



ACQUISITION OF DIAMOND OPERATION: KIMBERLEY, SOUTH AFRICA

Batla Minerals SA (NYSE Euronext (Marche Libre): MLBAT)

Highlights:

- Acquisition of an existing diamond operation producing up to 15,000 carats/month
- Minimum 5 year term
- Positive cash flow
- Average 2012 tender price of US\$100/carats
- Attractive vendor terms

Batla Minerals SA, announces the acquisition of a new diamond operation through El Nino Mining (Pty) Ltd (**El Nino Mining**), its operating company in South Africa.

El Nino Mining and Emu Nickel NL (ASX: EMU) have jointly offered, via a special purpose limited liability company (**SPV**) registered in South Africa to purchase, amongst other things, all of the issued capital in and claims on loan account against Superkolong (Pty) Ltd (**SK**).

SK is a 30.4% shareholder in the South African company Kimberly Miners Forum (Pty) Ltd (**KMF**). KMF purchased from De Beers Consolidated Mines Ltd (**DBCM**) various coarse, diamondiferous, kimberlite tailings dumps (Tailings Minerals Resources – **TMRs**) situated around the town of Kimberley, South Africa.

SK operates a diamond tailings processing and recovery plant on land leased by SK from DBCM adjacent to the largest TMR resource purchased by KMF, known as Chrono 1.

The terms of the SPV are, amongst other things:

1. Purchase price payable by SPV to the SK vendors in an amount of ZAR135M (50% by El Nino and 50% by Emu Nickel) payable in four payments: R40M on 1 March 2013, R25M on 1 September 2013, R35M on 1 March 2014, and R35M on 1 September 2014.
2. The effective recourse of the SK vendors to recover and the security for the purchase price is limited to the shares held by SPV in SK, and a portion of the cash flows of SK which are to be held in escrow.

Based on current operational parameters, funding for the payments due on 1 September 2013, 1 March 2014 and 1 September 2014 to the SK vendors will be met from the SK cash flow.

SK and the other two KMF shareholders have been operating plants to process the TMRs via KMF since 2007, initially under a service contract with DBCM and from 2008, in their own right (via arrangements with KMF) when KMF purchased the TMRs from DBCM.

The KMF agreement with DBCM allows KMF's shareholders (including in particular SK) access to the TMRs until April 2018. Discussions are currently underway between KMF and DBCM to extend the duration of this access period.

TMR material is delivered to each KMF shareholder in their respective equity proportions and treated by each shareholder in their own plants. The SK plant currently processes SK's attributable portion of the TMRs comprising up to 150,000 tons/month and recovers up to 15,000 carats of diamonds per month.

The KMF feedstock is composed of two resource sources. The main TMR resource currently being processed is being

sourced from a series of smaller dumps scattered around Kimberley. The recovered grade from these smaller dumps varies between 7 and 9 carats per hundred tons. It is estimated that there is in excess of 6M tons of diamondiferous material left in these smaller dumps. Large diameter drilling results indicate that the grade of Chrono 1 slowly decreased over time as technology then used was improved.

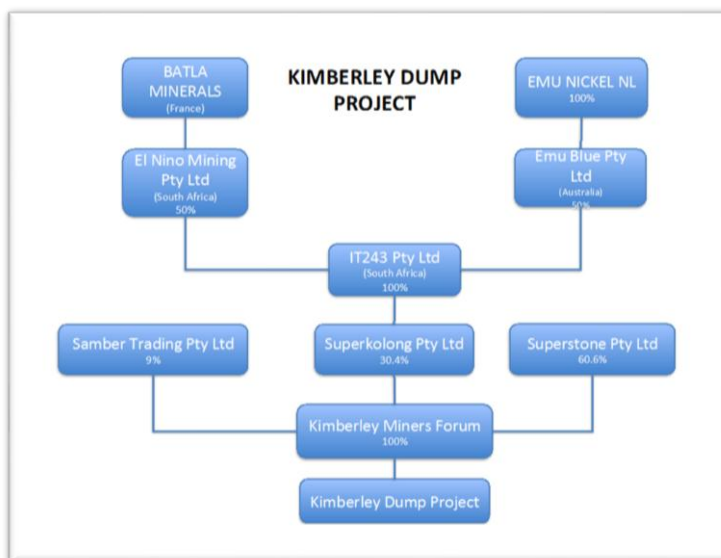
The diamonds recovered from the TMRs range from industrial type through to gem quality. The average price received by SK via tender during 2012 for recovered diamonds is US\$100/ct.

Based on the current SK plant throughput, the SK operation would need up to 8 (eight) years to complete the processing of their share of the TMRs. El Nino and Emu Nickel, via the SPV, plan to upgrade the SK processing plant and operation capacity to around 230,000 tons/month which would, on the basis that the requisite approvals were obtained, ensure the SK entitlement (under its current arrangements with KMF) was processed during the current access term (notwithstanding it might be extended), enable SPV to pay out the vendors earlier, and deliver an enhanced financial outcome for the ultimate SK shareholders.

The transaction between SPV and SK vendors is subject to a number of conditions precedent, including:

- Approval of the transaction by the Boards of Directors and shareholders of the SK vendors and the SPV;
- Approval of the transaction by the South African Takeover Regulation Panel;
- The SPV receiving a South African Revenue Services tax clearance certificate in respect of SK;
- Approval from the Financial Surveillance Department of the South African Reserve Bank permitting the SPV to receive loan funding from Emu Nickel.

The effective date for the transaction is 1 March 2013.



About Batla Minerals

Batla Minerals is a French resource investment company listed on the NYSE Euronext (Marche Libre: MLBAT). The company has active diamond operations in Lesotho.

New ventures are being sought across Southern Africa and include mineral deposits in the energy, precious and base metals categories.

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