

BATLA MINERALS SA

CONSOLIDATED ACCOUNTS –
31 MARCH 2010

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

(in thousands of Euros)

	March -10	March - 09
COMMITTED CAPITAL		
Goodwill	3,170	3,965
Intangible Assets	1,331	1,171
Tangible Assets	5,628	5,392
Long-Term Investments	1,625	2,183
Equity accounted investments		
Total Committed Capital	11,754	12,711
CURRENT ASSETS		
Inventory and work in progress	462	213
Debtors	1,126	270
Other accounts receivable	1,450	2,662
Deferred tax assets	1,495	1,625
Marketable securities		0
Liquid assets	1,231	317
Prepaid expenses	1	5
Total Current Assets	5,765	5,092
Total Assets	17,519	17,803
SHARE CAPITAL		
Capital	5,350	5,350
Share premium	16,796	16,796
Consolidated reserves	-2,872	-543
Currency translation adjustment	-1,657	-4,188
Consolidated result	-3,832	-2,329
Share Capital	13,785	15,086
Non-group interests		
Non-group results		
Minority Interests		
Provisions	565	385
Total Contingency and Loss Provision	565	385
DEBTS		
Loans and financial debts	1,320	1,210
Accounts payable	448	364
Tax and social security liabilities	562	759
Deferred tax liabilities	839	
Other debts		
Prepaid products		
Total liabilities payable	3,169	2,332
Total liabilities	17,519	17,803

CONSOLIDATED PROFIT AND LOSS ACCOUNT AS AT 31
MARCH 2010
(in thousands of Euros)

	March-10 (12 months)	March - 09 (12 months)
Operating income	5,477	6,664
Turnover	5,008	6,660
Other income	469	4
Operating costs	6,018	7,572
Purchase of materials		
Variation of stock		
Other purchases and external costs	2,362	4,508
Taxes, duties	18	18
Salaries and wages	1,697	1,571
Social security contributions	52	45
Allocations to depreciation	1,431	1,296
Allocations to provisions	417	134
Other operating costs	41	
Operating profit and loss	-541	-908
Financial income	395	434
Financial costs	1,604	100
Financial Result	-1,209	334
CURRENT RESULT BEFORE TAX	-1,750	-574
EXCEPTIONAL RESULT	14	36
Taxes	76	347
Depreciations of goodwill	1,916	1,289
Equity accounting results	-104	-155
CONSOLIDATED RESULT	-3,832	-2,329
Minority Results		
GROUP RESULT	-3,832	-2,329
Net result per share	-0.72	-0.44

TABLE OF CONSOLIDATED CASH FLOW 2010
(in thousands of Euros)

CASH FLOW TABLE			
In K€	Mar-10	Mar-09	
<i>Net Result</i>	-3,832	-2,329	
- Allocation to depreciations and provisions	3,151	1,424	
- Depreciation of goodwill	1,916	1,289	
- Equity accounting	104	155	
- Result of sale	-13	-35	
- Deferred tax	-42	-80	
- Plus value on share of assets			
<i>Self-financing capacity</i>	1,284	424	
+/- Net variation in operation	-844	2,205	
+/- Net variation excluding operation	1,405	-2,199	
<i>Related cash flow generated by activity</i>	1,845	430	
- Acquisitions of intangible assets	-523	-52	
- Acquisitions of tangible assets	-156	-4,081	
- Acquisitions of long-term investments	-450	-1,205	
+ Income from sale of capital assets	333		
+ Income from sale of subsidiaries		30	
<i>Cash flow related to investment activity</i>	-796	-5,308	
- Dividends paid to shareholders			
+ Increase of capital			
+/- Variation of exchange adjustments			
+ Loan increases	-398	99	
+/- Variation in other financial debts	-30		
<i>Cash flow related to financing activities</i>	-428	99	
<i>Effect of the variations of exchange rates</i>	127	162	
Variation of cash flow	748	-4,617	
Cash flow at the beginning of the financial year	208	4,825	
Cash flow at the end of the financial year	956	208	

VARIATION OF CONSOLIDATED SHARE CAPITAL 2010

(in thousands of Euros)

	Capital	Bonus	Reserves	Equity Accounted	Result	TOTAL
<i>Mar-09</i>	<i>5,350</i>	<i>16,796</i>	<i>-543</i>	<i>-4,188</i>	<i>-2,329</i>	<i>15,086</i>
Allocation			-2,329		2,329	0
Capital Increase						0
Other				2,531		2,531
Distribution						0
Result of the period					-3,832	-3,832
Mar-10	5,350	16,796	-2,872	-1,657	-3,832	13,785

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The individual financial statements of the companies of the Batla Group are drawn up according to the rules of accounting in force in their country of activity. For its consolidated accounts, the Group applies French accounting principles as they appear in the provisions of the law of 3 January 1985 and of its decree enforcing the law of 17 February 1986 and also defined by regulation CRC n° 99-02 ratified by decree of 22 June 1999 and gazetted on 31 July 1999.

The financial year 2009/2010 was marked by an economic and financial crisis whose scope and duration beyond 31 March 2010 cannot be accurately forecast. To date, the BATLA MINERALS group has not been affected by any event that would jeopardise its continuity of operation. Under these circumstances, continuity of operation remains the basic accounting convention.

CHANGE OF METHOD

BATLA RESOURCES which was consolidated by global integration as at 31 March 2009 is now consolidated by the equity accounting method as a result of a changed management assessment of the control of the co-owned companies in the context of Black Economic Empowerment. The financial items relating to the financial year ended 31 March 2009 have been corrected to take this modification into account.

The chief impacts as at 31 March 2009 are as follows: (in thousands of Euros):

	2009 (Published)	2009 (Corrected)
- Tangible assets	1 526	1 171
- Long-term investments (debts)	1 424	2 183
- Contingency and loss provision (equity accounting)	0	183
Operating income	6 649	6 664
Operating costs	7 782	7 572
Financial result	257	77
Result of sale	0	35
Tax	375	347
Equity accounting (Costs)	0	- 155

INFORMATION ON THE METHODS AND AREA OF CONSOLIDATION

Method of consolidation:

The Companies or Groups of Companies under exclusive control for which the percentage holding or percentage of effective control exceeds 50% are globally integrated (GI). This method of consolidation has been implemented for all the companies of the Group.

The Companies or Groups of Companies under joint control and for which the percentage holding or percentage of effective control is equal to 50%, are proportionally integrated (PI).

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

The Companies or Groups of Companies over which the group has significant influence in the management without having a percentage holding or a percentage of effective control equal to at least 50%, are equity accounted (EA).

It is recalled that, in the context of complying with South African legislation, the group is obliged to create legal structures in association with 'Black Economic Empowerment' with the sole purpose of owning mining rights whose exploitation will be conceded to the Group. These entities are consolidated solely when the group controls the entity de facto or de jure and/or when the group assumes all of the financial risks pertaining thereto. Otherwise, these entities are consolidated on the basis of equity accounting.

Constitution of the group:

On 28 November 2006, BATLA MINERALS was formed by contribution of 100% of the shares of EL NINO MINING valued at 4,000,000 Euros. EL NINO MINING received a contribution of 47.50% of the shares of ALLUVIAL VENTURES on 10 November 2006 worth the sum of 38,000,000 Rands (for information, the Rand rate at the end of November 2006 was 0.105 Euros).

Concomitantly, on 10 November 2006, EL NINO MINING acquired:

- 52.50% of the shares of ALLUVIAL VENTURES for the sum of 41, 996, 259 Rands (including 44% via the buy-out of DRUID EXPLORATION and SKIP FAST FOODS),
- 49.00% of the shares of ASAPI 1058 for the sum of 2,900,000 Rands payable after ASAPI obtained mining rights, with an additional sum of 481,333 Rands to purchase the current account of the outgoing shareholders,
- 49.00% of the shares of BOESMANLAND for the sum of 120 Rands with an additional sum of 154,500 to buy the account of the outgoing shareholder,
- 49.00% of the shares owned in FIKZA DIAMONDS for the sum of 58 Rands,

When the group was constituted, the activity of its companies may be summarised as follows:

- BATLA MINERALS is a financial holding company owning 100% of the shares of EL NINO MINING
- EL NINO MINING is a holding company which owns, directly and indirectly, all of the shareholding in South Africa and Lesotho, namely:
 - 100% of the shares of ALLUVIAL VENTURES
 - 100% of the shares of DRUID EXPLORATION
 - 100% of the shares of SKIP FAST FOODS
 - 74% of the shares of ASAPI 1058
 - 49% of the shares of BOESMANLAND
 - 49% of the shares of FIKZA DIAMONDS.
- DRUID EXPLORATION and SKIP FAST FOODS are two holding companies each owning 22% of ALLUVIAL VENTURES.
- ALLUVIAL VENTURES operates, in the context of a subcontracting contract and on behalf of the owner of the mining rights, an alluvial quarry and conducts excavation and rock processing operations to extract diamonds.
- FIKZA DIAMONDS is a holding company owning 51% of the shares of BOESMANLAND.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

- ASAPI and BOESMANLAND are two companies each owning a mining prospecting contract, at the expiry of which a mining exploitation contract will be concluded if the research and prospecting operations produce favourable results.
- BATLA RESOURCES was created with a view to finding new mineral resources. Its purpose is to prospect, develop and to render secure new concessions (diamond, uranium, coalbed methane, etc).
- HANHEKA SA, a company registered under South African law, was created to become the mining operator for the mining concession held by Hanheka SPRL in the Democratic Republic of Congo. Because of the intention to break away from this concession, Hanheka SA is inactive and destined to be dissolved.
- GREAT FORCE INVESTMENTS 120 was created for the purpose of applying for prospecting rights for coalbed methane in Limpopo in South Africa (1 concession) and uranium at Fraserburg in South Africa (5 concessions).
- BATLA PROPERTIES was created to acquire the future offices for the management of El Nino Mining and of Batla Resources.
- RIVIERA TUNGSTEN owns 49% of the shares of BONGANI MINERALS.
- BONGANI MINERALS owns tungsten prospecting rights.
- PADDY'S PAD 1183 owns uranium prospecting rights for the Edenburg site.
- AUSTIN'S POST owns 25% of PADDY'S PAD and an option to purchase 26%.
- BUCHUBERG GRAVELS owns 49% of PADDY'S PAD.
- BATLAVAAL PROJECTS was created to acquire mining rights.
- BECHINI INVESTMENTS 60 was created to acquire mining rights.
- CEDAR CREEK PROPERTIES was created to acquire mining rights.
- JUST JASMINE INVESTMENTS 136 was created to acquire mining rights.

Development of the group:

The development of the area of consolidation over the financial year ended 31 March 2010 can be summarised as follows:

- BATLA INVESTMENT HOLDINGS was created in the context of the formation of a partnership. The company is not yet engaged in any activity.
- TORO DIAMONDS was created to exploit mining rights in LESOTHO within the framework of a partnership. The company is not yet engaged in any activity.
- ELSANA QUARRY was created (and 50%-owned by BATLA RESOURCES) to exploit mines and quarries.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

– GREAT FORCE INVESTMENTS 120 was sold to BATLA RESOURCES for 1 RAND.

Area of consolidation:

Companies	Information	% Interest	Method of consolidation
BATLA MINERALS	Limited company registered under French law with capital of 5,350 000 Euros registered with the Register of Business and Companies of BEZIERS as no. 493056162, head office at Immeuble le Solar 1, ZAE Le Monestié, 3 Avenue de l'Occitanie 34760 BOUJAN sur LIBRON.	N/A	Parent
EL NINO MINING	Company registered under South African law, constituted as a 'private company,' with capital of 1,600 Rand registered with the South African Registrar of Companies as no. 2001/019313/07 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
ALLUVIAL VENTURES	Company registered under LESOTHO law, registered as no. 2002/394 with its head office c/o Moors Rowland, 15 United Nations Road, Maseru LESOTHO.	100%	Subsidiary
DRUID EXPLORATION	Company registered under South African law, constituted as a 'closed corporation,' registered with the South African Registrar of Companies as no. 1995/005983/07 with its head office at 44 Constantia Road, 7800 WYNBERG.	100%	Subsidiary
SKIP FAST FOODS	Company registered under South African law, constituted as a 'private corporation,' registered with the South African Registrar of Companies as no. 2001/048323/23 with its head office at NBS Building, Jones Street, 8301 KIMBERLEY.	100%	Subsidiary
ASAPI 1058	Company registered under South African law, constituted as a 'private company,' with capital of 1,000 Rand, registered with the South African Registrar of Companies as no. 2006/00388/07 with its head office at 130 Miller Street, 7140 WESTERN BAY.	49%	Subsidiary*
BOESMANLAND DIAMANTE	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand registered with the South African Registrar of Companies as no. 2003/010023/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	74%	Subsidiary
FIZKA DIAMONDS	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand registered with the South African Registrar of Companies as no. 2003/010023/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	49%	Subsidiary*
BATLA RESOURCES	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand registered with the South African Registrar of Companies as no. 2007/010446/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	49% **	MEE (equity method of accounting)
HANHEKA SA	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand registered with the South African Registrar of Companies as no. 2007/015422/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
GREAT FORCE INVESTMENTS 120	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand registered with the South African Registrar of Companies as no. 2007/016502/07 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
BATLA PROPERTIES	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand registered with the South African Registrar of Companies as no. 2007/015637/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
RIVIERA TUNGSTEN	Company registered under South African law, constituted as a 'private company,' with capital of 100 Rand registered with the South African Registrar of Companies as no. 2008/004239/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
PADDY'S PAD 1183	Company registered under South African law, constituted as a 'private company,' with capital of 1000 Rand, registered with the South African Registrar of Companies as no. 2006/035522/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	49%	Subsidiary*

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

AUSTIN'S POST	Company registered under South African law, constituted as a 'private company,' with capital of 1000 Rand registered with the South African Registrar of Companies as no. 2007/006501/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
BUCHUBERG GRAVELS	Company registered under South African law, constituted as a 'private company,' with capital of 1000 Rand, registered with the South African Registrar of Companies as no. 2006/035310/07 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
BONGANI MINERALS	Company registered under South African law, constituted as a 'private company,' with capital of 11,764 Rand, registered with the South African Registrar of Companies as no. 2002/030414/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	49%	Subsidiary*
BATLAVAAL PROJECTS	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand, registered with the South African Registrar of Companies as no. 2008/016067/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
BECHINI INVESTMENTS 60	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand, registered with the South African Registrar of Companies as no.2007/016394/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
CEDAR CREEK PROPERTIES	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand, registered with the South African Registrar of Companies as no.2 007/032914/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
MOONSTONE MINING	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand, registered with the South African Registrar of Companies as no. 2008/015728/07 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
JUST JASMINE INVESTMENTS 136	Company registered under South African law, constituted as a 'private company,' with capital of 120 Rand, registered with the South African Registrar of Companies as no. 2007/011885/0 7 with its head office at Tygerforum B, 2nd floor, 53 Willie Van Schoor Avenue Bellville 7530, PO BOX 3347, TYGERVALLEY.	100%	Subsidiary
BATLA INVESTMENTS HOLDING	Company registered under Mauritian law, with capital of 100 Euros, registered as no.090977 C1/GBL with its head office at 5 President John Kennedy Street, Port Louis, Mauritius.	100%	Subsidiary
TORO DIAMONDS	Company registered under LESOTHO law, registered as no. 2009/1044 with its head office at PO Box 12508 Maseru 100 LESOTHO.	100%	Subsidiary
ELSANA QUARY	Company registered under South African law, constituted as a 'private company,' with capital of 240 Rand, registered with the South African Registrar of Companies as no. 2006/022382/0 7 with its head office at PO Box 298, Porterville 6810.	100%	Subsidiary

* Companies controlled by the Batla Minerals Group despite the non-majority percentage shareholding.

** In April 2008, the Group sold 51% of the interests in the context of the Black Economic Empowerment programme.

Exclusion of the Area of Consolidation:

Hanheka SARL, situated in the Democratic Republic of Congo, of which a 70% shareholding was acquired in November 2006 and which is currently put up for sale by the Group, has not been consolidated since the Group has not been able, within a reasonable period of time, to obtain the financial reports of the company as at 31 March (see Section on Long Term Investments).

The ASS Investments 38 Company (Pty) Ltd registered under Namibian law with capital of Namibian 100\$ which was created on 17 March 2008, has not been consolidated because this company had not been active at all as at 31 March 2010. This company is empowered to hold exploitation rights for coalbed methane.

SALIENT EVENTS OF THE FINANCIAL YEAR

- Disputes with EFI & FORTIS

During the previous financial year, the Company initiated legal action applying for summary judgement against Fortis Nederland Bank, the depositary of the funds, for the increase of capital achieved in May 2007. The certificate of deposit as drawn up by Fortis Nederland attested to the subscription in cash of 1,350,000 shares for the total amount of 20,250,000 Euros; however, it appears that following the unilateral request of Europe Finance et Industrie and without the prior authorisation of the Company, Europe Finance et Industrie withdrew, as fees, the sum of 1,235,169 Euros which were consequently paid to it by Fortis Nederland in violation, according to the Company, of the applicable legal provisions, especially Article L 225-144, paragraph. 2 of the Code of Commerce which, in the view of the Society, made it incumbent upon Fortis Nederland, in its capacity as depositary of the funds, to pay the entirety of those funds to the Company, without deduction of any kind.

The Appeal Court of Aix-en-Provence had declared itself not competent to make a summary judgement regarding this dispute in March 2009. BATLA MINERALS was therefore sentenced to pay the opposing party 5,000 Euros in terms of Article 700 of the Code of Civil Procedure and the various legal costs. With respect to the judgement, the Company had allocated a provision for costs amounting to 18,711 Euros as an estimate of the total expenses. The expenses were settled in full during the financial year and the provision was recovered.

BATLA MINERALS went to the Court of Final Appeal and saw its case dismissed in June 2010. It was sentenced to pay the total sum of 3,000 Euros, a sum set aside on 31 March 2010.

- Sale of the shares of HANHEKA SPRL

On 20 April 2009, the Company signed a deed of sale relating to the shares in HANHEKA SPRL in the presence of a notary in the Democratic Republic of Congo. The amount of the sale was US\$ 1,275,000. The funds have not been paid to date. The sale is the subject of litigation. Consequently, as a precaution, a provision has been made for the full shares of this company as at 31 March 2010 in the amount of 969 K€.

- KAO Project

The mining rights for the Kao diamond mine (situated in Lesotho) were sold in December 2009 to Namakwa Batla Diamonds (Pty) Ltd.

Namakwa Batla Diamonds (Pty) Ltd is a 'joint venture' between Namakwa Diamonds Ltd, a South African company listed on the Main Market of the London Stock Exchange, Batla Minerals, the Government of Lesotho and of a number of investors in Lesotho.

The kimberlite pipe at the Kao site is the largest in Lesotho and the 4th largest in Southern Africa.

The site is located at an altitude of approximately 2,500 metres and is about 25 km 'as the crow flies' from the Letseng site, the location of Alluvial Ventures (Pty) Ltd's current operations.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

The resources of the Kao mining site are in the order of 173,000,000 tonnes of matter containing an estimated value of 12.4 million carats of diamonds.

– Bongani Projects

This project consists of the development of a mine producing tungsten and molybdenum. As the Group is in the prospecting phase, it must fulfil terms and conditions governed by the Department of Minerals and Energy. One of the stages to be completed consists of carrying out an Environmental Impact Study (EIS). In view of the fact that a landowners' association opposed to the establishment of a mining operation on this site has made it impossible for the analysts to conduct the EIS, it has proved necessary to continue the work in the office. These studies have led to the discovery that the site contains not only tungsten and molybdenum, but also traces of Rare Earth Elements (REE), gold, silver and other ores.

To prevent a third party applying for a prospecting permit on the same site, but for ores other than tungsten and molybdenum, the Group decided to withdraw its mining application for those two ores alone and at the end of March submitted a new application for a prospecting permit for all ores present on the site, whether in quantity like tungsten and molybdenum, or in trace form like the REEs, gold, silver, etc.

– Batlavaal Project

The Batla Resources Company has purchased a 26% shareholding in 9 companies falling under the umbrella of Batlavaal Projects.

These 9 companies, belonging to Verdi Trust, have been the subject of an application for diamond prospecting rights.

The project, which brings together all of these companies, extends over an area of approximately 70,000 hectares, along the Vaal River.

This river is historically renowned for being a place where alluvial diamonds have been clearly identified and are present in sufficient density.

In view of these factors, which are supported by previous studies, the Group took out an option to obtain the 74% of shares remaining to Verdi Trust against a payment of 417 K€, plus a commission per treated tonne.

ACCOUNTING PRINCIPLES AND VALUATION METHODS

SPECIFIC POINTS

Owing to the fact that the companies of the subgroup EL NINO MINING present their accounts in the South African format, their financial statements have been restated to comply with the format of French financial statements. The South African financial statements were restated because the accounting principles would be different from those acceptable in terms of French accounting principles.

GOODWILL – SUM OF VALUATION DIFFERENCES

Goodwill, which is the difference between the purchase price of the shares, increased where appropriate by the purchase costs, and the share in shareholders' equity acquired, is allocated to identifiable assets and liabilities. The differences thus allocated, follow the accounting principles and rules used for the entries concerned taking into account the potential tax liabilities written into the deferred tax entry. Unallocated goodwill is depreciated over a period of 5 years.

INTANGIBLE ASSETS

- When ALLUVIAL VENTURES was acquired, the company identified an element of invisible assets corresponding to the future economic benefits that will result from the exploitation of the sub-contracting ore-screening contract at the diamond mine in Lesotho.

The valuation of this invisible asset (30,000,000 Rands) was made on the basis of the discounting of future cash flows based on the following premises:

- Duration: 5 years
- Discount rate: 12%
- Inflation rate: 10% (excluding fuel – 15% fuel)
- Taxation rate: 34.75%

This contract was initially depreciated over a period of 5 years which corresponded to an estimate of the probable period of exploitation at the beginning of the contract. In view of the amendments reinforcing the contractual relationship between the parties, the group estimated that the probable duration of the contract could be extended by an additional five years. As a result the depreciation plan was revised forwards.

- Over the preceding financial year, BATLA RESOURCES made an advance payment for diamond extractions where the company had mining rights (Verdi option). This advance payment of 5,300,000 Rands is regarded as a right depreciated over the lifetime of the prospecting permit, i.e. October 2013.

These rights were transferred to EL NINO MINING. In view of the uncertainties that arose during the financial year, provision was made for these rights.

- It should be noted that the costs of research, development and mining prospecting are entered into the accounts as costs, because these expenses are regarded as initial research and prospecting costs. However, once the prospecting rights have been obtained, the

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

prospecting costs are frozen because serious potential opportunities exist for the profitable launch of mining operations.

As long as prospecting takes place in accordance with initial assumptions, no depreciation is seen. But if it does not do so:

- a depreciation test is established to guarantee that the recognition of these preparatory costs as assets will not make the entry cost of future fixed assets (in the event of a discovery leading to a mining operation) exceed their current estimated value;
- in the event of failure, these costs are entered into the accounts as exceptional costs.

In the event of a discovery leading to a mining operation, the prospecting work is incorporated into the production costs of tangible assets, as these preparatory costs are required to bring the asset into service in compliance with the management's expected use thereof.

The depreciation plan is deferred until the end of the prospecting phase and then amortised over the duration of the mining operation.

TANGIBLE ASSETS

The committed tangible assets consist mainly of machines, tools and excavation equipment used for exploiting the alluvial quarries. The entry cost of the tangible assets into the committed assets of the Group consists of the purchase cost. The depreciation of the tangible assets is carried out in a linear way. The duration of the depreciation corresponds to the lifetime of the use of the goods. The periods applied can be broken down as follows:

◆ Implements	5 years
◆ Fittings and equipment	6 years
◆ Site machinery	5 years
◆ Excavating equipment	3 years
◆ Movable	3 years

The goods acquired through leasing are listed in the assets of the balance sheet and the corresponding loans are entered as liabilities in the financial debts. At the same time, the fees are cancelled and the financial cost related to financing, as well as allocations to depreciations, are recorded in accordance with the Group's methods.

LONG-TERM INVESTMENTS

The raw value of the stock of the non-consolidated companies and other non-equity securities appearing in the balance sheet consists of their purchase cost. A provision for depreciation may be constituted when their inventory value is less than the acquisition value.

The inventory value corresponds to the utility value for the Group; in particular, it is determined by taking account of the share of net assets owned, and of the prospects of profitability.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

CURRENT WORK IN PROGRESS

Work in progress is valued at the cost price of a ton of processed alluvial rocks. If the sale price is lower than the cost price, it is the sale price which is retained in the context of the valuation of the outstanding debts at year end.

OPERATING RECEIVABLES AND DEBTS

Accounts receivable are valued at their nominal value. They are subject to a case-by-case assessment and provision is made for them as evaluated risks.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

MARKETABLE SECURITIES

Marketable securities appear in the balance sheet at their purchase cost. They are the subject of a provision when their liquidation value is lower than their net accounting value.

CONTINGENCY AND LOSS PROVISION

This is intended to cover clearly specified contingencies and losses liable to result from unexpected events occurring or in progress at financial year end.

SUPPLEMENTARY PENSIONS AND REDUNDANCY PAY

No provision for pensions is entered into the accounts because it does not apply to the group's employees. However, there is provision for breach of contract in order to take into account social responsibility obligations in South Africa and Lesotho.

TURNOVER

Turnover consists of invoiced sub-contracting work of processing and excavation of alluvial rock to extract diamonds on behalf of the owner of a quarry situated in LESOTHO and South Africa.

COMPANY TAX

Tax is calculated for each entity of the group in relation to the legislation in force in each country concerned. The main tax rates are as follows:

Year	Country	Particulars	Rate
2010	France	Company tax	33,33%
	South Africa	Company tax	28,00%
	South Africa	Dividend tax	12,5%
	Lesotho	Company tax	25,00%
2009	France	Company tax	33,33%
	South Africa	Company tax	28,00%
	South Africa	Divident tax	12,5%
	Lesotho	Company tax	25,00%

RECIPROCAL OPERATIONS

Reciprocal balances, the operations carried out between companies of the Group, have been removed. Secondly, the distribution of dividends and the results of the sale of shares between companies of the Group have also been removed.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

OPERATIONS IN FOREIGN CURRENCY

The financial statements of the foreign companies are converted into Euros using the closing rate principle. The Rand-Euro rates used are as follows:

<i>Date</i>	<i>Average annual rate</i>	<i>Closing rate</i>
Nov - 06		0,106477
March - 07	0,106076	0,102929
March - 08	0,098813	0,077777
March - 09	0,08001	0,07808
March - 10	0,091685	0,10109

DEFERRED TAX

Deferred tax resulting from temporary discrepancies in taxation or deductions are calculated in accordance with the method of variable carrying forward of the totality of the temporary differences existing in the individual accounts, or arising from the restatements of consolidation or the elimination of internal results. They then appear when the value of an asset or a liability is different from its fiscal value. Deferred taxes are calculated for each company. Deferred tax as a net asset is only stated when its recovery is confirmed by the forecasts of future profits at the closing date.

Deferred taxes are calculated at the tax rate prevailing at the financial year end, according to the taxation system in force in the country of origin. Year-end deferred tax is calculated using the tax rate of the last known tax demand, i.e. 28%.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

RESTATEMENTS OF TAX-RELATED ACCOUNTS

The constitution or the write-back of regulated provisions such as, in particular, the write-back of investment grants and the constitution or write-back of exceptional depreciations, is cancelled, in order to prevent the distortion of the image created by consolidated accounts, which is the effect of accounts entered only for the purposes of tax legislation as it is applied in the country where the consolidated company is located.

MINORITY INTERESTS

Minority interests represent the share of the foreign partners in the BATLA MINERALS Group in profit and loss and the consolidated shareholders' equity. This share is determined on the basis of the percentage interests actually owned at the end of the financial year.

It must be noted that the losses attributable to the minority interests are deducted from the majority interests insofar as partners or minority shareholders have no formal obligation to make up the losses. If, subsequently, the group makes a profit, the majority interests will then be credited with all the profit up to the level of the minority losses charged.

As at 31 March 2010, the negative result of the minority losses deducted from the group share amounts to 948,000 Euros.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

DETAIL OF CERTAIN BALANCE SHEET ENTRIES

NOTE 1: CONSOLIDATION GOODWILL FUND AND INTANGIBLE ASSETS

Consolidation goodwill fund:

	Gross values	Depreciations	March- 10 (12 months)	March - 09 (12 mths)
EL NINO MINING	73	49	24	39
ALLUVIAL VENTURES	312	213	99	125
DRUID & SKIP	2,964	1,778	1,186	1,385
ASAPI	83	75	8	19
BOESMANLAND	54	33	21	25
RIVIERA	911	911	0	469
AUSTIN'S POST	1,211	727	484	561
BUCHUBERG	2,781	1,669	1,112	1,289
PADDY'S PAD	276	42	234	52
TOTAL	8,666	5,496	3,170	3,964

Other Intangible Assets:

	Gross values	Depreciations & Provisions	March -10 (12 mths)	March -09 (12 mths)
Concessions, rights				
Business	3,033	1,819	1,214	1,171
Other intangible assets	576	459	117	
TOTAL	3,609	2,278	1,331	1,171

RV	Concessions, rights	Business	Other intang. Assets	TOTAL
<i>Mar-09</i>		2,342		2,342
Increases			523	523
Decreases				0
Foreign currency impacts		691	53	744
Mar-10	0	3,033	576	3,609

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

DEPRECIATIONS	Other intang. Assets	Business	Other intang. Assets	TOTAL
<i>Mar-09</i>		1,171		1,171
Allocations		275		275
Write-backs				
Foreign currency impacts		373		373
Mar-10	0	1,819	0	1,819

DEPRECIATIONS	Concessions, rights	Business	Other intang. Assets	TOTAL
<i>Mar-09</i>				0
Allocations			417	417
Write-backs				
Foreign currency impacts			42	42
Mar-10	0	0	459	459

NOTE 2: TANGIBLE ASSETS

	Gross values	Deprec.	March - 10 (12 mths)	March - 09 (12 mths)
Land				
Constructions				
Ind. Tech. Installations Equip. and implements	3,408	685	2,723	2,319
Other tangible assets	5,138	2,233	2,905	3,073
Tangible assets in progress				
TOTAL	8,546	2,918	5,628	5,392

RV	Land	Constructions	Installations, equip. and implements	Other tangible assets	Assets in progress	TOTAL	ncl. Hire-purchas
				0			
<i>Mar-09</i>			2,658	4,088		6,746	1,572
Increases			53	102		155	
Decreases			-84	-243		-327	
Area movement						0	
Foreign currency impacts			781	1,191		1,972	332
Mar-10	0	0	3,408	5,138	0	8,546	1,904

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

DEPRECIATIONS	Land	Constructions	Installations, equip. and implements	Other tang. Assets	Assets in progress	TOTAL	nc. Hire-purchas
<i>Mar-09</i>			339	1,015		1,354	35
Allocations			231	863		1,094	703
Write-backs			-6	-32		-38	
Foreign currency impacts			121	387		508	77
Mar-10	0	0	685	2,233	0	2,410	815

Dispute with Oblique Engineering (PTY Ltd):

The company Alluvial Ventures, subsidiary of the Batla Minerals Group, initiated proceedings against Oblique Engineering seeking compensation for equipment delivered but unable to be put into service because it was faulty. The equipment is recorded in the accounts with a raw value of 4.2 M Rand or 327 K€. The company considered it inappropriate to record a provision for depreciation of this equipment at this stage, given that the proceedings undertaken against the supplier will be successful.

NOTE 3: LONG-TERM INVESTMENTS

	Gross Values	Depreciations & Provisions	March -10 (12 mths)	March - 09 (12 mths)
Equity securities	233	233	0	233
Debts on equity securities	736	736	0	1,294
Loans			0	42
Other long-term investments	2,110	485	1,625	614
TOTAL	3,079	1,454	1,625	2,183

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

VARIATIONS	Equity securities	Debts on equity securities	Loans	Other long-term investments	TOTAL
Mar-09	233	535	42	1,373	2,183
Increases		201		434	635
Decreases			-42		-42
Foreign currency impacts				303	303
Mar-10	233	736	0	2,110	3,079

PROVISIONS	Equity securities	Debts on equity securities	Loans	Other long-term investments	TOTAL
Mar-09					0
Allocations	233	736		440	1,409
Write-backs					0
Foreign currency impacts				45	45
Mar-10	233	736	0	485	1,454

The provision for equity securities and debts on equity securities relates to HANHEKA DRC (one of the significant events of the financial year).

The provision for other long-term investments relates to an option to buy out the stock of the company BONGANI (26%), though it is doubtful that the option will be exercised.

NOTE 4: EQUITY ACCOUNTED STOCK

BATLA RESOURCES is equity accounted. The information is as follows:

EQUITY ACCOUNTED	BATLA RESOURCES
Restated shareholders' equity	-722
Value of stock	0
Share of the Group	49%
TOTAL	-354
<i>In rands</i>	
Amount of company shareholders' equity	-7,040
Result	-2,228
Total balance sheet	7,606
Turnover	0
RELEVANT FACTORS OF THE BALANCE SHEET (K€)	BATLA RESOURCES
Subsidiary loan	1,474
Clients	7
Operating income	18

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

NOTE 5: STOCKS

	Gross values	Depreciations & Provisions	March - 10 (12 mths)	March - 09 (12 mths)
Raw materials				
Work in progress	462		462	213
Merchandise				
TOTAL STOCKS & WORK IN PROGRESS	462	0	462	213

NOTE 6: CLIENT RECEIVABLES AND OTHER RECEIVABLES

	Gross values	Depreciation	March - 10 (12 mths)	March -09 (12 mths)
Clients	1,126		1,126	270
Sub-total	1,126	0	1,126	270
Tax receivables	80		80	833
Company receivables	630		630	319
Sundry debtors	740		740	1,510
Sub-total	1,450	0	1,450	2,662
TOTAL RECEIVABLES	2,576	0	2,576	2,932

NOTE 7: PAYMENT SCHEDULE OF NET RECEIVABLES

	Less than 1 year	More than 1 year	Total
Clients	1,126		1,126
Tax receivables	80		80
Company receivables	630		630
Sundry debtors	740		740
TOTAL RECEIVABLES	2,576	0	2,576
Mar-09	2,932		2,932

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

NOTE 8: SHAREHOLDERS' EQUITY

Share capital amounts to 5,350,000 Euros. It is divided into 5,350,000 shares of 1 Euro each, fully subscribed and fully paid up.

NOTE 9: CONTINGENCY AND LOSS PROVISIONS

PROVISIONS	Disputes	EA BATLA RESSOURCES	Redundancy pay	Provisions renovation	Other costs	Other risks	TOTAL
<i>Mar-09</i>		183	72		41	89	385
Allocations		104	29	31	3		167
Write-backs					-19	-87	-106
Foreign currency impacts		67	25	3	7	17	119
Mar-10	0	354	126	34	32	19	565

NOTE 10: NEGATIVE GOODWILL

None.

NOTE 11: LIABILITIES

	March -10 (12 mths)	March - 09 (12 mths)
Borrowings from credit institutions		
Sundry liabilities		30
Debts related to leasing	1,045	1,071
Overdraft	275	109
TOTAL	1,320	1,210

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

NOTE 12: DUE DATES FOR LIABILITIES

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings from credit institutions				0
Sundry liabilities				1,045
Debts related to leasing	338	707		
Overdraft	275			275
TOTAL	613	707	0	1,320
Mar-09	365	845		1,210

NOTE 13: OTHER DEBTS PAYABLE

	March - 10 (12 mths)	March - 09 (12 mths)
Suppliers and related accounts	448	364
Advances and payments received		
Sub-total	448	364
Social contributions	232	408
Tax debts	119	351
Sundry debts	211	
Prepaid income		
Sub-total	562	759
TOTAL	1,010	1,123

All the remaining debts are due in less than one year.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

**DETAIL OF CERTAIN ENTRIES IN THE PROFIT AND LOSS
ACCOUNT**

NOTE 14: TURNOVER AND OTHER OPERATING INCOME

The geographical breakdown of turnover by components is as follows:

	March - 10 (12 mths)	March - 09 (12 mths)
Provision of services		
South Africa / Lesotho	5,008	6,660
- Rest of the world		
TOTAL TURNOVER	5,008	6,660

The other operating income is broken down as follows:

	March - 10 (12 mths)	March - 09 (12 mths)
Provision of services		
Fixed assets produced for Co. use	106	
Stored production	249	-14
Write-back of provisions and TC	114	3
Other operating income		15
TOTAL	469	4

NOTE 15: FINANCIAL PROFIT OR LOSS

The financial profit or loss consists of the following elements at the end of the financial year:

	March - 10 (12 mths)	March - 09 (12 mths)
Other investment income		
Exchange gains	110	1
Net income of sale of marketable securities		
Other financial income	285	321
Write-backs on prov. and financial depr.		113
TOTAL FINANCIAL INCOME	395	435
Allocation to prov. & financial depr.	1,409	
Interests and financial costs	12	113
Exchange losses	51	65
Other financial costs	132	
TOTAL FINANCIAL COSTS	1,604	178
FINANCIAL PROFIT OR LOSS	-1,209	257

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

NOTE 16: EXCEPTIONAL RESULT

The exceptional result consists of the following elements at the end of the financial year:

	March - 10 (12 mths)	March - 09 (12 mths)
Exceptional operating income		
Exceptional income on previous ex.		
Income from sale of some assets	304	
Other exceptional income		1
Profit on sale of subsidiary		35
Write-backs of exceptional provisions		
Transfers of exceptional costs		
TOTAL EXCEPTIONAL INCOME	304	36
Exceptional operating costs		
Costs from previous financial years		
Net carrying amount of the assets sold	289	
Other exceptional costs		
Exceptional allocations to provisions		
TOTAL EXCEPTIONAL COSTS	289	0
EXCEPTIONAL RESULT	15	36

NOTE 17: COMPANY TAX

	March - 10 (12 mths)	March - 09 (12 mths)
Company tax	118	483
Deferred taxes	-42	-136
TOTAL	76	347

	2010	2009
Pre-tax result	-3,756	-1,982
Selected tax rate	33.33%	33.33%
Theoretical tax charge	-1,252	-661
Impact of rate variation on current tax	-36	21
Temporary differences	1,436	-95
Permanent differences	20	-2
Equity accounting	35	52
Depreciations and write-backs goodwill	846	496
Deficits not resulting in deferred Tax asset	276	371
Others	-1,214	165
Actual tax cost	76	347

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010
FINANCIAL YEAR

NOTE 18: DEFERRED TAXES

DEFERRED TAXES	March - 10 (12 mths)	March - 09 (12 mths)
LIABILITIES		
Temporary discrepancy (Alluvial)	839	
Total	839	0
ASSETS		
Latent exchange loss (ENM)	209	1,309
Temporary discrepancy (ENM)	-160	316
Deficit that can be carried forward (ENM)	1,384	
Restatements (ENM)	62	
Total	1,495	1,625

It must be noted that the deferrable deficits of BATLA MINERALS SA have not been activated through caution. Basically, these deficits amount to 1,486,000 Euros as at 31 March 2010.

NOTE 19: PAYMENT AWARDED TO THE MEMBERS OF THE ADMINISTRATION AND MANAGEMENT

Financial year ended 31 March 2010: 307,000 Euros

Financial year ended 31 March 2009: 279,000 Euros

NOTE 20: AVERAGE WORKFORCE NUMBERS

The overall workforce broken down by socio-professional categories as at 31 March 2010 is presented for each legal category listed below:

	TOTAL
Directors	4
Executives	5
Availability	
Employees	103
TOTAL	112

NOTE 21: RESULT PER SHARE

The result per share of - 0.72 Euros is fixed in accordance with notice no. 27 of the *Ordre des Experts Comptables* (Association of Registered Accountants) and is the division of the net result share of the Group by the weighted average number of shares in circulation of BATLA MINERALS SA, i.e. 5,350,000 shares.

APPENDIX TO THE CONSOLIDATED ACCOUNTS OF THE 2010 FINANCIAL YEAR

NOTE 22: POST END OF FINANCIAL YEAR EVENTS

- Acquisition of the Technopark office building in June 2010 by Batla Properties for 15,771,531 Rands
- Investment of 2,500,000 Rands in April 2010 in Aranos Gas, for a gas exploitation project.
- A sum of 1,000,000 Rands was paid by Paddy's Pad after 31/03/2010 for uranium mining requirements.

NOTE 23: COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

- Option to purchase 25% of BONGANI MINERALS for the amount of 7,500,000 rands including 4,800,000 Rands already paid (option valid up to 30 days after mining rights have been obtained).
- Option to purchase 26% of Gemology Export & Mining West (Pty) Ltd. Depot bought for the sum of 401,000 Rands without transfer of stock.
- Option to purchase an additional 26% of shares in PADDY's PAD 1183 (Pty) Ltd. The previous option to purchase 25% was exercised for 1,905,000 Rands during the financial year. The option cost 689,000 Rands.
- Option to purchase 25% of ASAPI for the sum of 1,000,000 Rands (option valid up to 30 days after mining rights have been obtained).