

**Batavia Signs Heads of Agreement to Acquire
Northern Territory Iron Ore Tenement Package
Amended Announcement**

The announcement made today advised the contiguous leases in the project occupy an area of approximately 1,850 square kilometers. The leases actually comprise an area of 3,444 square kilometers.

An amended announcement incorporating this correction is attached.

BATAVIA MINING LIMITED



Simon Robertson
Company Secretary

23 December 2009

Batavia Signs Heads of Agreement to Acquire Northern Territory Iron Ore Tenement Package

HIGHLIGHTS

- **Batavia enters into Heads of Agreement ("HOA") with Northern Australian Iron Ore Pty Ltd ("NAIO") and Australian Ilmenite Pty Ltd ("AIPL") to acquire large, highly-prospective iron ore tenement package in Northern Territory.**
- **Tenements contain well-known iron ore deposits identified by BHP in the 1950's and 60's, as well as interpreted extensions to mineralisation at Roper Bar Iron Ore Project (Western Desert Resources-Itochu JV).**
- **Batavia to immediately begin review of historical data to formulate field programme and assess whether to proceed with acquisition.**

The Board of Batavia Mining Limited ("**Batavia or the Company**") is pleased to announce that it has entered into a Heads of Agreement ("**HOA**") to exclusively negotiate the acquisition of a large tenement package situated in the Northern Territory which is highly prospective for iron ore. ("**Acquisition**").

In accordance with the HOA Batavia has the exclusive right until 31 January 2010 to enter into a final and formal binding agreement in respect to the Acquisition ("**Option Agreement**") That agreement will grant to Batavia a six month option to make the final purchase decision, during which time Batavia will conduct due diligence and exploration. ("**Option Period**")

TENEMENT OVERVIEW

Location and Tenure

The Project area occupies a dominant position in the Roper River Iron Ore Field and is centred approximately 120km east of Mataranka and 475 km south east of Darwin in the Northern Territory (**Figure 1**).

The project comprises:

- Three granted Exploration Licenses: EL's 24101, 24102 and 26412;
- One Exploration License Application: ELA 27411; and
- One Mineral Lease Application: ML 27816.

The Licenses are contiguous and occupy a total area of 3,444 square kilometres.

The western EL's 24101 and 24102 contain well known iron ore deposits identified by BHP between 1955 and 1961. The eastern-most tenement EL 26412 is adjoined by the Roper Bar Iron Ore Project, a Joint Venture between Western Desert Resources ("WDR") and Itochu, to the east and south, and by the WDR Mountain Creek Project to the north.

Exploration History

BHP investigated at least 26 iron ore prospects in the Roper River Field between 1955 and 1961. The prospects were designated A-Z and with the exception of three minor deposits are all located within EL's 24101 and 24102 (**Figure 2**).

BHP's work included geological mapping, 38 diamond drill holes totalling 1,793m, shaft sinking, bulk sampling and metallurgical testing of composite samples. Samples from cliff exposures and test shafts were submitted to the CSIRO for petrological examination and results reported in a number of unpublished reports.

More recent work has been carried out on some of the iron ore deposits (Orridge 1993a) and in the mid 1990's the Northern Territory Geological Survey conducted a geological investigation and review of the Roper region iron ore deposits (Ferenczi 1997, Geological Investigation of the Roper River Iron Ore Deposits).

During 2008 and 2009 the WDR-Itochu Joint Venture conducted drilling, geological mapping and metallurgical test work on their Roper Bar Exploration Licenses which adjoin EL 26412 to the south and east (**Figure 3**). Their work has identified significant iron ore mineralisation in outcrop and under thin cover within Sherwin Formation ferruginous oolites. Sherwin Formation ironstone is interpreted by Batavia from desktop studies to also extend throughout EL 26412 and ELA 27411.

Geology and Mineralisation

The Roper River Iron Field lies within the south-western part of the McArthur Basin. Iron ore occurrences are present within several stratigraphic levels of Mesoproterozoic Roper Group sediments however the main exploration target is the Sherwin Formation.

The Sherwin Formation contains massive oolitic to pisolitic ironstone within interbedded medium to very coarse ferruginous sandstone, mudstone and shale. Massive ironstone beds are typically 2-8 m thick and are often exposed near the tops of cliff faces at the front of long cuesta-form ranges. The oolitic ironstones can be traced over tens of kilometres throughout the Roper River District.

Within EL 24102 the Sherwin Formation iron deposits occur along a 25 km sinuous ridge within a soft, ochreous, oolitic ironstone bed. The deposits were designated T, U, V, W, X and Y by BHP (**Figure 2**) and are located about 12km west-northwest of Hodgson Downs homestead. The iron mineralisation typically consists of closely packed ooids (0.5-5mm in diameter) of soft red hematite and goethite and varying amounts of well rounded quartz grains.

BHP drilling and bulk sampling results have returned grades between 43% and 63% Fe from Deposits T-Y and there is potential for large tonnages of both direct shipping and upgradeable iron ore to be confirmed within these deposits.

The Sherwin Creek deposits (A, B, C, D and E) lie with EL 24101 immediately south of the Roper Highway. Four distinct oolitic ironstone beds were identified and sampled over this area by BHP. The upper three beds are generally lower grade than the Hodgson Downs deposits, however there is very good potential to upgrade these deposits by simple gravity methods. The lower fourth bed is interpreted to correlate with the Hodgson Downs bed and contains higher-grade Fe mineralisation than the upper three beds.

The remainder of the deposits (F-N) all lie within EL 2412 and have had relatively little work. Deposits Q, R, S and Z lie to the west of EL2412 and are outside of the Project area.

Previous resource estimates (Cochrane 1955, Canavan 1965 and Orridge 1993a) for the Hodgson Downs and Sherwin Creek deposits are still to be interpreted by Batavia's independent geological consultants. Batavia expects further drilling and geological mapping and modelling will be required to update the previous estimates to a JORC compliant resource.

Project logistics for the western tenements (deposits A-Z) are very good, with the Hodgson Downs deposits only 75-85km east of Stuart Highway and 95-105km east of the Adelaide-Darwin railway. The Sherwin Creek Deposits are located on or nearby the Roper Highway and only 100km east of Mataranka on the Stuart Highway. The eastern Project area lies close to the coast and is well located for any future port development.

Proposed Exploration Programme

Batavia proposes to immediately conduct desktop studies and research of Geographic Information Systems (GIS) databases to collect and collate all the available historical data prior to formulating a large scale field programme to be conducted during the period of the Option Agreement.

The field programme is expected to commence with low-level airborne surveys to be followed up with extensive geological mapping and sampling across the entire Project area. Drilling will then follow at the highest priority targets in conjunction with metallurgical, logistical and environmental studies.

This exploration work (together with other due diligence) will place Batavia's Board and shareholders in a position to make an informed final decision for the approval of the exercise of the option and the payment of the consideration referred to below.

ACQUISITION TERMS

Batavia has entered into an HOA with Northern Australian Iron Ore Pty Ltd ("NAIO") and Australian Ilmenite Resources Pty Ltd ("AIPL") to exclusively negotiate a formal and binding option agreement on or

before 31 January 2010. That Option Agreement will grant to Batavia the right to acquire 100% of the tenements that form the tenement package held by NAIIO and AIPL.

Batavia is not required to make any payment for the granting of the exclusive right in the HOA.

Many of the proposed terms of the Option Agreement have been agreed between the parties and Batavia's lawyers are now drafting the Option Agreement which must be executed before 31 January 2010.

The proposed terms of the Option agreement are set out below.

Upon execution of the Option Agreement, Batavia will pay an option fee of \$5,000,000. Half of these funds will be paid to the vendors and half will be placed in trust with a solicitor.

If Batavia elects not to exercise the option granted in the Option Agreement, or the Parties fail to complete the Acquisition due solely to the default of Batavia the \$2,500,000 held by the solicitor is immediately fully refundable to Batavia and the other half of the funds will be retained by the vendors.

If Batavia does not elect to exercise the option granted in the Option Agreement because of a default by the Vendors the full \$5,000,000 is refundable.

Batavia will be granted a mortgage over selected tenements in the tenement package to secure its interests under the option including the \$2,500,000 paid to the vendors.

If Batavia exercises its option in the proposed Option Agreement the consideration payable by Batavia for the Acquisition is as follows:

- \$10 million cash;
- the issue of 150 million fully paid ordinary shares in Batavia;
- the issue of 100 million 15 June 2012 options in Batavia exercisable at 13.5 cents; and

- An additional payment for each tonne of ore classified by independent consultants as inferred resources under JORC. (“**JORC Payment**”) as follows:
- During the first 5 years the exercise of the option an amount of 4.5 cents for each tonne of inferred resource; and
- After the first 5 years an amount of 4.5 cents for each tonne of Inferred Resource plus 1 cent for each year to a maximum of 5 cents (i.e. a total of 9.5 cents for each tonne of inferred resource).

In addition as soon as practicable after completion of the Acquisition, Batavia will appoint two NAIIO nominated non-executive directors to the Board.

The exercise of the Option will be required within 6 months of the grant date. This is currently estimated for 31 July 2010. Completion of the Acquisition is conditional upon the satisfaction of the following:

- (a) Batavia completing its due diligence investigations on the tenements and the results of those investigations being satisfactory to the Board of Batavia ; and
- (b) Batavia obtaining all necessary regulatory and shareholder approvals to complete the Acquisition.

Due Diligence Requirements

Prior to entering into the HOA Batavia has conducted a high level review of the tenements and historical information available.

The proposed option agreement envisages that Batavia will conduct a detailed due diligence (including title, environmental, native title, and other risks). In addition to the normal due diligence, Batavia (as detailed previously) intends to undertake the proposed exploration programme, with an expected cost of approximately \$1,500,000.

Shareholder Approval

Shareholders and potential investors in the Company are also advised that the Acquisition will be subject to Shareholder approval.

Accordingly there is the possibility that the terms of the proposed transaction may be changed or not proceed at all. Should the transaction not complete due to Batavia not exercising its option or being solely in default under the option, \$2,500,000 of the option fee and expenditure incurred on due diligence and the proposed exploration programme will not be refunded.

Capital Raising

While the Company has sufficient funds and available assets to fund the option fee, due diligence process and exploration programme it anticipates that a capital raising will be required if it exercises its option and proceeds with the Acquisition.

Until the Company has evaluated the tenements and assessed the size of the exploration and evaluation programme that would be required should the Company elect to proceed with the Acquisition, Batavia is not able to determine the final size and structure of any capital raising.

Capital Structure if the Acquisition proceeds	Shares	Listed Options (\$0.135)	Unlisted Options (\$0.135)
Currently on issue	113,000,412	46,812,699	1,000,000
Issued on completion of Acquisition	150,000,000	100,000,000	-
On issue after exercise of acquisition option	263,000,412	146,812,699	1,000,000

Yours faithfully

BATAVIA MINING LIMITED



Terence Smith
Chairman

23 December 2009

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Neil Biddle who is a Member of The Australasian Institute of Mining and Metallurgy and a Director of Batavia Mining Limited. Neil Biddle has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Neil Biddle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

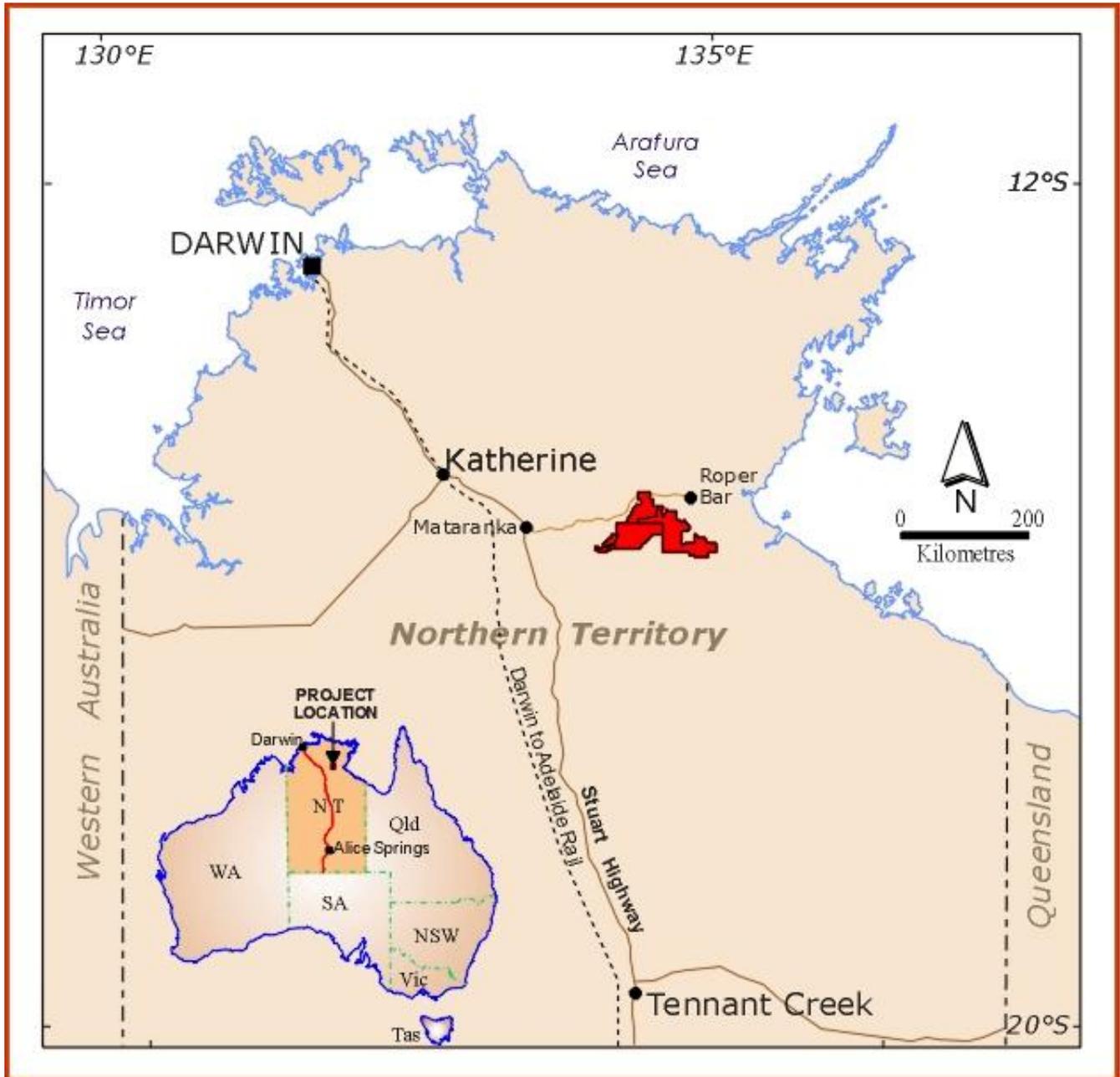


Figure 1: Tenement Location.

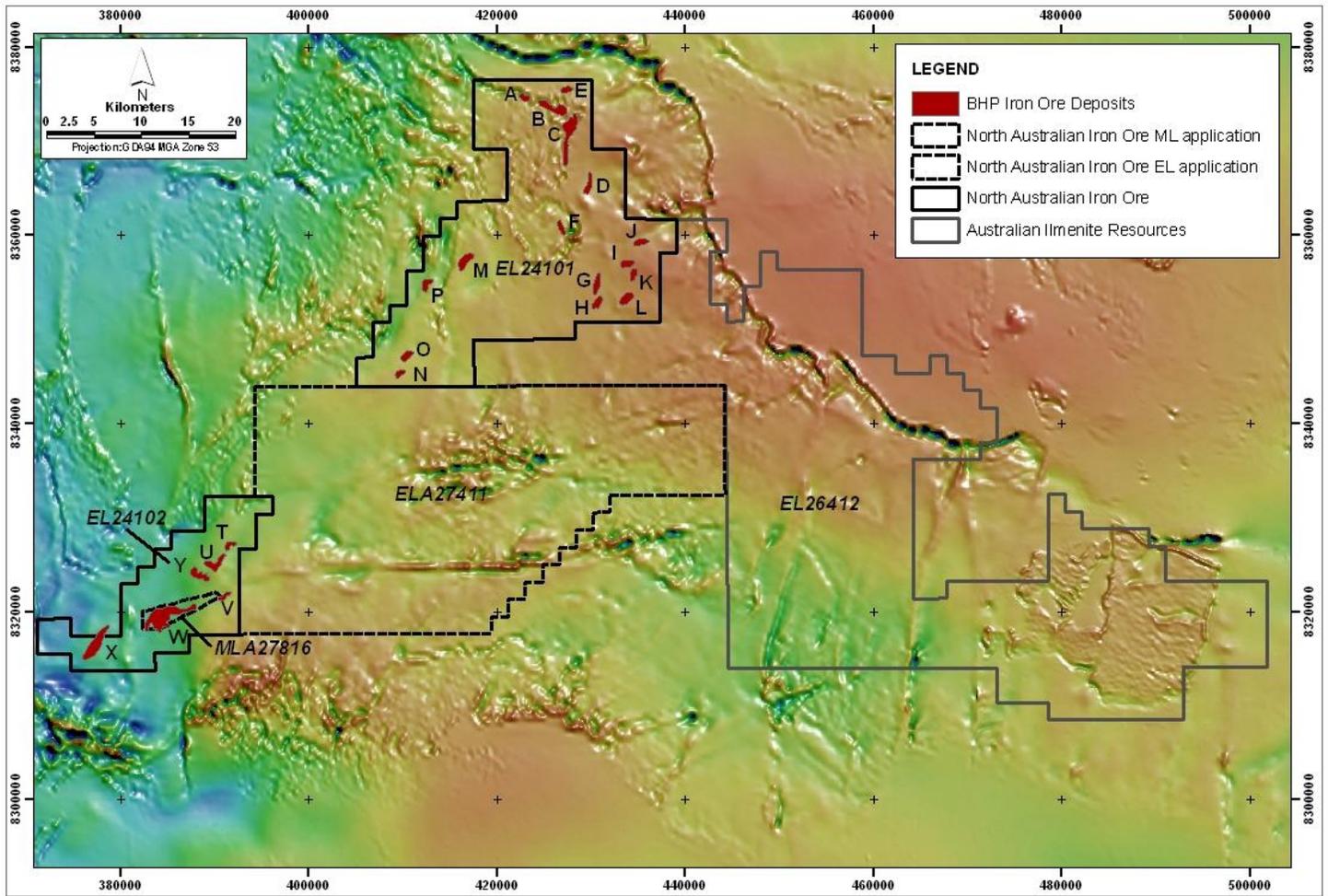


Figure 2: Location of Iron Ore deposits designated A-Z.

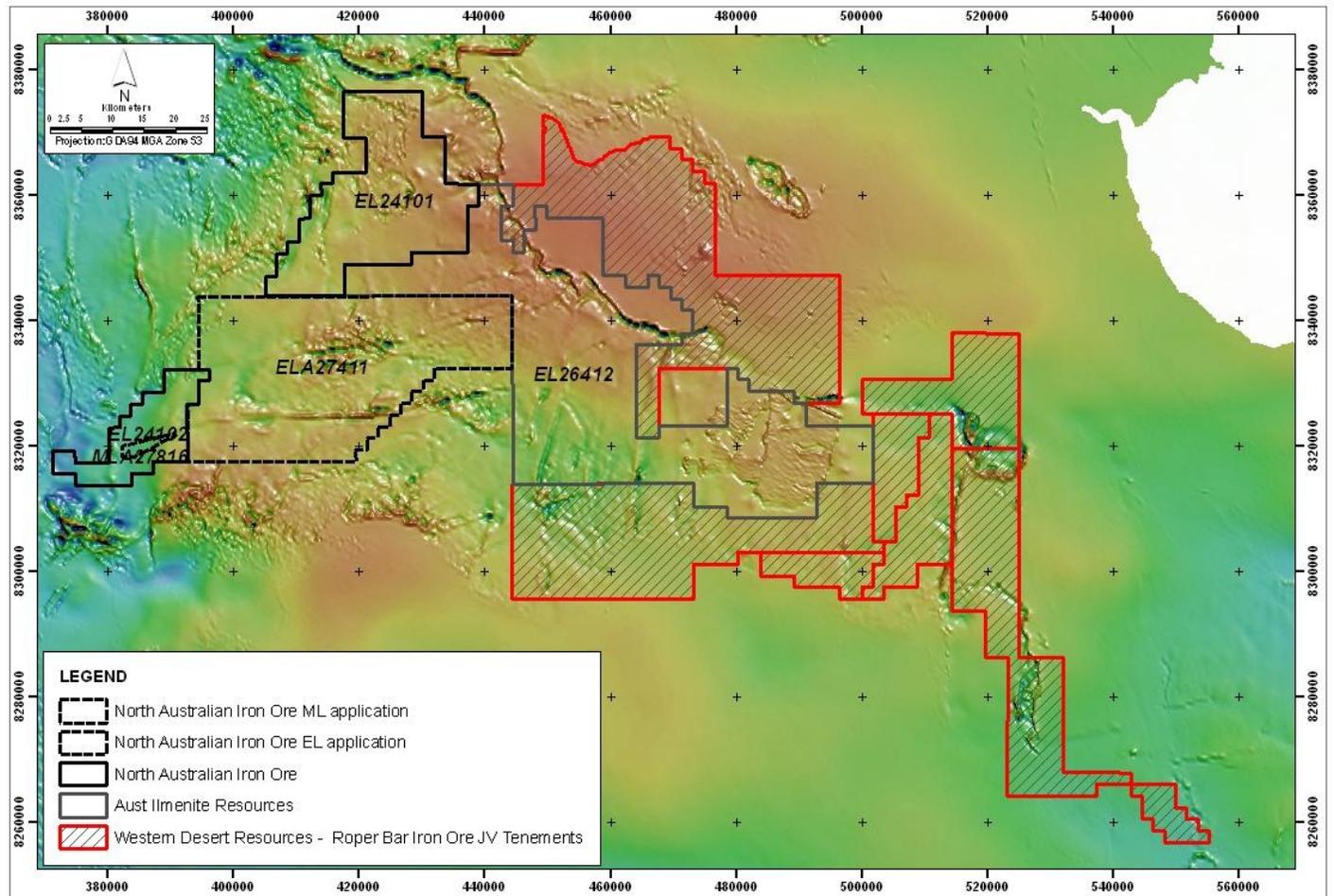


Figure 3: Roper Bar Exploration Licenses which adjoin EL 26412 to the south and east.