



("Thabex" or "the Company" or "the Group")

Registration Number 1988/000763/06

(Incorporated in the Republic of South Africa)

JSE share code: TBX ISIN Code: ZAE000013686

Young Lions Exploring Africa

CONDENSED INTERIM REVIEWED GROUP RESULTS FOR THE SIX MONTHS ENDED

31 AUGUST 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	As at	As at	As at
	31 August 2011 Reviewed R'000	31 August 2010 Reviewed R'000	28 February 2011 Audited R'000
Assets			
Non-current assets	12 321	17 962	17 476
Plant and equipment	2 664	3 723	3 237
Exploration and evaluation assets	9 657	14 239	14 239
Current assets	1 935	1 992	1 601
Inventories	977	900	666
Short-term trading investments	27	24	24
Trade and other receivables	870	742	855
Cash and cash equivalents	61	326	56
Total assets	14 256	19 954	19 077
Equity and liabilities			
Capital and reserves			
Share capital	2 545	2 399	2 399
Share premium	28 559	27 975	27 975
Accumulated loss	(30 337)	(22 935)	(23 477)
Equity attributable to equity holders of the Group	767	7 439	6 897
Non-controlling shareholders' interest	1 821	2 560	2 026
Total equity	2 588	9 999	8 923
Non-current liabilities	1 937	1 937	1 937
Loans and borrowings	1 937	1 937	1 937
Current liabilities	9 731	8 018	8 217
Bank overdraft	169	170	196
Trade and other payables	4 726	3 553	3 501
Short-term loans	4 295	3 820	4 045
Taxation payable	541	475	475
Total equity and liabilities	14 256	19 954	19 077

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Six months ended	Six months ended	Year ended
	31 August 2011 Reviewed R'000	31 August 2010 Reviewed R'000	28 February 2011 Audited R'000
Revenue	-	121	409
Cost of sales	-	(99)	(333)
Gross profit	-	22	76
Other operating income	-	345	544
Impairment of exploration and evaluation assets	(4 582)	-	-
Administration expenses	(680)	(224)	(1 163)
Other operating expenses	(1 724)	(1 943)	(3 067)
Operating loss	(6 986)	(1 800)	(3 610)
Finance income	3	-	3
Finance expenses	(82)	(14)	(26)
Loss and total comprehensive loss for the period	(7 065)	(1 814)	(3 633)
Attributable to:			
Equity holders of the parent	(6 860)	(1 741)	(3 017)
Non-controlling shareholders' interest	(205)	(73)	(616)
Basic loss per share (cents)	(2.83)	(0.73)	(1.26)
Diluted basic loss per share (cents)	(2.83)	(0.73)	(1.26)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 August 2011 Reviewed R'000	Six months ended 31 August 2010 Reviewed R'000	Year ended 28 February 2011 Audited R'000
Net cash outflow from operating activities	(735)	(406)	(1 447)
Net cash inflow from investing activities	38	509	9
Net cash inflow from financing activities	730	-	1 244
Increase/(Decrease) in cash and cash equivalents	33	103	(194)
Cash at the beginning of the period	(141)	53	53
Cash at the end of the period	(108)	156	(141)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 August 2011 Reviewed R'000	Six months ended 31 August 2010 Reviewed R'000	Year ended 28 February 2011 Audited R'000
Share capital at the end of the period	2 545	2 399	2 399
Ordinary shares issued	146	-	-
Share capital at the beginning of the period	2 399	2 399	2 399
Share premium at the end of the period	28 559	27 975	27 975
Share premium on ordinary shares issued	584	-	-
Share premium at the beginning of the period	27 975	27 975	27 975
Accumulated loss at the end of the period	(30 337)	(22 935)	(23 477)
Loss and total comprehensive loss for the period	(6 860)	(1 741)	(3 017)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	298	1 032
Accumulated loss at the beginning of the period	(23 477)	(21 492)	(21 492)
Total equity attributable to the equity holders of the parent	767	7 439	6 897
Non-controlling shareholders' interest at the end of the period	1 821	2 560	2 026
Loss and total comprehensive loss for the period	(205)	(73)	(616)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	203	212
Non-controlling shareholders' interest at the beginning of the period	2 026	2 430	2 430
Total equity at the end of the period	2 588	9 999	8 923

NOTES
SEGMENTAL ANALYSIS

	Six months ended 31 August 2011 Reviewed R'000	Six months ended 31 August 2010 Reviewed R'000	Year ended 28 February 2011 Audited R'000
Total segment assets			
Thabex Ltd – exploration and management services	19 854	16 792	15 656
Tradepost 121 (Pty) Ltd - Monastery kimberlite project	7 105	7 466	7 173
Salt River Resources Ltd - base mineral project	7 366	7 356	7 367
Angel Diamonds (Pty) Ltd - Kolo kimberlite project	1 915	3 512	2 030
Minnex Exploration (Pty) Ltd – alluvial and kimberlite projects	465	822	751
Reportable assets	36 705	35 948	32 977
Assets not allocated to segments	41	159	57
Consolidation adjustments and inter-company eliminations	(22 490)	(16 153)	(13 957)
Total assets	14 256	19 954	19 077
Total segment liabilities			
Thabex Ltd – exploration and management services	10 246	6 972	7 234
Tradepost 121 (Pty) Ltd - Monastery kimberlite project	3 331	2 722	3 161
Salt River Resources Ltd – base mineral project	8 641	8 785	8 641
Angel Diamonds (Pty) Ltd – Kolo kimberlite project	554	2 873	2 657
Minnex Exploration (Pty) Ltd - alluvial and kimberlite projects	936	847	830
Reportable liabilities	23 708	22 199	22 524
Liabilities not allocated to segments	3 364	2 981	3 088
Consolidation adjustments and inter-company eliminations	(15 404)	(15 225)	(15 458)
Total liabilities	11 668	9 955	10 154
External revenue			
Thabex Ltd	-	121	372
Tradepost 121 (Pty) Ltd	-	-	37
	-	121	409

Finance income			
Thabex Ltd	3	-	2
Tradepost 121 (Pty) Ltd	-	-	1
Salt River Resources Ltd	-	-	-
Minnex Exploration (Pty) Ltd	-	-	-
	3	-	3
Finance expense			
Thabex Ltd	4	5	8
Tradepost 121 (Pty) Ltd	-	-	-
Angel Diamonds (Pty) Ltd	12	9	18
Minnex Exploration (Pty) Ltd	66	-	-
Inter-company elimination	-	-	-
	82	14	26
Segment profit/(loss)			
Thabex Ltd	456	151	(1 248)
Tradepost 121 (Pty) Ltd	(238)	(362)	(1 094)
Salt River Resources Ltd	(1)	(2)	153
Angel Diamonds (Pty) Ltd	1 987	(65)	(1 330)
Minnex Exploration (Pty) Ltd	(96)	-	(54)
Reportable profit/(loss)	2 108	(278)	(3 573)
Other subsidiaries	(292)	(36)	(245)
Consolidation adjustments and inter-company eliminations	(8 802)	(1 500)	185
Loss before interest and taxation	(6 986)	(1 814)	(3 633)

BASIS OF PREPARATION

The Group's condensed consolidated interim financial results for the six months ended 31 August 2011 are prepared and presented in accordance with International Financial Reporting Standards, International Accounting Standard IAS 34 *Interim Financial Reporting*, South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice (AC 500 Series), the Companies Act, 2008 (Act 71 of 2008) and the Listings Requirements of JSE Limited ("the Listings Requirements"). The accounting policies applied by the Group in these condensed consolidated financial statements, which are based on reasonable judgments and estimates, are consistent with those applied in the previous year.

These financial results have been prepared by M Welthagen - P Eng (Int), MEng, MPhil, BComm Hons.

NET ASSET VALUE AND HEADLINE EARNINGS PER SHARE

NET ASSET VALUE	Six months ended 31 August 2011 Reviewed	Six months ended 31 August 2010 Reviewed	Year ended 28 February 2011 Audited
Net asset value per share (cents)	0.30	4.17	2.88
Net tangible asset value per share (cents)	(3.49)	(1.77)	(3.06)
Shares in issue	254 468 870	239 868 870	239 868 870
RECONCILIATION OF HEADLINE LOSS			
	R'000	R'000	R'000
Loss attributable to equity holders of the parent	(6 860)	(1 741)	(3 017)
Impairment of exploration and evaluation assets	4 582	-	-
Loss on disposal of equipment and vehicles	61	-	-
Headline loss	(2 217)	(1 741)	(3 017)
Weighted average of number of shares in issue	242 646 044	239 868 870	239 868 870
Diluted weighted average of number of shares in issue	242 646 044	239 868 870	239 868 870
Headline loss per share (cents)	(0.91)	(0.73)	(1.26)
Diluted headline loss per share (cents)	(0.91)	(0.73)	(1.26)

RESULTS AND FINANCIAL POSITION

The Group continued with its exploration activities and the headline loss per share increased from 0.73 cents to 0.91 cents. The net asset value per share decreased from 2.88 cents to 0.30 cents during the interim period. The loss for the period is stated after the R4.58 million impairment of an exploration and evaluation asset in Minnex Exploration (Pty) Ltd ("Minnex") as there has been no confirmation that the applicable Prospecting Permit has been renewed.

Share capital and share premium increased by R730 000 as a result of the specific issues of shares for cash ("specific issues") which are still to be approved by the JSE.

Short term loans increased from R4.0 million in February 2011 to R4.3 million as a result of a further advance by Dr JA Cruise, a related party (Non-executive Chairman of Salt River Resources Ltd ("SRR"), a subsidiary of Thabex), who has undertaken not to request repayment until such date that the Group's current assets exceed its current liabilities. From 30 November 2011 the short term loan will carry interest at a rate of 5 percent per annum.

Contingent liabilities

In the annual financial statements for the year ended 28 February 2011, the Group reported a contingent liability of R5.81 million against possible legal action from Mantle Diamonds Limited ("Mantle Diamonds") for expenditure incurred by that company for their own account and risk on the Kolo Kimberlite project in Angel Diamonds (Proprietary) Limited ("Angel Diamonds"). The possibility for a liability has diminished to such an extent that Thabex's board of directors ("the Board") do not consider there to be a likelihood of success by Mantle Diamonds should they institute a claim especially as Mantle Diamonds did not oppose the liquidation application of Angel Diamonds. Thabex also has contingent liabilities in respect of a dispute relating to the capitalisation of minority shareholders loan accounts in Angel Diamonds for R1.33 million. Furthermore should a judgement for liquidation of Thabex be in favour of the applicant, Thabex will appeal immediately and if not successful an estimated amount of R1 million may be payable as legal costs.

Dividends

No dividends have been declared during the period under review (2010: nil).

Directorate

There were no changes to the Board during the period under review.

Subsequent events

The Board is not aware of any material events or circumstances that have occurred between the end of the August 2011 interim period and the date of this report, which may have a material impact on the Group that has not already been addressed in this report.

Going concern

The Group incurred a net loss of R7.1 million (2010: R1.8 million) for the six month period ended 31 August 2011. At that date, the Group's current liabilities exceeded its current assets by R7.8 million (2011: R6.6 million).

The processing of the oxidised dump on the Monastery Mine area achieved the required results during the period under review to enable the Board to make reasonable estimates and assumptions about the finalisation of a mining plan and capital requirements. Thabex and its corporate advisor, PanMin Global Limited, have commenced talks with investors to raise sufficient funding to commence mining operations, subject to the finalisation of all the regulatory requirements, during the next twelve months.

Although the Board is encouraged by the developments at Monastery Mine, the Board has also considered the Company's present financial position and will be recommending, subject to the Listings Requirements and the completion of an independent Competent Persons Report ("CPR") on the Monastery Kimberlite project, that Thabex proceed to raise approximately R10 million before costs through a rights issue to reduce the Company's current liabilities to a more sustainable level. The proceeds from the proposed rights issue have been included in the Group's cash flow forecast on the basis that it is expected to be completed by the end of May 2012. Most of Thabex's major shareholders have indicated that they will take up their rights. In addition to the above, the Group has planned specific issues to raise R2 million at 100 cents per share in December 2011. Thabex has been able to obtain irrevocable letters of intent to enable the Company, subject to the Listings Requirements, to effect these specific issues.

This capital raising is expected to produce sufficient cash to allow the Company and its subsidiaries to meet their obligations in the normal course of business for the foreseeable future. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

Should this fundraising not be successful, there is a material uncertainty that may cast significant doubt on the ability of the Company and its subsidiaries to realise their assets and settle their liabilities in the normal course of business.

Review opinion

These condensed consolidated financial results have been reviewed by the Company's auditor, KPMG Inc. The Company's auditor has disclaimed a conclusion on the condensed consolidated financial results of the Group as at and for the six month period ended 31 August 2011. The review report on these condensed consolidated financial results is available for inspection at the Company's registered office. An extract of the disclaimer of conclusion on these results is set out below:

"Basis for disclaimer of conclusion

The going concern paragraphs in the selected notes accompanying the condensed group interim results for the six month period ended 31 August 2011 gives details of the fundraising assumptions that are expected to result in the Company and its subsidiaries being able to obtain sufficient cash to meet their obligations in the normal course of business for the foreseeable future. These paragraphs indicate that should this fundraising not be successful, there is a material uncertainty that may cast significant doubt on the ability of the Company and its subsidiaries to realise their assets and settle their liabilities in the normal course of business. Because the plans relating to the fundraising are not sufficiently advanced, it is not possible to conclude on whether the assumptions relating to the fundraising are reasonable and supportable.

Comparatives are those disclosed in the group financial statements for the year ended 28 February 2011 and the condensed interim group results for the six months ended 31 August 2010. We issued a disclaimer of opinion on the group financial statements for the year ended 28 February 2011 and a disclaimer of conclusion on the condensed interim group results for the six months ended 31 August 2010.

Disclaimer of conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the accompanying financial information. Accordingly, we do not express a conclusion on the condensed interim group results."

COMMENTARY

Diamonds in the Kingdom of Lesotho

Angel Diamonds submitted an application for a Mining License to the Commissioner of Mines in Lesotho on 12 December 2008. Thabex has reported the legal matters regarding Angel Diamonds in detail on SENS. Even though the Liquidation Application on 8 October 2010 by Mr TP Mosebo, a director of Angel Diamonds, was discharged with costs, it has come to the attention of the Board that, on the very same day Mr Mosebo applied for liquidation of Angel Diamonds, a new company, Reskol Diamond Mining (Proprietary) Limited, a subsidiary of French listed Batla Minerals SA, was registered in the Kingdom of Lesotho, with Messrs Mosebo and Engelbrecht as shareholders and directors. Furthermore, it appears that all fiduciary duties of Messrs Mosebo and Engelbrecht, being the High Court appointed managers of Angel Diamonds to that company and its shareholders, were deliberately ignored and Thabex will be laying further fraud charges against them for seizing the corporate opportunity of Angel Diamonds for their own benefit.

Shareholders are referred to the update about the various High Court actions published on SENS on 1 December 2011. On 5 December 2011 the Honourable Judge, presiding over the matter, postponed the hearing in the main interdict (Case CIV/APN/664/2010 of 30 November 2010) and the interdict of 30 September 2011, to 11 June 2012. Considering the numerous court papers which are in the public domain, neither the above minority shareholders, the provisional liquidators, the Commissioner of Mines and Geology, the Minister of Natural Resources, nor the Prime Minister of the Kingdom of Lesotho are able or willing to account for the 1 000 carats produced during the period Mantle Diamonds was involved in the project.

Diamonds in South Africa

Minnex Exploration (Proprietary) Limited ("Minnex")

Minnex has a royalty agreement with Steyn Diamante CC. Once alluvial diamond mining commences on the Farm Middelwater about 40km north of Prieska in the Northern Cape Province, 2.5% of turnover will be paid as a royalty. Minnex has been unable to confirm that the Prospecting Right on the area has been renewed and as a result has impaired the exploration and evaluation asset by R4.58 million.

Monastery Mine (Proprietary) Limited (“Monastery”)

Monastery is situated about 15km south of the town of Marquard in the Free State Province. Prospecting activities have so far consisted of sampling, analysis and metallurgical test. Since the commencement of the oxidised dump testing during July 2010 to date, a total of 1 197ct of rough diamonds have been produced, including the production by Dry Harts Diamonds CC (“Dry Harts”). The largest rough diamond produced by Thabex at Monastery was a 23.95ct pure diamond. The contract with Dry Harts was cancelled on 13 November 2011, due to their inability to produce diamonds at the required rate of production. Monastery is planning to appoint a new contractor during January 2012.

Analysing the above results, and taking into account the estimated dilution factor when the oxidised dump was stacked during 1980, the bottom cut off screen size of 3 mm utilised during the production of the above results and comparing both the expected quality and grade, these results compare favourably to the results achieved during 1980 to 1983 when about 14 000 carats were produced. The expected grade for the first 100 meters of the Monastery Kimberlite pipe is an estimated 25cpt (carat per hundred tons).

Monastery has also conducted several meetings with interested and affected parties during the period under review and applied for an extension to its Prospecting Right in order to facilitate the finalisation of the planned refurbishment of its present 100 tons per hour Dens Medium Separator recovery plant to include the recovery of the ilmenite content of the Monastery Kimberlite to further enhance the economic viability of the project.

Renewal of cautionary announcement

Shareholders are referred to the renewal of cautionary announcement of 6 December 2011 and are advised to continue exercising caution when dealing in the Company's securities.

Diamonds in Namibia

Minnex Exploration Namibia (Proprietary) Limited (“Minnex Namibia”) (an 80% subsidiary of Minnex)

Minnex Namibia has applied for an extension of the prospecting rights to the two Exclusive Prospecting License areas during July 2011 and the outcome of the application is pending.

Salt River Resources Limited (“SRR”)

SRR has engaged an independent consultant to update the Company's CPR, previously approved by the JSE, for the proposed rights offer in Thabex as detailed in the going concern paragraph above.

Future prospects

Production results from the oxidised dump at Monastery Mine confirms that the number of gem quality rough diamonds in the Monastery Kimberlite are at least 20% of the total rough diamond production as previously reported and the size frequency distribution of the rough diamonds recovered confirms the possibility of recovering large rough diamonds. The largest rough diamond of 244ct was reported during 1972. Metallurgical testing of the high ilmenite content at Monastery is necessary to ensure the turning to account of this project. SRR is continuing to conduct a pre-feasibility study of the Salt River Base Mineral Project. SRR has not been able to secure funding to complete a Bankable Feasibility Study of its poly-metallic (Cu-Pb-Zn-Ag-Au) project in the Kenhardt district of the Northern Cape Province and is considering several funding options to proceed. Save for the litigation regarding the granting of the Mining License in the Kingdom of Lesotho, no other changes in the mineral information of the Company have occurred during the period under review.

On behalf of the Board

Jeffrey Raymond Rapoo
Chairman

MJ Ratshedi
Executive Director

Johannesburg
8 December 2011

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