SAWIN UPDATE - Status of KZK for Sawin 1 and early mining of Seam S391

Balamara is pleased to announce that it is completing the official Geological Documentation associated with the Sawin 1 deposit.

All documentation is currently being compiled into official report format to be ready for official submission to KZK (State’s Resource Committee) in Ministry of Environment by early January 2020. The approval by the Ministry is expected to take a few weeks from the date of submission. After the approval of the KZK Balamara will be able to advance the project through the normal Polish processes prior to applying for a mining licence. These processes involves completing a PZZ (Projekt Zagospodarowania Zloza) which is a Deposit Development Plan and involves an initial mine concept and preliminary design. This is then followed by an Environmental Impact Assesment (EIS). Work on the PZZ and the EIS is also well advanced and upon the sucessful completion of these processes a mining licence can be granted.

Over a period of the last few years Balarama’s in-house geological staff in conjunction with the external Polish competent person have been working towards the completion of this Geological Documentation. As part of the conditions of obtaining the Sawin 1 concession Balamara completed 9 drill holes for a total of 5690 meters. These holes were subject to full analysis of coal quality parameters, as well as testwork for geomechanical, hydrogeological, gas and other relevant parameters. These new data have been added to the historical documentation previously purchased by Balamara and the geological model is now based on all current information.

Seam S391 has previously been identified as the most prospective seam due to it having large areas of consistent thickness above 1.5 metres. Other favourable features include very good continuity with only minor local faulting and no problems with gas. Seam S391 extends to the easternmost boundary of the concession and the anticipated mining scenario is based on early access to the seam in this area.

In the eastern area identified for initial mining stage we have identified more than 70 million tonnes at a thickness of greater than 1.5 metres. If a minimum thickness of 1.0 metres is used then the amount of coal available increases to more than 100 million tonnes. Analysis of coal samples from the Balamara drilling programme have been conducted to international standards using the latest analytical methods and indicate that most of seam S391 in this area is Polish type 33 and 34.1. This aspect was not identified by the previous historical drilling. It is now anticipated that a significant proportion of S391 will be semi-soft coking coal whereas previously it had all been classified as high grade thermal coal.
Seams S389 and S392 also occur in the first stage area and contain zones of thickness greater than 1.0 metres. This could enable concurrent mining of these seams along with S391.

Balamara Executive Chairman Derek Lenartowicz said “This is a significant development because it is likely that a large part of the 391 seam has potential to be sold as semi soft coking coal, historically the price for semi soft coking coal has been higher than the thermal coal price and therefore the Sawin mine should generate additional revenue with the cost of mining remaining unchanged.”