



OPERATIONS UPDATE

DIAMONDS

Letšeng Mine – Lesotho

Alluvial Ventures (AV) continues to perform well for the Group at its Letšeng operations. Production volumes for the financial year ended 31 March 2019 were in line with budget, while operating costs remained within expectations. Overall, positive results were achieved for the financial year.

The operating highlights for the financial year ended 31 March 2019 are as follows:

- AV processed a total of 1 072k tons of blended main-pit and low-grade stockpile material.
- These production volumes were slightly ahead of financial-year targets.
- Operating costs remained in line with forecasts based on the material mix and production volumes.
- Overall profitability remained in line with forecast expectations.
- Several upgrades to the diamond-recovery circuit and processing plant were completed during the year and produced satisfactory results.
- Eight successful tenders were held in the financial year.

Various investigations into new technologies and plant processes are ongoing with a view to improve operational efficiencies, diamond recovery and overall profitability.

Kolo Mine – Lesotho

- The Sekameng kimberlite prospecting activities were completed during the second half of the year, which included a detailed trenching exercise to expose kimberlite. A total of 8 697 tons of material were mined and treated from the approximate 6-hectare area.
- Further activity at the Sekameng site have been placed on hold until the recovered diamonds are sold and the potential economics of the project can be assessed.
- The phase one trial mining activities were completed at Kolo, with a total of 33 515 tons being mined and treated.
- Certain of the recovery results from the Kolo kimberlite phases are consistent with available historic information. A large part of the achieved sampling results do not correspond with available historic data and these areas are being investigated to gain a clearer understanding of the potential recoveries.
- All recovered carats have been sent to Antwerp and will be placed on tender at a suitable time within the coming months.
- The economic potential of the Kolo kimberlite (± 1.3 ha) will be more fully assessed once the diamonds are sold on tender.
- The company has engaged a consultant who has begun the community consultation process required for the project to move to the next phase of full-scale mining. The results of this consultation process and the community inputs received will be included in the final economic assessment of the project.
- The company continues to engage with the Government of Lesotho to secure certain vital elements required for full-scale mining at Kolo.

GRANITE QUARRY

Elsana Quarry – South Africa

- The Group has a net 26% equity interest in a granite quarry in the Western Cape region of South Africa, which it has held for several years.
- During the second half of the financial year, the board considered and approved an investment in a plant upgrade at Elsana for a total of R5.5m (±€ 340k). The Group followed its funding rights and made a further investment of R2.9m in Elsana, with the other shareholder contributing the balance of the required funding.
- The upgraded plant will be fully operational during the first quarter of the new financial year and is expected to produce on average 1 000 tons per day of saleable granite product primarily targeted at the road building and construction industries.
- The Elsana Quarry has in excess of 2 million tons of exploitable granite.

ADMINISTRATIVE

Tungsten Project

- An agreement was concluded with one of the project's minority shareholders for the sale of the Group's entire interest in this project.
- The sale was completed and there are no outstanding suspensive conditions.

Uranium Project

- Following an approach from a third party, the board considered and found it appropriate to sell the Group's entire interest in its Uranium project.
- The market price of the saleable uranium product over the past few years has limited the Group's ability to move this project into a mining phase. Accordingly, the decision to sell was considered prudent.
- The prospective purchaser has met all their obligations.
- The sale is subject to regulatory approval by the Department of Mineral Resources, which is currently in process.

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