophysically logged (down hole) and las files have been made available to HDR. These down hole geophysical logs provide a downhole survey of the hole path and also provide information that can confirm the location and thickness of the coal seams. In the case of historical holes, geophysical logs (las files) have not been provided however final drill logs contain an interpretation of the original geophysical logs inclusive of geophysically corrected depth against the drilling depths. The detail contained in these logs is considered sufficient for the purpose of resource estimation. The surface holes drilled during recent exploration programme were drilled by open hole and core drilling methods. For open hole sections, drill chips were collected at 1m intervals and stored in large plastic bags. Sub-samples weighing approximately 0.5 kg were taken and stored in wooden boxes containing 20 units. The drill chip samples were photographed and a graphic log and geological description of the open hole section of the drillhole was produced by the site geologist. Cored intervals are cut to size and stored in 1m length wooden core trays, photographed, logged and then transported to GIG laboratories for storage and testing. Geotechnical work is undertaken at site and includes standard measurements such as solid recovery (SRC), fracture analysis per metre of core and rock quality data (RQD). Detailed geotechnical test work is also conducted on samples from the host rocks that from the floor and roof to the various coal seams. This test work is conducted at GIG in Katowice.

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Criteria	Explanation	Comment
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split etc. and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected. Whether sample sizes are appropriate to the grainsize of the material being sampled.	As part of the standard coal exploration practice set out by the Polish Geological Institute, all coal sampling is conducted by a coal quality laboratory where the core is received, logged in detail as regards coal type, split and then sent for analysis. In the case of the recent holes, immediately after the coal seams are extracted from the core barrel a spot coal sample secured in a specific air tight container is taken for gas testing.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	In the case of the historical holes and underground sampling, the QAQC measures and the laboratories used for chemical analyses cannot be determined. In the case of the 7 new holes, a range of test work was conducted including coal parameter test work, specific testing of coking properties and a comprehensive range of geotechnical test work, all carried out as per Polish standards. Testing work conducted was done by GIG laboratories. The laboratory undertakes quality control checks with three independent laboratories in Poland. GIG also uses internal quality control to verify results. Quality control checks occur on a quarterly basis. GIG has also received international accreditation, specifically in currently meets the requirements of the following standards PN-EN ISO 9001:2009, PN-EN ISO 14001:2005 as well as PN-N-18001:2004 as confirmed by the certificate issued by the Polish Centre for Testing and Certification (PCBC S.A.).
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	There are no twinned intersections or evidence of verification sampling of significant intersections. In late 2013, the Polish technical agency PRGW, was appointed to collate, capture and transfer all existing Nowa Ruda (historical) data into digital format. This was used by HDR for resource estimation. This includes both historical surface drilling and underground drilling data. In the case of the Waclaw deposit, no underground seam thickness or coal quality data exists in the PRGW database. Hence HDR used georeferenced scanned images of underground mine plans at Waclaw to obtain seam thickness information for this portion of the deposit (no coal quality data could be obtained from the mine plans). The PRGW surface and underground coal quality data for the Lech deposit did not contain information on air dried raw density and GCV. A density ash regression and a GCV ash regression, based on recent drilling coal quality results, were used to determine raw density and GCV for the underground sampling at Lech.

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Criteria	Explanation	Comment
		In the case of coal quality for drill holes drilled in the recent exploration programme, HDR captured an excel spreadsheet of raw coal quality attributes reported against sampled intervals from scanned copies of GIG laboratory reports. The entire coal quality database (historical and recent) was verified by means of scatter plots of the uncomposited sample data prior to import into the Minescape software. Once imported into Minescape, samples were composited against seam intervals. Histograms of seam composites were constructed to check for further outliers. No outliers were found.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control.	Boreholes are set out by survey in accordance with the Poland CS2000 Zone 6 grid system. A second borehole survey is conducted at the end of the hole after demobilization of the drill rig. The survey includes the X and Y coordinates and the height above sea level. Following the completion of each borehole, a down-hole geophysical logging survey is undertaken to provide the inclination and azimuth of the borehole throughout its length. Topographic maps for the area are available as scanned maps. The Nowa Ruda topographic DTM used by HDR was sourced from a file included in the WAI data pack under file name "Topography.dwg" date stamped 23/10/2014. This topography data is based on satellite imagery data. HDR noted differences in elevation for some holes in Lech on comparing the collar file with the topography data which is in line with accepted satellite elevation data accuracy of +- 30m. Hence collar elevations were not adjusted to match topography as the collar elevations are likely to be more accurate.
Data spacing and Distribution	Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.	882 drill holes have been utilised within the 3D geological model. Not all of these 882 drill holes are found within the lease area but are included in the construction of the geological model to increase confidence in the model around the edges of the concession area. On average the spacing between holes is around 600 m which is considered sufficient to establish continuity of seams. Full seam composites used.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	All historical surface holes have been drilled and modelled as vertical. Verticality records were provided for all recent drilling done on the tenement. Verticality information is also available for underground drill holes. No bias is considered to have been introduced by orientation of drill holes as modelling software takes into account the orientation of the seams in relation to the drilling and determines both true and vertical thickness for the seams.
Sample Security	The measures taken to ensure sample security.	No documentation is available on the sample security measures taken during the historical drilling campaign.

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		For the recent drilling core sampling and storage is undertaken in an indoor facility that is lockable with restricted access and contains good lighting and heating. A chain of custody and associated documentation has been developed for the transfer of core/samples from site to GIG for analysis. Samples are transported by the site geologist to the GIG Laboratory where they are received by GIG personnel. Samples for test work are selected jointly by the site geologist and GIG personnel.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	An audit of the exploration methodology and QAQC procedures of the 2014 drilling programme was conducted by WAI in September 2014. A number of recommendations were made, most notable of which was the use of an indoor core logging facility. All recommendations were timeously implemented by Balamara and observed to be in place during a site visit by HDR in November 2014.
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Nowa Ruda exploration lease is owned by Balamara Resources Ltd, through Coal Holding, which is a Polish subsidiary company, 100% owned by Balamara resources Ltd. The exploration lease comprises a single area, divided into the 'Piast Coalfield Waclaw Area' and the 'Piast Coalfield Lech Area'. The lease number is 8/2013/p, it covers an area of 20.289km2. The lease was granted on 18th July 2013 and will expire on 18th January 2016. There is a designated area of natural beauty (Natura 2000), which overlaps with the northern part of the lease, as follows: • Habitat Directive Site (SCI) • Name: Ostoja Nietoperzy Gor Sowich • Code: PLH020071 • Area: 21338.43 Ha • Natura 2000 is reported to contain 4 protected species of mammals. Natura 2000 may potentially impede future exploration and/or mining. HDR have not independently verified this tenure and were not asked to do so as part of this resource estimate.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Historical drilling involved 6 surface holes drilled in Waclaw during 1964 to 1985. 5 surface drill holes were drilled in Lech during 1968-1981.A total of 1243 underground holes have been drilled from 1961-1994
Geology	Deposit type, geological setting and style of mineralisation.	The resource model comprises 11 ‘key’ coal seams to a maximum depth of 1132 m below surface, namely; 301, 302, 304, 405, 4101,4103, 412, 413, 415, 40 and 420 together with associated daughter seams to these parent seams. These seams are intersected by a set of regional faults, including one large regional thrust fault with a throw of up to 800 m. This fault separates the Waclaw and Lech deposits. The Nowa Ruda coking coal deposit is found within a Carboniferous coal bearing sedimentary sequence. The deposit is suited in the Lower Silesian Coal Basin, in southwest Poland. The coal seams are inter-bedded within sequences of siltstones, shales, mudstones and conglomerates. The coal seams are susceptible to thinning.

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<table>
<tr><th>Criteria</th><th>Explanation</th><th>Comment</th></tr>
<tr><td></td><td></td><td>The faults, sandstone horizons and coal seams are prone to elevated accumulations of gas, mainly C02, that have caused outbursts in the past.</td></tr>
<tr><td>Drill hole information</td><td>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
easting and northing of the drill hole collar
elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
dip and azimuth of the hole
down hole length and interception depth
hole length.
If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>The historical underground drilling results and data obtained from underground mine plans are too numerous to provide drill hole collar and verticality data for these. The historical and recent surface holes have the most influence on the geological model and details of these holes are provided below:<table>
<tr><th>BHID</th><th>X</th><th>Y</th><th>Z</th><th>TD</th><th>Azim (degree) at TD</th><th>Angle from Vert at TD</th></tr>
<tr><td>BI</td><td>6393276</td><td>5607615</td><td>485.5</td><td>862.7</td><td>0</td><td>0</td></tr>
<tr><td>BII</td><td>6393580</td><td>5606631</td><td>425.7</td><td>681.2</td><td>0</td><td>0</td></tr>
<tr><td>BIII</td><td>6393471</td><td>5607271</td><td>502.7</td><td>811.3</td><td>0</td><td>0</td></tr>
<tr><td>BIV</td><td>6392949</td><td>5608006</td><td>484.6</td><td>998.2</td><td>0</td><td>0</td></tr>
<tr><td>BW1</td><td>6391906</td><td>5610622</td><td>454.82</td><td>1504</td><td>0</td><td>0</td></tr>
<tr><td>BW2</td><td>6392825</td><td>5610149</td><td>441.4</td><td>1065.6</td><td>0</td><td>0</td></tr>
<tr><td>BW3</td><td>6393816</td><td>5609762</td><td>455.3</td><td>1243</td><td>0</td><td>0</td></tr>
<tr><td>BW4</td><td>6395543</td><td>5608819</td><td>452.6</td><td>962.2</td><td>0</td><td>0</td></tr>
<tr><td>BW4</td><td>6395543</td><td>5608819</td><td>452.6</td><td>962.2</td><td>0</td><td>0</td></tr>
<tr><td>CHL_1</td><td>6393251</td><td>5608216</td><td>487.09</td><td>960.4</td><td>34.55</td><td>8.3</td></tr>
<tr><td>CHL_2</td><td>6393055</td><td>5606937</td><td>518.43</td><td>1001.5</td><td>68.2</td><td>6.6</td></tr>
<tr><td>CHL_3</td><td>6393301</td><td>5607746</td><td>469.57</td><td>835.75</td><td>49.76</td><td>9.67</td></tr>
<tr><td>CHL_4</td><td>6393038</td><td>5607421</td><td>524.29</td><td>999.43</td><td>51</td><td>12.01</td></tr>
<tr><td>CHW_1</td><td>6391170</td><td>5611483</td><td>490.4</td><td>995.9</td><td>13.5</td><td>3.9</td></tr>
<tr><td>CHW_2</td><td>6392352</td><td>5610401</td><td>469.05</td><td>980</td><td>22.1</td><td>4.4</td></tr>
<tr><td>CHW_3</td><td>6393137</td><td>5609957</td><td>460.14</td><td>945</td><td>16.622</td><td>2.793</td></tr>
<tr><td>GN_24</td><td>6395191</td><td>5609809</td><td>442</td><td>918</td><td>0</td><td>0</td></tr>
<tr><td>GN_25</td><td>6394263</td><td>5609667</td><td>468</td><td>1000</td><td>0</td><td>0</td></tr>
</table></td></tr>
<tr><td>Data aggregation methods</td><td>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations and cut-off grades are usually material and should be stated.
Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</td><td>All samples have been composited over full seam thickness using length and density weighting and reported using Minescape modelling software.
Review of coal quality and seam thickness data was done prior to compositing.</td></tr>
</table>

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Criteria	Explanation	Comment
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').	All historical holes have been drilled and modelled as vertical. Verticality records were provided for all recent drilling done on the tenement and for the underground drilling. No bias is considered to have been introduced by orientation of drill holes – modelling software takes into account the orientation of the seams in relation to the drilling and determines both true and vertical thickness for the seams.
Diagrams	Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.	See Attached in this announcement.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practised to avoid misleading reporting of Exploration Results.	No reporting of exploration results.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Downhole geophysical data exists for all 7 recently drill surface holes. This data has enabled more accurate determination of seam elevation and allowed HDR to verify seam pick information provided by Balamara.
Further work	The nature and scale of planned further work (e.g.. tests for lateral	Further work will be necessary to improve the confidence in the continuity of both seam thickness and key coal quality attributes. Given the relatively large distance (400 m to 1.4km) between drill holes, it is likely that as yet

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	extensions or depth extensions or large-scale step-out drilling).	undiscovered smaller scale faulting exists within the deposit. It is recommended that a 3D seismic survey be conducted prior to the commencement of mining to enable more complete fault delineation within the area targeted for mining. Further work inclusive of gas contents and amenability to gas drainage, hydrogeology and a geotechnical assessment needs to be conducted prior to mining.
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used.	An excel database made up of a collar file, a lithology file and a coal quality file was created by PRGW for historical holes. HDR validated 100% of scanned copies of the graphic logs provided by Balamara Resources Ltd against the excel database provided in the case of the surface holes. In the case of recent drilling, collar, down hole survey and lithological logging and seam pick information was supplied by Balamara in digital format. HDR used this information to construct collar, survey and lithology tables in excel format. This data was validated against the geophysical log data provided and adjustments made where necessary. Seam elevations and thicknesses obtained in this way were further validated within the 3D modelling software used (Minescape) during geological model construction to ensure that no transcription errors remained. This included both visual inspection of seam elevation and thicknesses as well as evaluation of seam thickness statistics. In the case of coal quality for drill holes drilled in the recent exploration programme, HDR captured an excel spreadsheet of raw coal quality attributes reported against sampled intervals from scanned copies of GIG laboratory reports containing this information. The coal quality database created by HDR was added to the coal quality database created by PRGW for historical holes. Prior to importing the validated excel coal quality database into the Minescape software, scatter plots of coal quality attributes used in the model were constructed. Further to this, once the coal quality sample information was imported into Minescape and composited, histograms of composited raw ash% per seam were constructed and evaluated to ensure validity of the composited coal quality attributes.
Site Visits	Site Visits undertaken by the Competent Person and the outcome of these visits. If no site visits have been undertaken, indicate why this is the case	Craig Williams, geologist and Competent Person for the Resource visited the site from Friday 21 November to Saturday 22 November, 2014. The site visit entailed discussion around the format and quality of the data captured by Balamara Resources Ltd as well as an inspection of the logging and core storage facility and two active drill sites (CHL4 and CHL2).
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation.	The geological structure for the concession area was obtained from a series of mine plans of previous underground mine workings for both the Waclaw and Lech underground mines provided to HDR by Balamara Resources Limited. Given the relatively large distance (400-1400m) between drill holes, it is likely that as yet undiscovered smaller scale faulting exists within the deposit. The seams within the Nowa Ruda Concession appear to display a moderate degree of continuity, evidenced by the fact that seam intersection elevations for the new holes match fairly closely those predicted by previous modelling based on historical data alone.

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Criteria	Explanation	Comment
	The factors affecting continuity both of grade and geology.	
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	This resource model contains 11 seams to a maximum depth of 1132m below surface. The strike length of the most continuous seams within the concession is approximately 5.5 km and the down dip extent is around 5 km.
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole	FEM interpolator used for surface elevation, thickness and trend. Inverse distance squared used for coal quality throughout. Based on experience gained in the modelling of over 40 coal deposits around the world, the FEM interpolator is considered to be the most appropriate for structure and inverse distance the most appropriate for coal quality. Grid cell size of 50 m for the topographic model, 100m for the structural model and 100m for the coal quality model. Visual validation of all model grids was performed. No block model was used – all calculation based on grids. No assumptions made regarding correlation or selective mining units. Raw sulphur has been estimated into the model which will allow for some assessment of acid mine drainage during mining studies to be conducted. The current model has increased total resource from 23 Mt to 86.5 Mt, principally due the addition of an additional seven surface drill holes situated down dip of the previously defined resources.

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	data, and use of reconciliation data if available.	
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	All tonnages estimated on air dried moisture basis (air dried density used). Although the Coal Guidelines recommend the use of the lower insitu density at a higher in situ moisture basis, the lack of information on in situ moisture did not allow a Preston Sanders correction to be made to convert from air dried density to in situ density. Regression formula's are available which convert Moisture Holding Capacity (MHC) to in-situ Moisture however no MHC information is available. The relationship between total moisture and in-situ moisture is not consistent as the relationship between the two is highly dependent on how the samples were handled prior to delivery to the laboratory. Therefore it was considered better to use the more accurately known air dried density than to try and correct to insitu moisture using a poorly understood relationship between total moisture and insitu moisture. As the average total moisture for all samples is around 9% and the average air dried moisture is around 0.93%, if there is a close relationship between total moisture and in situ moisture, then the overestimation of tonnage due to the use of an air dried density is likely to be in the order of around 1.5%.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	Resources based on a minimum seam thickness of 0.6 m, which is the economic limit on seam thickness set by the Polish Government for seams that will be mined using underground mining methods. In addition to this minimum F1.55 yield of 35% cut-off was applied was for resource classification. No restriction on the interburden thickness between seams was applied to the resource after discussion with local mining engineers who indicated that simultaneous extraction of seams through the use of a stacked longwall system is technically feasible in situations where the interburden between seams is less than 10 m. Seams with thinner than around 10m interburdens on average are however less likely to be mined in the short term due to extra costs associated with the multiple longwall extraction system. Seams with thicker interburdens are expected to satisfy the reasonable prospects test within 0-10 years however those with thinner interburdens (seams 4101, 301, 302, 412 and 415C) are considered to only satisfy reasonable prospects within a 10 to 20 year time frame.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	No mining modifying factors have yet being determined as a mining study has not yet been implemented.

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Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	Floats 1.55 (F1.55) yields are based on washability tests conducted on the 7 new surface holes drilled. These washability results were used to define a relationship between raw ash% (adb) basis and theoretical F1.55 yield (adb). The F1.55 product ash% is likely to be between 6% and 8%. A high quality hard coking coal is indicated from various coking property tests conducted on the F1.4 float sink fraction as well as on the raw coal. The only exception to this are the lowermost seams (mainly 415 series seams) where rank increase causes coking properties to drop significantly with a resultant probable thermal or PCI product for the 415 series coal.
Environmental Factors	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfield project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	HDR has not conducted any environmental assessment in the concession area. Balamara Resources Ltd is currently completing environmental assessments.
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	See discussion on density with regard to moisture basis in this Table.
Classification	The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors i.e. relative confidence in tonnage/grade computations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data. Whether the result appropriately reflects the Competent Person(s)' view of the deposit.	Resource Classification is based on an assessment of the variability of critical variables (raw ash% and seam thickness) through statistical analysis, geostatistical analysis and by an assessment of the degree of geological complexity (general seam dip and structure). A limited geostatistical study, which looked at the spatial continuity of the composite raw ash% in one of the main seams in the resource (304), was conducted to identify the relationship between data spacing and confidence in the estimate. Raw ash% was selected as the statistics indicate that coal quality is likely to be more variable than seam thickness and hence the most variable critical variable was used to assess the confidence in the resource estimate. Results from the variography and population statistics for the 304 seam raw ash% were used to perform a Drill Hole Spacing Analysis (DHSA) study. This study shows that the relative error in the estimation of raw ash% for this seam is likely to be in the order of up to 10% at a spacing of up to 400m, up to 20% for a spacing of up to 700m and up to 50% for a spacing of up to 1400m, on a global basis over a 5 year mining period, assuming a production rate of around 1 Mtpa (Note this assumed production rate is a rough estimate for the

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		purpose of the DHSA and should in no way be used for reserving or valuation purposes). It is considered on this basis that the following distances between points of observation should be used for resource classification purposes: • Measured: 400m • Indicated: 700m • Inferred: 1400m A qualitative review of modelled seam floor elevation and thickness contours, statistical analysis of thickness and coal quality attributes, domaining and general geological setting all show that the seams within the Nowa Ruda Concession appear to display a moderate degree of continuity. The above classification adequately reflects the CP's view of the deposit.
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	No audits or reviews of this estimate have been done to date.
Discussion of relative accuracy/confidence	Where appropriate a statement of the relative accuracy and/or confidence in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	A Drill Hole Spacing Analysis (DHSA) study shows that the relative error in the estimation of raw ash% for this seam is likely to be in the order of up to 10% at a spacing of up to 400m, up to 20% for a spacing of up to 700m and up to 50% for a spacing of up to 14000m, on a global basis over a 5 year mining period, assuming a production rate of around 1 Mtpa (Note this assumed production rate is a rough estimate for the purpose of the DHSA and should in no way be used for reserving or valuation purposes). It is considered on this basis that the following distances between points of observation should be used for resource classification purposes: • Measured: 400m • Indicated: 700m • Inferred: 1400m There is approximately a 1.5% overestimation of tonnes due to the use of an air dried density instead of an in-situ density.