



DIAMONDS - Lesotho

Letšeng Update

In January, Alluvial Ventures (AV) expanded operations in Lesotho to include crushing kimberlite. A recently negotiated contract for the kimberlite builds on our five-year relationship with Gem Diamonds at the Letšeng mine, and 10 years in total at Letseng. The expansion required an investment of 500,000 Euros, primarily to establish the new crushing plant adjacent to AV's existing operations. AV processes kimberlite at an average of 100,000 metric tons per month. The expanded plant began operations earlier this month.

Storm Mountain Update

Full operations are projected to begin in September 2011.

Tenders

- **Letšeng:** Ten successful tenders were held from the Letšeng operation sin calendar year 2010. Ten tenders are scheduled for calendar year 2011.
- **Storm Mountain:** The first successful tender from Storm Mountain operations was held in October 2010.

Goals for Q2

- Ramp up operations at the Letšeng mine to process 100,000 tons of kimberlite per month.

Uranium – Austin's Post RSA

Update

- The 1-meter column test work has been completed with encouraging results.
- Scope of work was drafted and quotes acquired to produce the environmental baseline study.
- Scope of work was drafted and quotes acquired from engineering companies.
- Progress reports and EMPs were submitted.



Goals for Q2

- Continue with test work – specifically the 3-meter column tests.
- Perform further study to better understand the chemistry of the extraction liquid consumption noted in the 1-meter column test work.
- Surface plan and mine planning is underway.
- Start flow sheeting and mass balance exercise for engineering company's use to determine CAPEX and OPEX requirements.
- Begin environmental baseline study.

Tungsten – Piketberg RSA

Update

Bongani Minerals is awaiting decision from the DMR on the Prospecting Rights application submitted in 2010.

Goals for Q2

- Receive decision from the DMR.
- Begin environmental impact assessment work.

Granite – Malmesbury RSA

Update

Elsana Quarry is awaiting decision on re-zoning application submitted to municipality in late 2010.

Goals for Q2

- Receive decision on re-zoning from municipality.
- If re-zoning is granted, resume blasting and begin selling aggregate.

Infrastructure Development – Lesotho

Update

- In mid-2010, Batla Minerals, via its subsidiary, Toro Diamonds, invested in Daystar Electrical Construction, a Lesotho-registered company. Batla holds a 40% equity stake. The partnership facilitated additional capital investment in the company and resulted in an expanded contract with the Lesotho Electricity Company (LEC).
- To date, Daystar has installed first-time power lines to approximately 1,500 homes in several rural villages.
- Daystar's performance has been received favourably and the company's initial contract was expanded to include additional villages..



Goals for Q2

- Submit proposals to LEC to obtain additional contracts for the new financial year.

Administration

Stellenbosch Office Update

As reported at the 2010 AGM held 29 September, 2010, the Group last year finalized the purchase of 660 square meters in a new office complex in Technopark, Stellenbosch, South Africa.

The staff of El Nino Mining occupy 225 square meters of the space. The remaining 435 square meters was made available for rent.

Distell Group Ltd (South Africa's leading producer and marketer of fine wines and spirits) has signed a four-year rental contract for this space, with an option to extend. Tenancy begins 1 March 2011.



El Nino Mining (Pty) Ltd
A wholly owned subsidiary of Batla Minerals SA
PO Box 340 Stellenbosch 7599 South Africa
www.batlaminerals.com