

1 March 2012

BALAMARA TO COMMENCE NEW RESOURCE IN-FILL AND EXTENSIONAL DRILLING AT MONTY PROJECT

TARGETING UPGRADE TO INDICATED RESOURCES AND OVERALL RESOURCE INCREASE

- Total programme comprising 15 holes for 3,025m of drilling over 4-6 months.
 - 11 holes planned at Visnjica deposit (1,190m) – targeting near-surface mineralisation with objective of converting the current Inferred Resource to Indicated status with some increase in overall tonnage.
 - 4 holes planned at Zuta Prla deposit (1,835m) to convert Inferred to Indicated Resources and extend the known mineralisation, which remains open at depth, down-dip.
 - Drilling to enable conversion of Inferred to Indicated Resources in preparation for the calculation of a preliminary Ore Reserve, marking a key step towards completion of the current Bankable Feasibility Study (BFS).
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International minerals company Balamara Resources Limited (ASX: BMB) (“Balamara” or the “Company”) is pleased to advise that it is about to commence a new resource in-fill and extensional drilling program at its advanced **Monty Polymetallic Project** in Montenegro.

The program, comprising 15 diamond drill holes for 3,025m, is designed to upgrade a part of the current resource **of 9.2Mt @ 3.8% Zn, 1.2% Pb and 0.4% Cu** to the Indicated category, which is then available for conversion to Ore Reserves, and also to increase the overall size of the resource.

The drilling program, which will take 4-6 months to complete, is expected to become an integral part of the current Feasibility Study on the Monty Project, which is currently focusing on metallurgical sample test work with a view to developing the optimum process flow sheet to recover all of the valuable metals.

Monty is a zinc-lead-copper-silver Project located near the town of Mojkovac in Central Montenegro. Balamara acquired 100% of the rights to explore and mine at the Project for €100,000 in late 2010. The asset was mined historically in the late 1970s to early 1990s; as a result, Balamara has secured a substantial database of previous drilling and other technical



information, enabling it to fast-track Monty through to the Feasibility Study stage much quicker than would normally be the case with a typical exploration project.

Balamara is targeting re-commencement of production at Monty in late 2013, which would be less than three years from acquisition of the Project.

In May 2011, the Company announced a maiden JORC resource for the Project, as set out in Table 1 below:

Table 1: JORC resource for Monty Project

JORC RESOURCE MONTY PROJECT MONTENEGRO: INFERRED					
	Tonnes	Zn (%)	Pb (%)	Cu (%)	CUT-OFFS
Brskovo	2,539,086	3.82	3.03	0.53	2 % Zn or 2 % Pb
Zuta Prla	4,744,869	4.06	0.11	0.30	3 % Zn
Visnjica	1,896,020	2.98	1.51	0.26	2 % Zn
TOTAL:	9,179,975	3.77	1.21	0.36	

The Mineral Resource is currently in the Inferred category and is a combination of the individual resource figures for the three deposits of Brskovo, Zuta Prla and Visnjica.

Balamara commissioned Golder Associates (“Golder”) to design this new drilling programme and Golder has designed a programme comprising 15 holes for 3,025 metres to be undertaken at the Visnjica and Zuta Prla deposits. Further drilling has not been planned for the Brskovo deposit as a programme of two diamond drill holes for 400m was completed there in December 2011.

These holes were drilled primarily to obtain samples for the metallurgical test work programme as part of the Feasibility Study and to obtain assay information from the Brskovo deposit to allow for confirmation of the existing resource.

Visnjica and Zuta Prla are the two other main deposits lying within a 0-5km radius of Brskovo that collectively form the Monty Project. From drilling and historic production records, Balamara understands that both of these deposits are significant to the overall Monty resource, with **Zuta Prla in particular containing both the highest tonnage and the highest zinc grade within the existing JORC resource.**

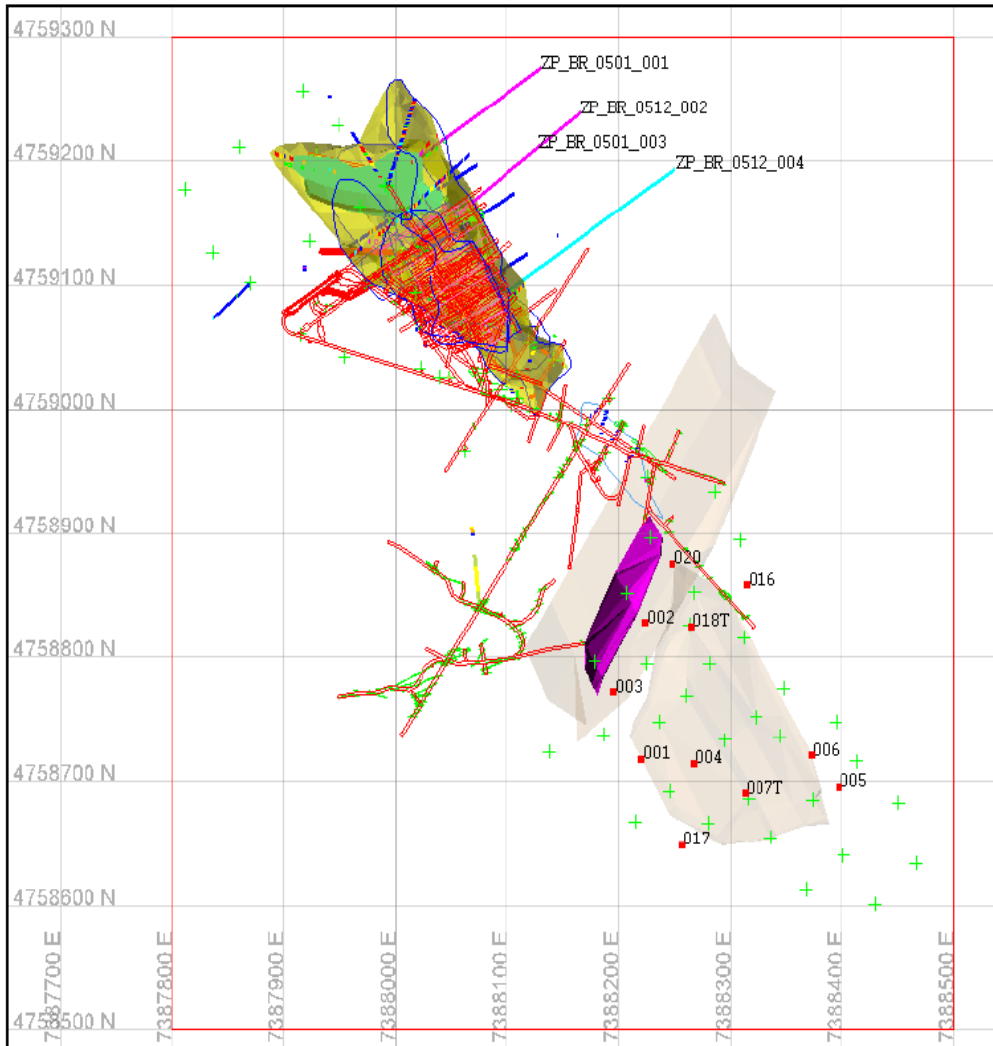
Any increment to these deposits in terms of tonnage or grade would therefore have a meaningful impact on the overall Monty Project.

The Golder programme of drilling at Visnjica and Zuta Prla is shown in Figure 1 below:



The Visnjica and Zuta Prla deposits are less than 500m apart, which may allow for synergies in terms of ultimately developing and mining these two deposits.

Figure 1: Drill hole location plan Zuta Prla (ZP) to the north, indicated in light blue and purple colours, and Visnjica (to the south) indicated by numbered red dots. Red lines indicate previous underground mine development at Zuta Prla.



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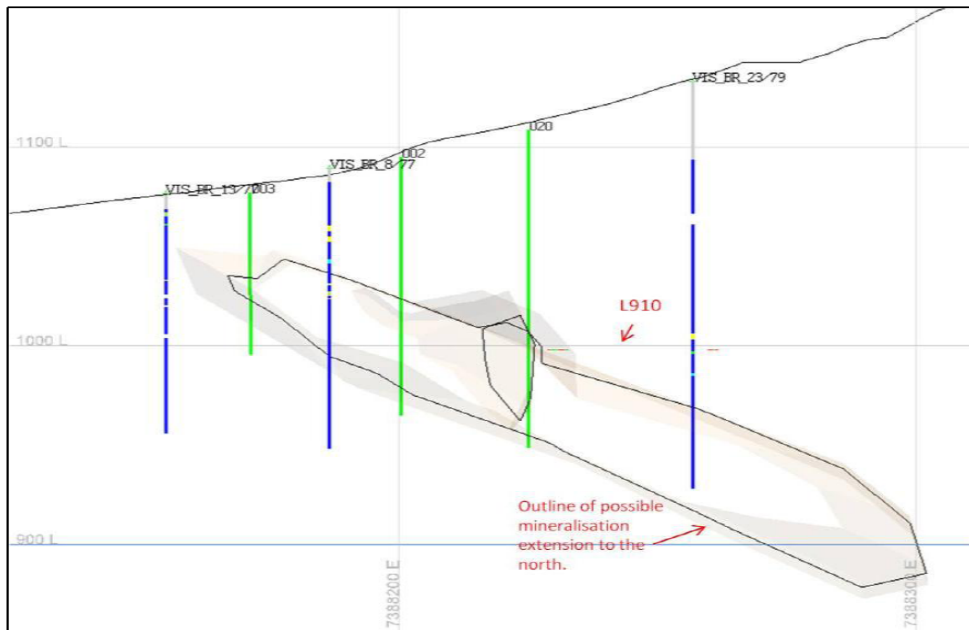
Visnjica Deposit

Visnjica is tabular ore body that lies just 20m below surface in certain places on the western side. Dips are shallow to moderate to the east generally ranging from 10-40 degrees.

Eleven holes are planned for 1,190m in the current programme. Of these, two twin holes will be drilled to test the accuracy and precision of the historical drill holes. Eight holes are planned to extend the mineralization envelope which is presently unconstrained by current drilling (especially to the north). One hole is planned to in-fill an area of sparse drilling.

Figure 2 shows three holes (VIS_BR_0512_003, -002 and -020) at Visnjica, indicated in green below, which are designed to in-fill previous drilling and extend the outline of the mineralization to the north. The three holes below shown in dark blue are previously drilled holes.

Figure 2: Drill holes Visnjica 002, 003 and 020 designed to extend mineralization to the north.

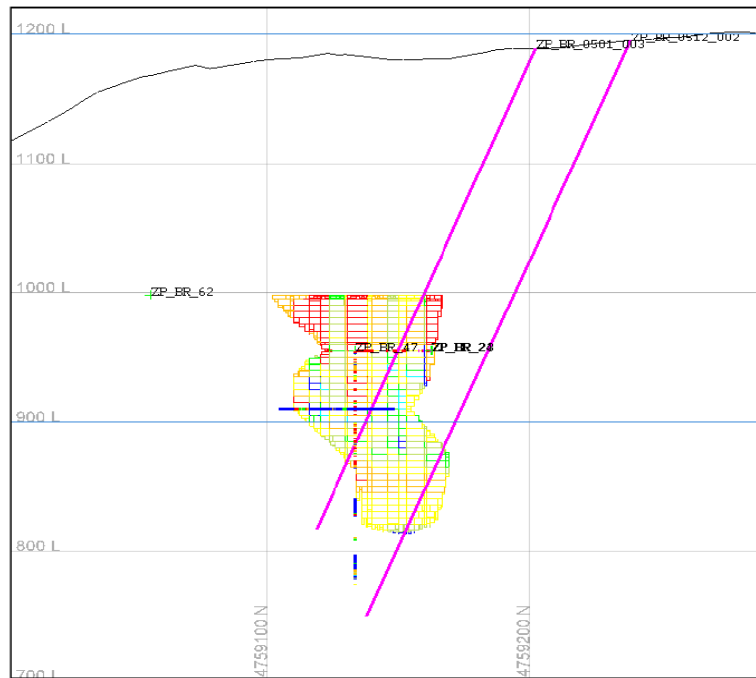


Zuta Prla Deposit

The upper part of Zuta Prla for 150 vertical metres has been drilled extensively and is substantially mined out historically. However, it is sparsely drilled at depth below this zone and mineralization is open down-dip. Drilling has been designed to test historical drill results and to define the lateral and down-dip extent of mineralization. Figure 3 below shows drill holes ZP_BR_0512_002 and _003 which, in combination, will test historical assays in ZP_BR_47 and define the extension of mineralization laterally and down depth.



Figure 2: Planned drilling at the Zuta Prla Deposit



The completion of this drilling programme should allow a substantial proportion of the Mineral Resource to be upgraded from Inferred to Indicated status and may also result in an overall increase in the resource inventory.

Balamara Managing Director, Mike Ralston, said: “Monty represents a significant opportunity for the Company to fast-track an asset into production by end 2013. We will continue to work on the Feasibility Study during 2012 but, at the same time, we will also develop these two major deposits further with additional drilling, which will ultimately add more value to Monty.”

-ENDS-

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Competent Persons Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Kevin Alexander. Mr. Alexander is a full time employee of Balamara Resources Limited. Mr. Alexander is a member of The Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralization under consideration and to the activity which he is undertaking to be qualified as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting on Exploration Results, Mineral resources and Ore Reserves”. Mr. Alexander consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.