

OPERATIONS UPDATE

COVID-19

While the group activities continue to experience some level of interruption due to intermittent lockdown measures instituted by governments in South Africa and Lesotho, operational activities are performing in line with production expectations.

Alluvial Ventures (Lesotho operations) works closely with Letšeng Diamonds to ensure the safety of our staff on site via a vigorous COVID-19 testing program with suitable hygiene controls in place.

The Elsana Quarry continues to run at full production capacity and has seen surprising client demand for its product over the last year, while maintaining strict onsite COVID-19 protocols.

Full compliance is maintained at both sites in terms of best practice COVID-19 prevention protocols.

DIAMONDS

Letšeng Mine – Lesotho

Alluvial Ventures (AV) has just been given an extension to its current operating agreement with Letšeng Diamonds for an additional 4 months. Under the extension AV will continue operating its plant at Letšeng until the end of April 2022.

The operating highlights for the financial year ended 31 March 2021 are as follows:

- For the full year, AV processed 910 thousand tons of blended main pit and low-grade stockpile material.
- Production volumes for the year were below budget due to the COVID shutdown experienced at the start of the financial year and several plant failures that resulted in lost production.
- Carat recoveries for the year were below expectations due to lost production time and low-grade material feed to the plant.
- The sales revenue for the year was lower than expected due to the lower diamond recoveries and lower prices achieved for the AV goods at tender.
- Operating costs for the year were below budget due to certain cost saving initiatives.
- Overall profitability was far below expectations, being heavily influenced by the poorer than expected revenue results.

While there has been an improvement in rough diamond prices over the past 9 to 12 months, AV has seen a positive trend in its revenues only over the last 6 months. It is expected that AV will see an improved financial performance in the new financial year due to improved diamond recoveries and continued cost control disciplines. AV is working closely with Letšeng Diamonds to explore all possible avenues to extend the life of its operations at the mine.

Kolo Mine – Lesotho

- This project remains on care and maintenance and is subject to the renewal of the mining right, which expired in July 2021.
- In July 2020, renewal application was submitted to the Government of Lesotho (Department of Mines). This submission aligns with regulations that require it to be submitted one year before the right expires and is in line with the option granted to the company to renew as included in the current lease agreement.
- Earlier this year the company was informed that the lease would not be renewed by the Minister of Mines in Lesotho. After several attempts to engage with the Minister in good faith the company launched a legal process to force a judicial review of the renewal process and enact arbitration proceeding against the Minister in terms of the current agreement. The company has been successful in obtaining an interim interdict in this regard.

The company is confident of its legal position regarding these proceedings and has remained in constant contact with the government of Lesotho regarding the future operations of the project.

GRANITE QUARRY

Elsana Quarry – South Africa

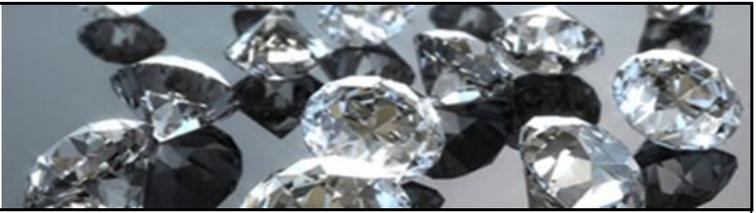
- The COVID-19 lockdown restrictions impacted on the operations of the quarry for the whole month of April 2020, after which measures were put in place that allowed operations to start up again in May 2020.
- Sales and customer activity was slow for the first quarter but showed much improvement from the second quarter onwards and resulted in Elsana exceeding its pre-COVID-19 targets.
- Profitability was improved by 23% during the financial year.
- Elsana remains positive in its ability to remain in production in the current COVID-19 environment and works closely with its customers to ensure sales demand can be met.
- Several growth opportunities are being explored and Elsana remains confident that the current financial year will build off the success of prior year.
- The Group expects Elsana to continue to be a positive cashflow contributor to the Group and we continue 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 20th of September 2021.
- Shareholders will receive invitations with meeting details. Details have also been posted on the company's website.

See performance results for the year-ended March 2021 on the next page.



PERFORMANCE RESULTS – year-ended March 2021

High-level performance results for the Group for the year ended 31 March 2021 are shown below.

3.7 M€

• **SALES**

- -61.9% lower compared to the prior year

3.7 M€

• **REVENUE**

- -61.6% lower compared to the prior year

-1.1 M€

• **OPERATING INCOME**

- -136.5% lower compared to the prior year

-0.3 M€

• **EBITDA**

- -107% lower compared to the prior year

-0.61 M€

• **NET PROFIT**

- against **1,3 M€** in the prior year

2.3 M€

• **CASH ON HAND**

- compared against **8,9 M€** of the prior year

0 M€

• **GROUP DEBT**

- compared against **0 €** in the prior year