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BALAMARA CONTINUES TO EXPAND POLISH COAL PORTFOLIO WITH MAIDEN 66.4Mt RESOURCE FOR MARIOLA 2 THERMAL COAL PROJECT

High-quality resource delineated within three months of award underpinning development strategy of advancing the broader Mariola Project to production

European-focused coal developer Balamara Resources ("Balamara" or the "Company") is pleased to advise that it has completed an inaugural Mineral Resource estimate for its recently secured **Mariola 2 Thermal Coal Project** in southern Poland resulting in the delineation of a JORC (2012) compliant Indicated and Inferred Resource totalling **66.4 million tonnes (Mt)** (*see Table 1 below*).

As a result, Indicated and Inferred resources totalling 187Mt have now been defined across the combined Mariola Project (see Table 2 below).

Balamara has appointed Salva Resources Pty Ltd ("HDR") to immediately commence a Pre-Feasibility Study ("PFS") for the Mariola 2 Project. Once the PFS has been completed, the two discrete Mariola concessions will be combined into one overall Mariola Project.

Through the integration of the Mariola 1 and 2 Projects into a single larger combined Project, significant cost savings can be realised through the resulting operating synergies. Permitting is currently underway for a final four final drill holes to be completed at Mariola 1 to provide relevant information required to undertake a Definitive Feasibility Study (DFS). Permitting will commence imminently for drilling at Mariola 2 both for the PFS and subsequent DFS.

Table 1: Mineral Resource Estimate for the Mariola 2 Thermal Coal Project as at 21 September 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) %
Indicated	30.4	17.8	8.8	5,329	32	1.4	1.1
Inferred	36.0	20.5	7.4	5,202	32.3	1.4	1.7
TOTAL	**66.4**						

The estimate incorporates a minimum seam thickness of 0.6 m and a depth limit of not less than 40m below the topographic surface.

Table 2: Mariola Combined Project Resources

Resource Classification	Mass (Mt)	Ash (adb) (%)	Moisture (adb) %	Gross Calorific Value (adb) Kcal/kg)	Volatile Matter (adb) %	Relative Density (adb)	Total Sulphur (adb) %
Indicated	116	16.1	10.8	5,911	31.8	1.4	1.5
Inferred	71	18.3	9.7	5,583	31.7	1.4	1.6
TOTAL	**187**						

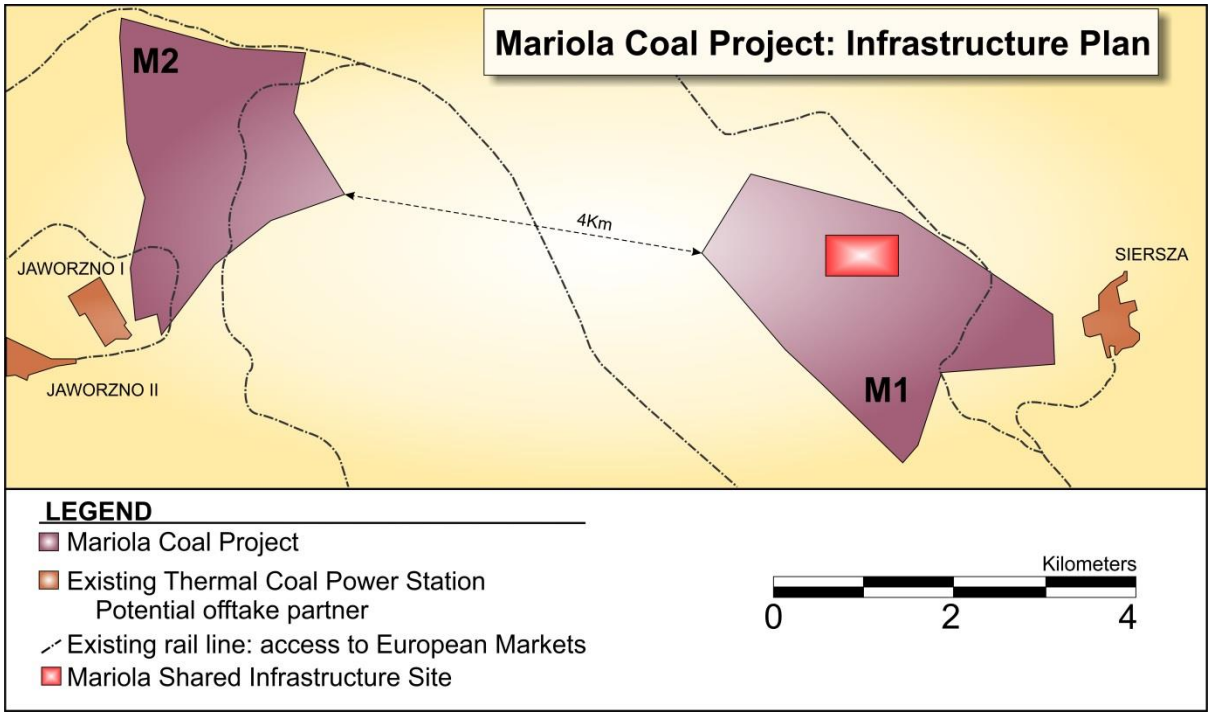

Figure 1 – Location of Mariola Project and Shared Project Infrastructure Site

Exploration History

The coal resource for the Mariola 2 Project is based on historical drilling (drilling undertaken mainly during the 1950s and 1960s) comprising 64 drill holes for a total of 23,825m of drilling, of which 55 drill holes were used by HDR to construct the geological model. The historical drilling was conducted mainly by the (now closed) Komuna Paryska Coal Mine. Within Poland there is a formal process for the collection, interpretation and representation of coal exploration data which is administered to the present day 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 is considered to provide a level of confidence in the quality of the historical drilling data used in the estimate. Historical drilling was undertaken using rotary coring methods. Cores were split and samples submitted to a Government coal laboratory within Poland.

Resource

Coal Resources have been estimated, classified and reported in accordance with the guidelines contained within the JORC Code (2012) and the Australian Guidelines for the Estimation and Classification of Coal Resources (2014 Edition).

HDR independently checked all of the hard copy drill-hole logs against the digital drill-hole database provided by Balamara's 100% Polish subsidiary company, Carbon Investment Ltd. A total of nine holes were not used for resource estimation. Of these nine holes, three with no drill-hole logs were left out and six were left out due to a poor copy of the original log being available. Seam thicknesses for all holes were analysed statistically. Scatter plots and histograms of all coal quality attributes were used to identify and remove spurious coal quality values prior to conducting the resource estimate.

HDR has sub-divided Coal Resources within the Mariola 2 concession into resource classification categories based on the following drill spacings (expressed as a radius of influence around structural points of observation, which is half of the spacing between points of observation):

- Indicated radius of influence of 400m
- Inferred radius of influence of 1000m

No Measured Resources have been estimated due to the fact that only historical drill holes are available to use in the estimate. As a result, the collar positions have not been determined using modern survey methods. This together with the fact that no down-hole survey information is available therefore does not allow for the high level of confidence required for Measured Resources to be achieved.

A minimum seam thickness limit of 60cm was applied to the resource. No cut-off limits were placed on coal quality as the average raw coal quality per seam is considered to be within an acceptable range for marketing of the coal as a thermal coal. No restriction on the interburden thickness between seams was applied to the resource as simultaneous underground mining of seams less than 10m apart is considered feasible in Poland. Only seams which are found at depths deeper than 40m below the surface are considered to have reasonable prospects of eventual economic extraction by underground mining methods.

It is considered that seams 214, 301, 302, 303, 304B, 312A, 324A, 324C, 325B, 337, 342, 346, 349, 358, 408 and 510 have the best prospects of eventual economic extraction given that they have average thicknesses of at least 0.8m. These seams constitute a total of 58.7 Mt of the total 66.4 Mt Resource. In HDR's view of the current thermal coal market, the timeframe

for consideration of 'reasonable prospects' is considered to be within 0 -10 years for these seams. The remaining seams in the resource are thinner and hence a longer 10-30 year time frame is envisaged.

JORC Table 1 below provides a checklist of assessment and reporting criteria and information on drilling and sampling techniques, data QAQC, and the estimation and reporting of Coal Resources according to JORC Code (2012) guidelines. Figures 2-3 below show representative plans and sections of the deposit.

Balamara's subsidiary Carbon Investment Ltd was awarded the exploration rights to the hard coal deposit *Jan Kanty Szczakowa* in July 2015, which is referred to by Balamara as its "Mariola 2 concession". Management views this concession as being highly complementary to the existing *Siersza 2* hard coal deposit, referred to by Balamara as its "Mariola 1 concession", which is located approximately 4km to the east. Together, the two concessions will be integrated as far as possible within one mining operation ahead and will likely contribute a significant tonnage of thermal coal produced per annum over a 15-20 year mine life.

Due to the high quality nature of the coal, the shallow depth of the deposit and the resultant predicted low operating costs, plus the low logistical costs associated with moving coal in the region, Balamara believes that the Mariola Project can become a very profitable first mining operation from 2017.

Balamara's Managing Director Mike Ralston said the completion of a maiden Mineral Resource estimate within just three months of being awarded the Mariola 2 concession was testament to the Company's commitment to rapidly advance its Polish coal portfolio towards development.

"The updated Mineral Resource for Mariola 2 will form the basis of a Pre-Feasibility Study commencing imminently, which is expected to be completed towards the end of Q4 2015. That will establish a clear development pathway for us to fast-track Mariola towards production in 2016," he said.

"This PFS will enable us to unlock a number of synergistic benefits from the combined development of the Mariola 1 and 2 Projects as a broader integrated operation."

ENDS

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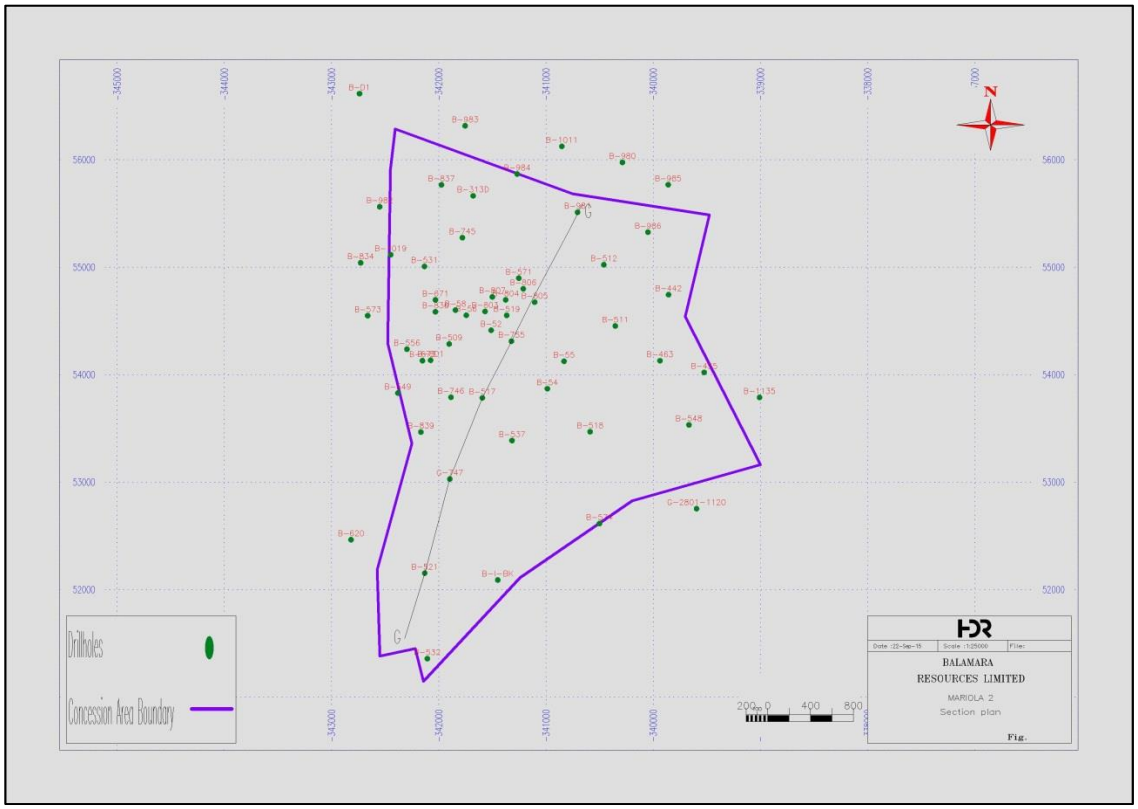
Competent Persons Statement:

The information in the report, to which this statement is attached, that relates to the Coal Resources of the Mariola 2 Thermal Coal Project, is based on information compiled and reviewed by Mr Craig Williams, who is a Member of the Australian Institute of Mining & Metallurgy and works full time for HDR. Mr Williams, Principal Consultant – Geology and a fulltime employee of HDR, has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



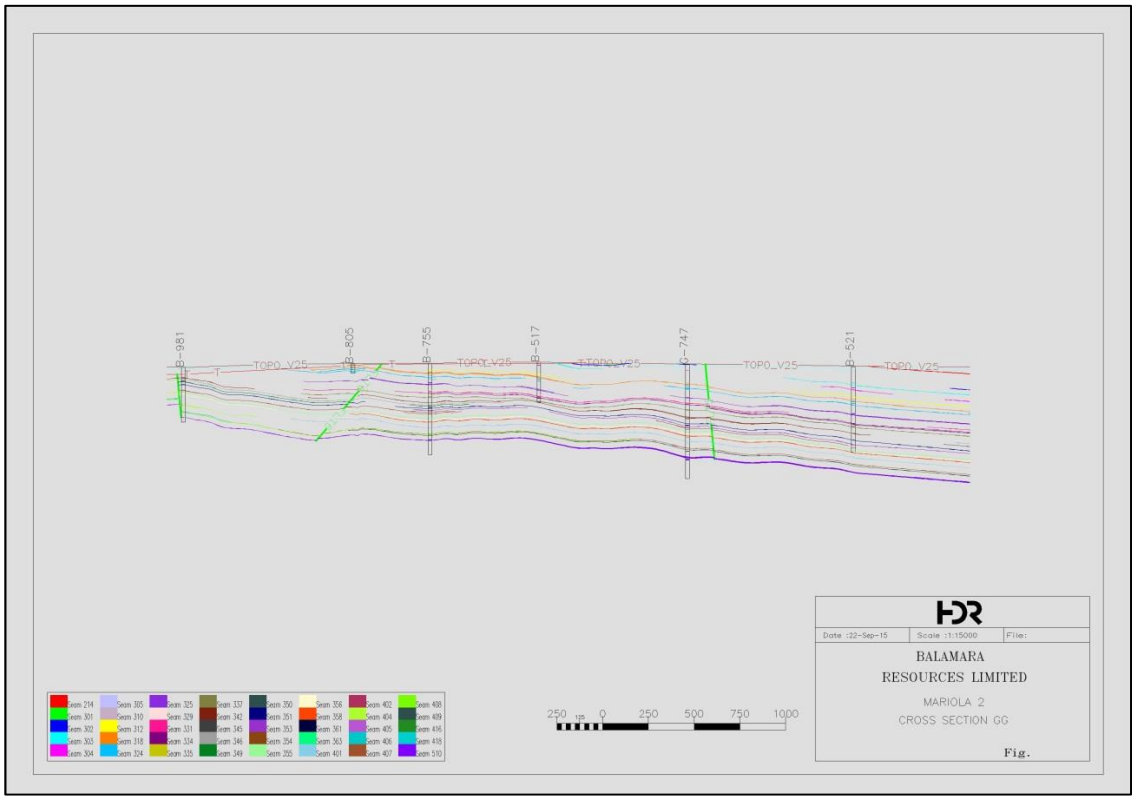


Figure 2 – Borehole location plan and cross-section

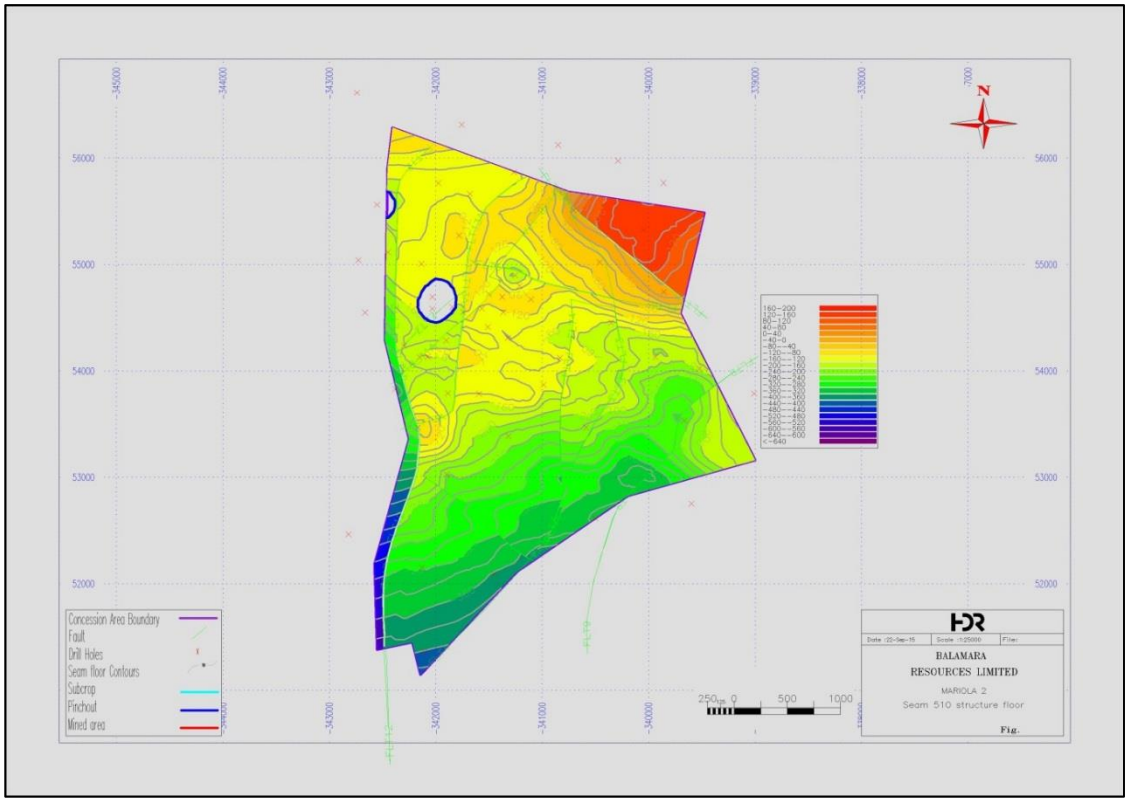


Figure 3 - Structure floor plan seam 510

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.	Testing took place on all coal seams greater than 0.40m in thickness, and included partings up to 5cm in thickness. Whole cores were delivered to the laboratory in Katowice for splitting, weighing and testing. Sampling was extensive, with standard tests including, but not limited to: • Ash Content; • Calorific Value; • Coal Type; • Sulphur Content. Detailed records kept 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.
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.).	64 drill holes were drilled across and adjacent to the tenement. These varied in depth from 42.70m to 1051.75m and were drilled between 1941 and 1994. The majority of the drilling was completed by rotary core drilling, using core diameters which varied in width from 470mm for the initial meterage to 86mm at significantly deeper depths (however, the majority of drill diameters were between 160mm and 86mm).
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 majority of drilling done in the 1950's and 1960's when technologies which allow for modern day high core recoveries were not available. However detailed records were kept 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. No minimum core recovery cut off value was used for selection of coal quality samples used in the resource estimate. All samples were evaluated on a case by case basis to see if lower core recovery had any impact on the coal quality and for the determination of points of observation for resource classification purposes.
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 administered by the Polish Geological Institute. As part of this system, all final drill logs are signed off by a competent person authorised by the Polish Geological Institute. Final drill logs include information on detailed lithological logging of the drill core, geophysical logging if done, core recoveries, coal quality (although not always present) and the final interpretation by the competent person in terms of seam stratigraphy. 51% of the drill logs contain information on down hole geophysics.

Criteria	Explanation	Comment
		The detail contained in these logs is considered sufficient for the purpose of resource estimation.
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. The exact nature of QAQC measures used by the laboratories concerned is not known.
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.	Due to the historical nature of the majority of the sampling, HDR cannot confirm if the laboratories used for chemical analyses during the drilling, complied with International Standards and best practice procedures.
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. Hard copy assay reports are not available for the historical data but scanned copies of print out of the electronic database which stored this information is available. Documentation regarding the capture of data into this database and QAQC measures in place are not available.
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.	No information is available regarding the surveying organization and equipment used to survey the borehole locations. The Polish CS1992 coordinate system (Lwowskie Geodetic System) was used within the modelling and all subsequent plans. The topography for the concession area was captured by Balamara Resources Ltd., by means of an image of topographic contours converted to a digital format, prior to use in the modelling software.

Criteria	Explanation	Comment
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.	55 of the 64 holes drilled have been utilised within the 3D geological model. Of these 55 boreholes, 47 have coal seam information and are found within or close to the lease area, these 47 boreholes are spread across a lease area of 10.79km², giving an average of approximately 4 boreholes per square kilometre, giving moderate coverage. The spacing varies from approximately 76m to 985m between boreholes. Most samples cover the entire seam in question. In limited instances more than one sample per seam have been composited using length and density weighting for resource estimation purposes.
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 holes have been drilled and modelled as vertical. No verticality records exist or were provided for all drilling done on the tenement. No bias 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.
Sample Security	The measures taken to ensure sample security.	No documentation is available on the sample security measures taken during the historical drilling campaign.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No audits and reviews conducted on sampling techniques and data other than normal data checks conducted prior to resource modelling by HDR as well as Geo-Pro-Serwis Engineering and Technical Services who conducted the previous resource estimate.
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.	Balamara Resources Ltd has been awarded the exploration concession for the Mariola 2 deposit covering an area of 10.79km². The concession No 4/2015/p was granted on 3 July 2015 for a period of 2 years. A digital version of this concession boundary was provided to HDR via a data pack from Balamara Resources Ltd. HDR have not independently verified this tenure and were not asked to do so as part of this resource estimate. In particular no assessment of potential overlapping tenure or the presence of historical sites, wilderness areas, National Parks or environmental setting was made. No information with regard to JV agreements or material issues with regard to third parties or overriding royalties was supplied.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	A total of 64 historical surface exploration drill holes have been drilled in and around the tenement. The Polish State Geological Institute undertook the drilling and documentation of these boreholes, which were drilled between 1941 and 1994, with the majority of the boreholes drilled during the 1950's and 1960's.
Geology	Deposit type, geological setting and style of mineralisation.	The resource area comprises 132 seams to a maximum depth of 814m below surface, which upon review of data quality and seam thicknesses were reduced to 64 'key' seams for resource classification purposes together with associated daughter seams. These seams are intersected by a set of generally north south and east west trending regional faults with throws ranging

Criteria	Explanation	Comment
		between 10 m and over 100 m. These faults have been identified from historical drilling and mine workings within the Mariola 2 tenement.
Drill hole information	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.	This report pertains to resource estimation not exploration results. As such the details of the 55 drill holes used in the estimate are too numerous to list in this Table.
Data aggregation methods	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. The assumptions used for any reporting of metal equivalent values should be clearly stated.	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 and a few outlier quality values were removed prior to compositing and some adjustment of seam correlations made. Full seam compositing removes the influence of high grade samples. No metal equivalents used.
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').	The orientation of sampling (vertical) is not seen to introduce any bias as all drilling is vertical and seams mostly gently dipping.
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 figures in this report.

Criteria	Explanation	Comment
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.	No additional information used for the purpose of the estimate.
Further work	The nature and scale of planned further work (e.g.. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Further work will be necessary to improve the confidence in the elevation and continuity of the seams as well as in the insitu moisture content of the seams in order to allow for a Preston Sanders conversion of air dried density to insitu density. This will likely entail targeted RC drilling to confirm seam elevations and core drilling to allow for determination of seam bed moisture and coal quality.
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.	A borehole database in excel format was provided to HDR, which was constructed and developed by Balamara Resources Ltd from the original hardcopy data. This database includes information from the boreholes within and surrounding the deposit area, as well as all the coal quality information available. All of the hard copy drill hole logs were verified by HDR against the digital database. Further to this, seam thicknesses were statistically analysed and seam picks for few holes were corrected where related to transcription errors or related to incorrect interpretation in the opinion of HDR. Verification of coal quality data was performed by means of scatter plots and histograms only to ensure internal consistency. A minor number of outlier values were removed. A density ash regression was used to insert density values where none existed for around 40% of the coal quality sample data used in the estimate.
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 Thursday 20 November to Friday 21 November, 2014. The site visit entailed discussion around the format and quality of the data captured, and discussion around previous mining activities and the likely mining method going forward.
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.	Balamara Resources provided plans and dxf string files showing the location of previous mining within the tenement and the interpreted position of faults based on this previous mining and correlation of seams between drill holes drilled to date. These plans and dxf string files were reviewed by HDR and incorporated into the structural model for the deposit constructed by HDR. The structural model is considered to be internally consistent and a valid interpretation of the coal seam stratigraphy and regional faulting over the tenement. The presence of smaller scale faults (1-2 m) may still go undetected as vertical drilling is not effective in identifying small

Criteria	Explanation	Comment
	The factors affecting continuity both of grade and geology.	scale structures. This is a common feature of coal exploration around the world. Uncertainty in seam elevation. Collar positions have not been determined using modern survey methods. This together with the fact that no downhole survey information is available does not allow for the high level of confidence in the modelled seam elevations. Uncertainty in seam elevation. Collar positions have not been determined using modern survey methods. This together with the fact that no downhole survey information is available does not allow for the high level of confidence in the modelled seam elevations. The position of pinch outs/ washouts below the drilled depth of drill holes modelled. A large proportion of holes used in the model were not drilled deep enough to penetrate the deepest seams in the resource (i.e. seam 510 which is the main economic target seam, representing about 50% of total resource tonnes). A previous model of the deposit constructed by Geo-Pro Serwis has interpreted large wash-out zones for seam 510. This is considered to be an assumption based on a sedimentological interpretation of the depositional environment for this seam. Given the lack of intersections for these seams in areas where drilling has stopped short, an equally valid assumption has been made by HDR in assuming that the coal seams continue beneath holes that have stopped short. This assumption does however incorporate a level of geological risk to the estimate in that it may not prove to be correct in all cases upon further drilling of the deposit. There is an estimated around 2% overestimation of tonnes due to the use of an air dried density instead of an in-situ density.
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.	See figure in resource report. The tenement has dimensions of around 3km (short axis) and 5 km (long axis) orientated in a NE-SW direction. Coal seams subcrop as close as 16 m to the surface along the NE side of the tenement and extent to modelled depths of around 700m. Resource reported only from 40m below surface to 1000m due to limitations in underground mining methods for mining seams close to surface.

Criteria	Explanation	Comment
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 data, and use of reconciliation data if available.	Planar interpolator used for surface elevation, FEM interpolator used for thickness and trend. Inverse distance squared used for coal quality throughout. Based on experienced gained in the modelling of over 40 coal deposits around the world, the FEM/Planar interpolators are considered to be the most appropriate for structure and inverse distance the most appropriate for coal quality. Grid cell size of 25 m for the topographic model, 100 m for the structural model and 100m for the coal quality model. Previous resource estimate conducted by Geo-Pro-Serwis Engineering and Technical Services is more than HDR's resource estimate 146.5 Mt for Geo-Pro vs 66.4 Mt by HDR. The resource classification parameters used by Geo-Pro-Serwis Engineering and Technical Services have used a Polish system of reporting resources which is based on a system developed by Comecon countries, during the period 1949 – 1991. HDR has followed JORC Code 2012 guidelines. Differences between estimates are considered to be mainly related to different classification guidelines followed. HDR has classified the resource using structural points of observation as the primary delimiter of resources followed by coal quality points. HDR has calculated resources using a 400 m and 1000 m from a valid radius from valid seam intersection as the primary delimiter of resources and also only reported seams present from 40m below surface to 1000m whereas Geo-Pro has reported resource from surface to 1250m. Visual validation of all model grids performed. Raw sulphur is around 1.14% on average, consideration of acid mine drainage will be made during the reserving stage. No block model was used – all calculation based on grids. No assumptions made regarding correlation or selective mining units. Visual validation of all model grids performed.
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 12% and the average air dried moisture is around 9%, 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 2%.

Criteria	Explanation	Comment
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, no Coal Resources were reported above a depth of 40 m below the surface, due to limitations in underground mining methods for mining seams close to surface. No cut-off limits were placed on coal quality as the average raw coal quality per seam is considered to be within an acceptable range for marketing of the coal as a thermal coal. 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.
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.	N/A in situ air dried tonnes quoted.
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.	The average raw coal quality of the Coal Resource is considered suitable to allow for marketing of the coal as a thermal coal in its raw form. Coal Resources have therefore been classified on this basis. However it is likely that beneficiation of the coal would be conducted by washing the coal to increase its value.
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.
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.	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% and seam thickness in one of the main seams in the resource (324A), was conducted to

Criteria	Explanation	Comment
	Whether the result appropriately reflects the Competent Person(s)' view of the deposit.	identify the relationship between data spacing and confidence in the estimate. Seam thickness was selected as the statistics indicate that it is more variable than raw ash% 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 seam 324A were used to perform a Drill Hole Spacing Analysis (DHSA) study. This study shows that the relative error in the estimation of seam thickness for this seam is likely to be in the order of up to 20% for a spacing of up to 800m and up to 50% for a spacing of up to 2000m, on a global basis over a 5 year mining period, assuming a production rate of around 4 Mtpa. Consequently, HDR has sub-divided Coal Resources within the Mariola 2 concession into resource classification categories based on the following spacing's (expressed as a radius of influence around points of observation which is half of the spacing between points of observation): • Indicated radius of influence of 400 m • Inferred radius of influence of 1000 m A further filter was applied to the resource by applying a minimum seam thickness cut-off of 60 cm, due to the envisaged underground mining method of extraction. 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. No Measured Resources have been estimated due to the fact that only historical drill holes are available to use in the estimate. As a result the collar positions have not been determined using modern survey methods. This together with the fact that no downhole survey information is available therefore does not allow for the high level of confidence required for Measured Resources to be achieved. The data spacing ranges for the two resource categories (Indicated and Inferred) are considered to adequately reflect the current degree of confidence in the underlying estimate on a global basis using the data provided to date. However, significant local variation to estimated values may arise which should be addressed by adequate grade control procedures.
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.

Criteria	Explanation	Comment
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.	Results from the variography and population statistics for the 324A seam raw ash% were used to perform a Drill Hole Spacing Analysis (DHSA) study. Results from the variography and population statistics for seam 324A were used to perform a Drill Hole Spacing Analysis (DHSA) study. This study shows that the relative error in the estimation of seam thickness for this seam is likely to be in the order of up to 20% for a spacing of up to 800m and up to 50% for a spacing of up to 2000m, on a global basis over a 5 year mining period, assuming a production rate of around 4 Mtpa. There is considered to be additional uncertainty in the estimate which results from: • Uncertainty in seam elevation due to lack of modern collar survey data and a lack of down hole survey data • Uncertainty in the estimated position of faults and fault throws • The possibility that smaller scale faulting may as yet be undetected • The potential existence of pinch-outs and or wash-outs in seams which have been assumed to continue beneath drill holes that have stopped short. • There is approximately a 2% overestimation of tonnes due to the use of an air dried density instead of an in-situ density.