



**Superkolong Diamond Operations and Purchase of Share Interest**

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

**KEY OPERATING RESULTS FOR THE FINANCIAL YEAR ENDED MARCH 2014**

TONNES PROCESSED	1,452,562
DIAMONDS SOLD (CARATS)	76,039
PROCEEDS FROM DIAMOND SALES	€ 6.59 million US\$ 8.9 million
AVERAGE PRICE PER CARAT	€ 87 US\$ 117
DIAMONDS SOLD APRIL '14 (CARATS)	4,831
FUNDS RECEIVED FROM APRIL '14 SALES	€ 225k US\$ 315k

*Figures are for 100% equity in Superkolong which is 50% owned by El Nino Mining.*

**SUPERKOLONG DIAMOND OPERATION (50% El Nino Mining)**

Diamonds sold for the financial year totalled 76,039 carats. Sales totalled US\$ 8.9 million. The average price per carat received was US\$ 117. Demand for the Superkolong diamond production remained strong throughout the year. The expected increase in production levels in the new financial year should allow Superkolong to realise gains from the buoyant sales demand.

Diamond recovery was below budget in the 2014 financial year due to continuing plant production and recovery issues caused by an inadequate supply of process water, both in volume and quality. Superkolong plant production for the year was 27% below forecast levels and the associated impact of reduced diamond recoveries has negatively impacted the full-year financial performance.

Normal plant operation was interrupted several times during the year and was eventually suspended on 18 February due to the water supply. At the time employees were redeployed to maintenance duties and certain plant upgrades to ensure future improved efficiencies. The plant was restarted on 5 March on a limited basis and full production resumed 16 March.

Since 16 March, the plant has operated normally with daily throughputs trending upwards to stabilise over 5,000 tonnes per day. Recovered grades are in line with expected tailings grades (5 to 7 carats per hundred tonnes).

Most of the work to upgrade the water supply has been completed. The outstanding item is the pipeline from Homevale to the maturation ponds. The tender for this work has been awarded and the project will commence once the Municipality approves the work.

Due to issues with the water supply and notwithstanding the return to normal production, the next vendor payment (R35 million) due on 1 July will have to be substantially funded by the shareholders of IT243 (Superkolong's holding company).

## **PURCHASE OF SUPERKOLONG DIAMOND INTEREST**

Based on a review of the Superkolong operation and discussions regarding ongoing working capital requirements for the operation, the Board of Batla Minerals (via El Nino Mining its South African subsidiary) has made an offer to acquire the other 50% of the project, held by its partner Emu by purchasing Emu's shareholding in the holding company, IT243, and Emu's loan account. The share (and claims) purchase agreement was signed by all parties on 29 April 2014. The Emu directors and their associates will vote in favour of the transaction. The board of Batla Minerals SA has approved the transaction. The essential terms of the transaction are as follows:

1. Total consideration is A\$3 million (~€2 million) to be paid in six instalments (Instalments) of A\$500,000 (~€333,333).
2. The Instalments will be partially secured by €600,000 which will be held in escrow upon satisfaction of the conditions precedent pending full payment but reducing in line with the value of the Instalments outstanding.
3. All of El Nino's obligations are guaranteed by its parent company, Batla Minerals SA.
4. Upon signing the binding agreement, the first Instalment was placed in escrow pending satisfaction of the conditions precedent (see paragraph 9, below).
5. The first Instalment will be released upon satisfaction of the conditions precedent (see paragraph 9, below).
6. The second Instalment will be paid upon the sooner of 31 July 2014 or delivery of agreed water volumes.
7. The remaining Instalments shall then be paid quarterly.
8. Instalments outstanding shall attract interest calculated and compounded daily at the annual rate of 12%.
9. The transaction is subject to the following conditions precedent:
  - a) Emu shareholder approval (which will be sought forthwith);
  - b) approval of the Takeover Review Panel in South Africa (expected to be forthcoming); and
  - c) any other applicable regulatory approvals,which conditions are to be satisfied by 10 June 2014 or such longer date as is needed to meet regulatory requirements.
10. Should El Nino not pay all the Instalments and interest, in addition to other rights that Emu may have (including to sue for the entire amounts outstanding), the shares and balance of Emu's loan account shall revert to Emu for no consideration.

### **About Batla Minerals**

Batla Minerals is a French resource investment company listed on the NYSE Euronext (Marche Libre: MLBAT). El Nino Mining is Batla's operating company, based in South Africa. The company has active diamond operations in South Africa and Lesotho, and is developing its current assets in the energy and base metal categories. New diamond ventures are sought across Southern Africa.

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