



OPERATIONS UPDATE

COVID-19

Toward the end of March 2020, the Group experienced some level of interruption due to the lockdown measures instituted by governments in South Africa and Lesotho. Alluvial Ventures lost three days of production in March and operations could not restart until the end of April. Full production capacity was reached within four days of recommencing operations.

Elsana Quarry lost three production days in March and operations resumed in May, but at a reduced pace due to uncertainty surrounding customer demand.

Both operations are currently running and have to date experienced no further stoppages due to COVID-19 measures. Full compliance is maintained at both sites in terms of best practice COVID-19 prevention protocols.

DIAMONDS

Letšeng Mine – Lesotho

Alluvial Ventures (AV) has successfully negotiated and concluded an extension to its operating agreement with Letšeng Diamonds. The extension allows AV to continue operating its plant at Letšeng until end December 2021 and the agreement makes provision for an additional six months of operations at the discretion of Letšeng Diamonds.

The operating highlights for the financial year ended 31 March 2020 are as follows:

- For the full year, AV processed 1.029 million tons of blended main pit and low-grade stockpile material.
- Production volumes were marginally below budget with some impact from COVID shutdowns in March 2020.
- Sales revenue was higher than expected due to stronger tender results.
- Operating costs remain mostly in line with expectations.
- Overall profitability was higher than expected due to the stronger sales results.

For the first quarter of the new financial year, operations at AV will be impacted by the lost production in April due to the COVID-19 lockdown restrictions. There remains some uncertainty around the rough diamond market due to the travel restriction around COVID-19 and general demand, the extent of which is presently unknown.

Kolo Mine – Lesotho

- This project remains on care and maintenance and as such has been relatively unaffected by the associated COVID-19 restrictions.
- As reported previously, the trial mining phase has been completed and a full economic review on future operations and resource exploitation is underway.
- The diamonds recovered during the trial mining phase were sold in Antwerp in December 2019 for a total revenue of US \$69,000.
- A report from an external consultant regarding the relocation action plan of the community directly impacted by larger scale mining at the project has been received, reviewed and approved for submission to the appropriate government departments.
- In July 2020, the mining right renewal application was submitted to the Government of Lesotho (Department of Mines). This submission is in line with regulations that require such an application to be submitted one year before the right expires.

GRANITE QUARRY

Elsana Quarry – South Africa

- Certain delays were experienced on the funded plant-capacity upgrade at the quarry during the first half of the financial year.
- Notwithstanding these delays in plant-production capacity, Elsana increased its revenues by 23% in the financial year ended 31 March 2020.
- The upgraded plant is now fully operational with an achievable production rate of 1000 tons per day.
- It is producing saleable granite products primarily targeted at the road building and construction industries.
- Production in March 2020 was impacted by the COVID-19 lockdown and operations were on care and maintenance during April 2020 under the COVID-19 restriction.
- Mining and plant operations resumed in May and due to the uncertainty related to customer demand the company is taking a conservative approach to forecasts.
- Customer demand for the last three operational months has exceeded expectations.
- The Group expects Elsana to continue increasing sales and become a net income producer.
- The Group continues to work closely with Elsana's management team to improve production and sales activities while optimally managing the cost structure.

ADMINISTRATIVE

ANNUAL GENERAL MEETING

- The Batla Minerals' AGM will be held by video conference on the 21st of September 2020.
- Shareholders will receive invitations with meeting details. Details will also be posted on the company's website in due course.

See performance results for the year-ended March 2020 on the next page.



PERFORMANCE RESULTS – year-ended March 2020

High-level performance results for the Group for the year ended 31 March 2020 are shown below.

9,8 M€

• **SALES**

- +21.4% higher compared to the prior year

9,8 M€

• **REVENUE**

- +18.2% higher compared to the prior year

3 M€

• **OPERATING INCOME**

- +143 % higher compared to the prior year

4 M€

• **EBITDA**

- +89% higher compared to the prior year

1,3 M€

• **NET PROFIT**

- against **1,4 M€** in the prior year

8,9 M€

• **CASH ON HAND**

- increase 31% from the prior year (**6,8 M€**)

0 M€

• **GROUP DEBT**

- down from **0,12 M€** in the prior year (**-100%**)