



HD (AEBMB) Balamara Resources secures investment in Nowa Ruda Project

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Sydney - Monday - June 02 (RWE) - Balamara Resources Limited (ASX: BMB) advise that it has secured a US\$5 million (A\$5.35 million) direct equity investment into its flagship Nowa Ruda Coking Coal Project in Poland to underpin ongoing resource drilling and feasibility works.

Balamara's major shareholder, Hong Kong-based Ample Skill Limited, has agreed to invest US\$5 million into Balamara's local Polish subsidiary, Coal Holdings, which holds the rights over the Nowa Ruda Project.

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The transaction will be subject to shareholder approval with funds to be transferred over a period of three months; US\$3 million post approvals and US\$1 million to be made each subsequent month thereafter.

Once completed, this investment will give Ample Skill a direct 15% equity interest in the Nowa Ruda Project (via Coal Holdings) along with a 37% stake in Balamara.

This investment in Coal Holdings reflects a valuation in the Nowa Ruda Project of approximately \$36 million, which is a strong endorsement of the significant progress made by Balamara since acquiring the asset in July 2013.

It also removes any necessity for a further capital raising and associated dilution at the Balamara corporate level over the near term.

As a 37% shareholder, the transaction will be captured by Chapter 10.1 of the ASX Listing Rules "Transactions with persons in a position of influence" and therefore subject to shareholder approval.

The company will proceed with the process to engage with consultants in preparing an Independent Experts Report on the transaction, and work as quickly as possible to prepare the Notice of Meeting, which will be lodged with the ASX once finalised.

The investment by Ample Skill is expected to cover the cost of completing the Nowa Ruda drilling and feasibility costs through to mid-2015, when it is targeting a decision to mine and will seek project development funding.

The company is currently undertaking a 5-hole resource definition drilling programme at Nowa Ruda in conjunction with consultants Wardell Armstrong International ("WAI"), and may add a further two holes to extend the JORC resource at the Lech deposit.

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CO cdnaus : Balamara Resources Limited

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