



**Thabex Exploration Limited**



***Annual Report***

2003

purediamonds



## PROFILE

Thabex has a diversified portfolio of mineral exploration projects in South and Southern Africa.

Pure Diamonds Limited, a wholly owned subsidiary of the Company, is established in the old mining camp of Kimberley and is focusing its exploration and mining activities on:

- *alluvial and kimberlite deposits*
- *diamonds of exceptional quality and size*
- *Near surface diamondiferous deposits amenable to low cost mining.*

Pure Diamonds Limited markets high-quality pure cut diamonds.

Thabex also explores for gold, platinum and base minerals.

## MISSION

***Explore, search and turn to account mineral projects in South Africa and Southern Africa in an environmentally friendly manner, using professional teams, to benefit shareholders, employees and the people of the region.***

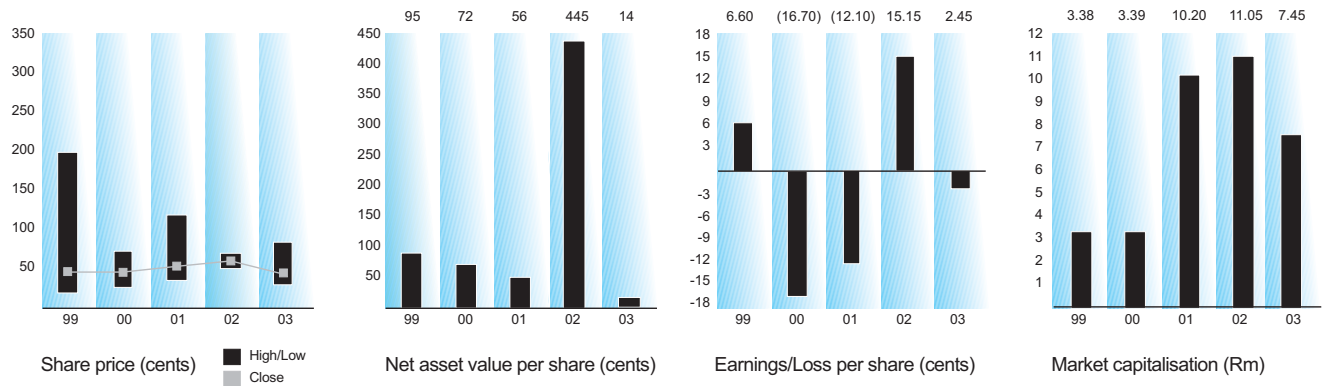


## CONTENT

1	Salient features
2	Chairman's review
4	Directorate and administration
5	Group structure and exploration portfolio
6	Location of exploration projects in Southern Africa
7	Review of exploration projects
13	Contents of the financial statements
37	Extract from Competent Person's Report
38	Shareholders' analysis
38	Shareholders' diary
39	Notice of annual general meeting
41	Form of proxy
43	Summary of mineral reserves and mineral resources

## SALIENT FEATURES

	Company		Group	
	2003	2002	2003	2002
Number of shares at year-end	<b>17 006 887</b>	17 006 887	<b>17 006 887</b>	17 006 887
Net asset value per share (cents)	<b>14,29</b>	445,59	<b>14,29</b>	445,24
Headline (loss)/earnings per share (cents)	<b>(2,49)</b>	16,23	<b>(2,43)</b>	15,88
(Loss)/earnings per share (cents)	<b>(57,71)</b>	16,23	<b>(57,35)</b>	15,88
Dividends per share (cents)	-	-	-	-



## CHAIRMAN'S REVIEW

### DEAR SHAREHOLDER

Thabex is focusing its exploration activities on alluvial diamond deposits and is also positioning Pure Diamonds Ltd ("Pure Diamonds"), a wholly-owned subsidiary, to trade, manufacture and market quality-polished pure diamonds.

Your Company is now the only remaining active exploration company listed from the previous Mining Exploration sector (not under suspension or to be delisted) on the Johannesburg Securities Exchange South Africa ("JSE"). The board of Thabex is of the opinion that South Africa with its rich mineral endowment assures the Company of a long term future even if the listing on the JSE does mean that Thabex is unable to raise funds for its projects over the short term. To this end your Company will maintain a policy of not engaging in new exploration projects other than alluvial diamond projects and to turn to account its existing projects.

Thabex is actively engaged to facilitate Black Economic Empowerment ("BEE") in the diamond industry, which for many years has been inaccessible to many black mining entrepreneurs. Taung Diamonds Ltd, 50% held by BEE partner Khunologo Diamonds (Pty) Ltd and 37,5% held by Pure Diamonds, is investigating various alluvial diamond prospects along the Vaal and Harts Rivers.

Pure Diamonds also provides consulting services regarding exploration, mining and marketing of rough diamonds to previously disadvantaged communities.

Thabex is, however, of the opinion that BEE attains its maximum value only if it is linked to simultaneous acquisition of skills. Thabex's alliance with its BEE partners takes full cognisance of this factor, so that a high priority is given to transfer of skills, both as far as technical and business-related issues are concerned.

Your Company has commenced with the re-validation of its Mokopane (Potgietersrus) Platreef Project in the Limpopo Province with the view of producing a new bankable feasibility. On completion Thabex will consider turning to account the

project in an environmentally friendly manner to the benefit of its shareholders and the people of the region.

The Company's gold prospecting is limited to alluvial gold deposits in the North West and Mpumalanga Provinces. The exploration of these deposits is at an early stage and remains limited to desk top studies.

The Kowares base mineral project east of the town of Sesfontein in Namibia was abandoned. Thabex and the private owner were not able to conclude a joint venture agreement with the Namibian authorities to fund a regional geophysical and geochemical survey over the area prior to the expiry of the Exclusive Prospecting Licence.

The Geelvloer Project is a prospective mineralised area, which would warrant further investigation. The indicated resources are estimated at 8 Mt of potentially mineable ore grading at 0,8% Copper, 2,3% Zinc, 0,6% Lead, 24 g/t Silver and 0,8 g/t Gold. Thabex obtained all the information archived by the now liquidated Goldfields of South Africa Ltd on open file at the Council of Geosciences. The potential of Geelvloer is now being re-evaluated to better understand the geological structure of the Geelvloer Project and to further re-define the resource model.

As its exploration projects mature, Thabex is giving attention to the evolution of an appropriate, flexible strategy with its corporate message focusing on:

- ❖ attracting strategic investors, joint venture partners or larger mining companies,
- ❖ maximising internal growth by turning to account bankable projects,
- ❖ to remain involved in the further development of mining operations, and
- ❖ leveraging positive market sentiment towards resource companies, in achieving a re-rating of Thabex in tandem with its achievements, capabilities and vision.



The Company complies with the SAMREC Code and has revalued its mineral rights to reflect the value of these rights in terms of the best practice of the mining industry.

The introduction of the new mining dispensation in South Africa is causing uncertainty in the industry, as various new legislation documents are being produced. After the release of the first draft of the Mining Charter, a new route was adopted to present major change to the mining regulatory environment. This and other proposed changes to legislation, for example the new Precious Metals and Money Bill are just some of the concerns affecting the market.

The main concern to the Company is the practical implementation of all the Acts and Regulation documents, such as the "Score Card" and whether sufficient resources are being applied to ensure efficient administration of the new regulatory environment in the mining industry.

Thabex will convert the mineral rights which it owns or has access to, to New Order Rights as soon as the Mineral and Petroleum Resources Development Bill of 2002 has been officially promulgated.

In view of the increased risk and uncertainty relating to security of tenure and the current market conditions the Board has considered it prudent to impair all the Company's options, mineral rights and participation rights.

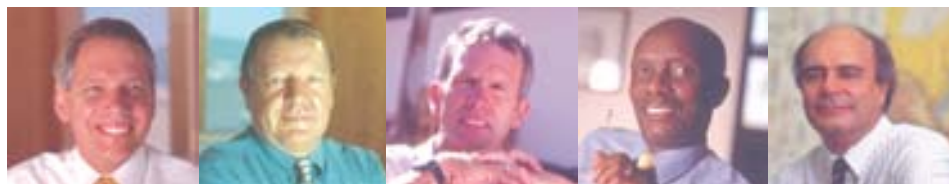
Thabex is committed to excellence in the South African Mining industry and is actively engaged in the implementation of the "triple bottom line" approach towards corporate governance to report to and empower its shareholders, employees and communities it operates in and the environment.

Your company's share register is now 86,79% dematerialised under the STRATE ("Share Transactions Totally Electronic") system. Shareholders still holding paper share certificates are encouraged to submit these to be dematerialised.

Thabex is proud of being a South African exploration and mining company and all the directors of the Company are commended for their loyalty and endeavours to make the new mining dispensation work.

M Welthagen  
Chairman and Chief Executive  
20 May 2003





## DIRECTORATE AND ADMINISTRATION

### DIRECTORS

#### M Welthagen

(Chairman and Chief Executive) P Eng (Int) MEng (Mining)  
MPhil (Mineral Economics) BComm Hons (Economics)  
MSAIMM FGSSA MPDAC MECSA

#### JL Bosch

(Executive) MSc (Geology) PrSciNat MGSSA

#### AP Roux

(Non-executive) BAgric

#### JR Rapoo

(Non-executive) BComm (Accounting) BCompt (Hons)

#### Prof DL Reid

(Non-executive) DPhil (Geochemistry) MSc (Geology)  
BSc Hons (Geology) PrSciNat MGSSA FSEG

### SECRETARIES

SA Mineral Investments (Proprietary) Ltd  
(Registration no 1981/004619/07)  
51 Austin Street Northcliff Johannesburg 2195

### REGISTERED OFFICE

KPMG Forum 1226 Schoeman Street Hatfield Pretoria 0083

### BROKERS

PSG Online Securities Ltd (Member of the JSE Securities Exchange  
South Africa) (Registration no 1996/000509/06) 3rd Floor TA Building 160  
Jan Smuts Avenue Rosebank 2196

### TRANSFER SECRETARIES

Ultra Registrars (Pty) Ltd  
(Registration no 2006/007239/07)  
11 Diagonal Street Johannesburg 2001

### SPONSOR

PSG Capital Ltd (Registration no 2002/017362/06)  
1 st Floor Old Kollege 35 Kerk Street Stellenbosch 7600

### AUDITORS

KPMG Inc (Registration no 1999/021543/21)  
KPMG Forum 1226 Schoeman Street Hatfield Pretoria 0083

### COMMERCIAL BANKERS

First National Bank of Southern Africa Ltd  
(Registration no 1971 /009695/06) Johannesburg Branch  
80 Market Street Johannesburg 2001

### LAWYERS

Brink Cohen Le Roux & Roodt Inc (Registration no 1993/004501/21)  
BCLR House 19 West Street Houghton Johannesburg 2198

### STRATE

STRATE Ltd (Registration no 1998/22242/06)  
5th Floor One Exchange Square 2 Gwen Lane Sandown 2196

### POSTAL ADDRESS

PO Box 3899 Northcliff Johannesburg 2115

### TELEPHONE NUMBER

0860THABEX (0860 84 2239)

### WEBSITE ADDRESS

[www.thabex.com](http://www.thabex.com)

### E-MAIL ADDRESS

[info@thabex.com](mailto:info@thabex.com)

### SHARE CODES

ISIN code ZAE000013686 **JSE code TBX**

## GROUP STRUCTURE

	Diamex JV (Pty) Ltd	67,3%
	Pilanesberg Gold Holdings (Pty) Ltd	50%
	Platinexco (Pty) Ltd	100%
	Pure Diamonds Ltd	100%
	Thaba Egoli Mining and Exploration Ltd	100%

## EXPLORATION PORTFOLIO

DIAMONDS	Pure Diamonds
	Taung Diamond Projects
GOLD	Pilanesberg Gold Projects
PLATINIUM	Mokopane (Potgieterius) Platreef Projects
BASE MINERALS	Geelvloer Projects: Lead-Zinc-Copper-Silver-Gold
	Kowares: Copper-Lead-Zinc ( <i>abandoned</i> )



## LOCATION OF EXPLORATION PROJECTS IN SOUTHERN AFRICA





## REVIEW OF EXPLORATION PROJECTS

The following projects are being explored, investigated and evaluated

*Thabex remains focused on exploration and prospecting of high-quality diamond projects with the view of turning to account these projects. The Company is also engaged in further beneficiation of the diamonds recovered by marketing the higher quality diamonds to the manufacturers of diamond jewellery, private buyers and investors.*

*Thabex is conducting a re-validation of the Mokopane (Potgietersrus) Platreef Project feasibility study with the view of turning to account the project.*

### DIAMONDS

#### **Pure Diamonds Ltd ("Pure Diamonds") (Thabex - 100%)**

This company is establishing a market for polished quality gem "pure" diamonds and provides consulting services to empowerment companies wishing to enter into diamond prospecting and marketing. Pure Diamonds has initiated various empowerment projects ranging from small-scale mining in the Lichtenburg district to larger potential projects in the Kimberley region.



#### **Taung Diamond Mines Ltd ("Taung Diamonds")**

##### **(Pure Diamonds - 37,5%)**

Taung Diamonds and BEE partner, Khunologo Diamonds, have commenced an investigation to commence exploration on the farms Kaffraria 314HO and certain portions of the farm Christiana Town & Townlands 325HO along the alluvial occurrences north of Christiana on the Vaal River in the North West Province. Applications for prospecting permits for both properties have been submitted to the DME and approval is pending.

Taung Diamonds holds a 10% shareholding in Cinprop 0002 (Pty) Ltd ("Cinprop"). Cinprop has conducted exploration in the Matolong area along the palaeo Harts River (See location map) and has generated exploration

information indicating a resource of diamondiferous gravels. Negotiations with the Baphuduhucwana Tribal Authority were successful and Cinprop is awaiting approval of its application for a renewal of its prospecting permit TP26/2000. Taung Diamonds has acquired (with effect from 1 March 2003) a 50% shareholding in Tradepost 121 (Pty) Ltd, a rough diamond dealing company as a BEE initiative to be based in Hartswater.

Taung Diamonds welcomes MP OR Kasienyane as non-executive chairperson and trust that under her guidance the company will be able to develop into a successful diamond mining company.

#### **Diamex JV (Pty) Ltd ("Diamex") (Thabex - 67,3%)**

Diamex acts as the manager of Taung Diamonds' prospecting and exploration activities along the Vaal and Harts Rivers, while the company also assists previously disadvantaged persons and communities to prospect, explore, mine and evaluate their potential diamondiferous gravel areas.

Diamex will act as manager and contractor, subject to a contracting agreement being negotiated with Taung Diamonds, for alluvial mining operations.

### GOLD

#### **Pilanesberg Gold Holdings (Pty) Ltd ("Pilanesberg Gold") (Thabex - 50%)**

Pilanesberg Gold is a gold, platinum and silver bullion trading BEE company. The company is investigating the potential of various alluvial gold deposits in the North West and Mpumalanga Provinces.

The company is presently not actively exploring any gold occurrence and would only activate its exploration research once it can viably be financed by Thabex or other sources of funding.



## PLATINUM

### **Platinexco (Pty) Ltd ("Platinexco")** **(Thabex- 100%)**

The initial feasibility study on the Mokopane (Potgietersrus) Platreef Project, which was completed during February 1992, concentrated on the south-western portion of the Platreef deposit, which Thabex discovered in 1989 on the farm Piet Potgietersrus Town and Townlands 44KS in the Northern Province.

The feasibility study was conducted by LTA-Process Engineers Ltd, SRK Consulting and Rocklabs cc and included metallurgical studies by Mintek.

During November 1999, Thabex reported that it had been awarded the tender for the Mineral Rights of certain portions of the farm Piet Potgietersrus Town and Townlands 44KS.

Thabex is presently engaged in the re-evaluation of the Mokopane (Potgietersrus) Platreef Project, including, inter alia, the investigation of new recovery technologies and new geological models on the formation of massive sulphide-base mineral deposits.

All Thabex's options and prospecting rights, in terms of its Prospecting and Option Agreement with the Mogalakwena Municipality (formerly the Transitional Local Council of Greater Potgietersrus), dated 1 December 1999, were ceded to its wholly-owned subsidiary, Platinexco (Pty) Ltd ("Platinexco").

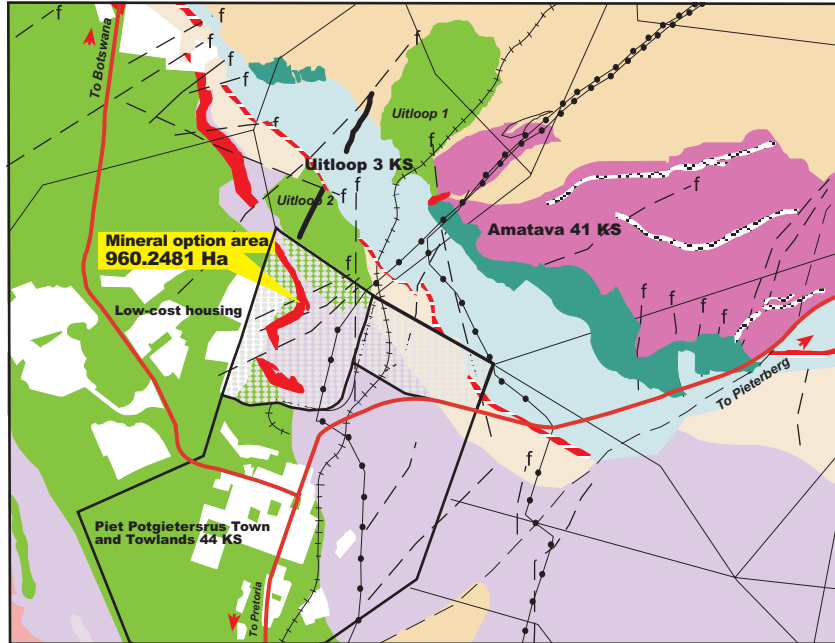


Thabex was unable to raise funds for the revalidation of the previous feasibility study on the Mokopane (Potgietersrus) Platreef Project. In order to achieve its objectives to turn to account the Project, the Company and Platinexco entered into an agreement with Falconbridge Ventures of Africa (Pty) Ltd ("FVA"). FVA is a wholly-owned subsidiary of Canadian-listed Falconbridge Ltd. FVA as joint venture partner performed further work on the Project. Although FVA abandoned their option to acquire the Project, three boreholes were drilled. The borehole drilled on Platreef on the south western portion of the property again confirmed the mineralisation as reported by Thabex in its previous Annual Reports.

Platinexco utilised the results of the FVA drilling on the Platreef to enhance its database of the Project and has engaged the services of consulting firm Lower Quartile Solutions (Pty) Ltd ("LQS") to commence a revalidation of all geoscientific information pertaining to the Project, with the view to producing a revalidated feasibility study, incorporating all the modifying factors that could influence the economic viability of the Project. The opencast mining potential of the indicated mineral resource is 23,69 million tonnes at 0,3% Ni equivalent (2,48 g/t Pt equivalent) at 0,25% equivalent Ni cut-off as previously reported.

Platinexco's Prospecting Permit PP48/2001 covers an area of 1 276 ha and excludes an area of approximately 180 ha on the western border of the prospecting area, which was sterilised by the development of a low-cost housing project, named Aluta Park, during 1995. In view of the FVA results. Thabex will be abandoning the additional area of 496,3 hectares (see Map 1).

# MAP 1 MOKOPANE (POTGIETERSRUS) PLATREEF PROJECT



0 5km  
SCALE: 1 : 100 000

### Geological Legends

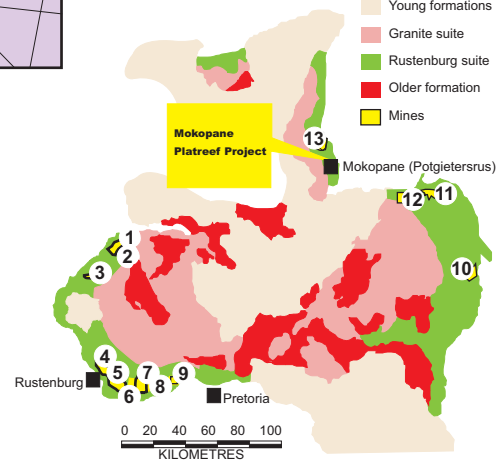
- |  |                        |
|--|------------------------|
|  | Karoo Sequence         |
|  | Sediments              |
|  | Volcanics              |
|  | Granite                |
|  | Mafic                  |
|  | Platreef               |
|  | Sediments              |
|  | Sediments              |
|  | Penge iron formation   |
|  | Dolomite               |
|  | Sediments              |
|  | Granite                |
|  | Amphibolite/mafic/seds |
|  | Banded iron formation  |
|  | Railway line           |
|  | Power lines            |
|  | Tarred road            |
|  | Farm boundary          |
- 
- |  |                      |
|--|----------------------|
|  | Karoo Sequence       |
|  | Waterberg Group      |
|  | Rooiberg Group       |
|  | Bushveld Complex     |
|  | Pretoria Group       |
|  | Chuniespoort Group   |
|  | Malmani Subgroup     |
|  | Black Reef Formation |
|  | Archean Granite      |
|  | Pietersburg Sequence |

### Geological Legends

- |  |                  |
|--|------------------|
|  | Young formations |
|  | Granite suite    |
|  | Rustenburg suite |
|  | Older formation  |
|  | Mines            |

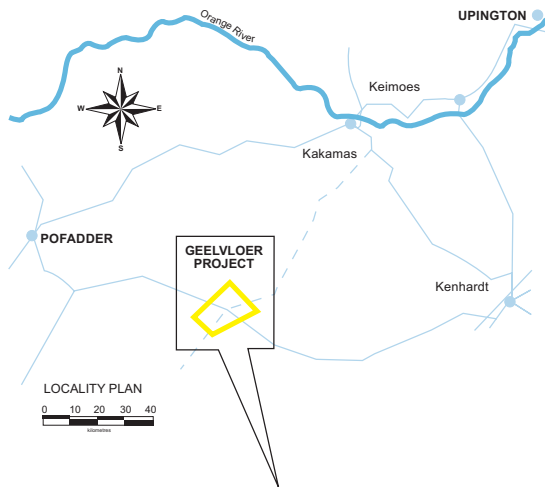
### PGM Mines

- ① Amandelbult
- ② Northam
- ③ Union
- ④ Impala
- ⑤ Rustenburg
- ⑥ Karee
- ⑦ Western Plats
- ⑧ Eastern Plats
- ⑨ Crocodile River
- ⑩ Maandagshoek
- ⑪ Lebowa Plats
- ⑫ Messina
- ⑬ PP Rust



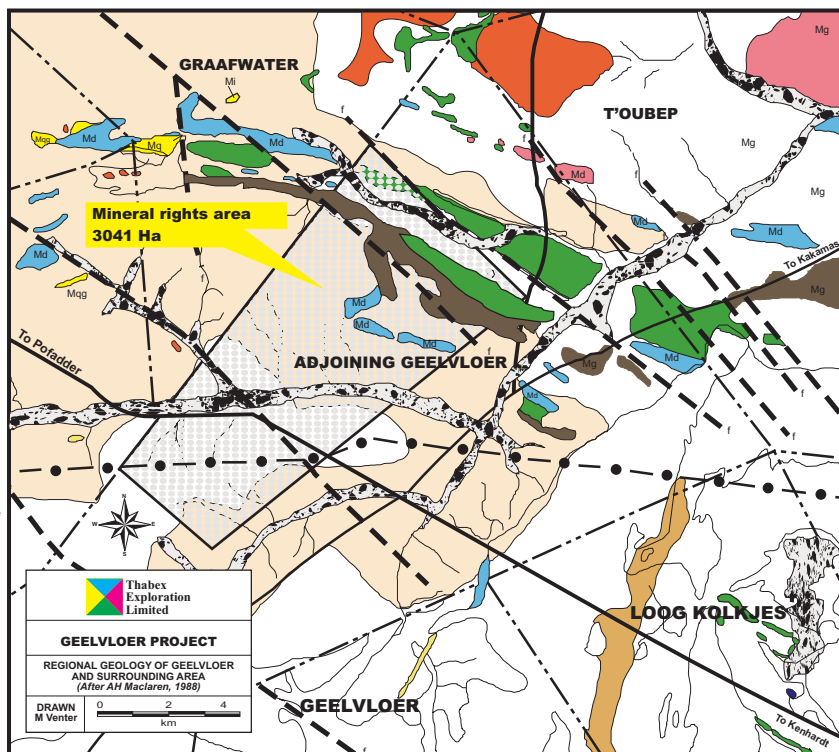
**LEGEND**

- F Fault
- Dry water-course
- Farm boundary
- Main road
- Power line



**MAP 2 GEELVLOER PROJECT**

- |                   |                         |   |                 |
|-------------------|-------------------------|---|-----------------|
| QUARTERNARY       |                         | Alluvium                                |                 |
|                   |                         | Deposits in pans                        |                 |
|                   |                         | Calcrete                                |                 |
|                   |                         | Sand and superficial cover              |                 |
|                   |                         | Gravel of Dwyka Formation               |                 |
|                   |                         | Float of Dwyka Formation                |                 |
|                   | POST TO SYN-TECTONIC    |   | Karoo dolerite  |
|                   |                         |   | Shale           |
|                   |                         |   | Nqv Vein quartz |
|                   |                         |   | Ngp Pegmatite   |
|                   |                         | Md Pyroxene-bearing diorite             |                 |
| PRE-TECTONIC      |                         | Mg Granodiorite-tonalite                |                 |
|                   |                         | Mg Glassy quartzite                     |                 |
|                   |                         | Mgq Granular quartzite                  |                 |
|                   |                         | Mi Iron Formation                       |                 |
|                   |                         | Muscovite-quartz schist                 |                 |
|                   |                         | Mai Red alkali-feldspar granite gneiss  |                 |
|                   |                         | Mam Megacrystic alkali-feldspar granite |                 |
|                   |                         | Calc-silicate gneiss                    |                 |
|                   |                         | Marble                                  |                 |
|                   |                         | Pyroxenite                              |                 |
| BUSHMANLAND GROUP |                         | Calc-silicate conglomerate              |                 |
|                   |                         | Quartzo-feldspathic gneiss              |                 |
|                   |                         | Leptite                                 |                 |
|                   |                         | Cluster amphibolite                     |                 |
|                   |                         | Leucogneiss                             |                 |
|                   | Para-amphibolite gneiss |   |                 |





## REVIEW OF EXPLORATION PROJECTS (continued)

The revalidation process is expected to be completed by August 2003 and a decision to continue with an open cast mining operation will be taken at this stage.

The indicated mineral resource of the Mokopane (Potgietersrus) Platreef Project as determined by SRK is 23,69 million tonnes at 0,3% Ni equivalent (2,48 g/t Pt equivalent) at 0,25% equivalent Ni cut-off .

Platinexco's Prospecting Permit PP49/2001 covers an area of 1 276 ha and excludes an area of approximately 180 ha on the western border of the prospecting area, which was sterilised by the development of a low-cost housing project, named Aluta Park, during 1995. (see Map 1).

The Mokopane (Potgietersrus) Platreef Project has been valued at R20,4 million (2002: R10,2 Million) by the Competent Person (See Summary of Reserves and Resources - page 43).

### **BASE MINERALS**

#### **Kowares Project**

The Kowares base mineral project was abandoned by the private owner during January 2003.

The project was defined by EPL 2861 and covered an area of 27 077 hectares. Initial prospecting established the existence of hydrothermal copper mineralisation, and the geological setting appeared to be very prospective for Volcanogenic Massive Sulphide (VMS) base metal (copper-lead-zinc) targets.

Thabex proposed a regional geochemical sampling program. However, negotiations by the private owner with various joint venture partners including the Namibian Government were unsuccessful.

## REVIEW OF EXPLORATION PROJECTS (continued)

### **Geelvloer Project (Thabex - 95% )**

The Geelvloer deposit is located on the Remaining Extent (known as Kraandraai) of the farm Adjoining Geelvloer 197, approximately 80 km south-west of Kakamas in the Bushmanland region of the Northern Cape province (see Map 3). The project is held by Thaba Egoli, a wholly owned subsidiary of Thabex.

The Geelvloer deposit comprises massive sulphide mineralisation occurring in a sequence of metamorphic rocks. Previous drilling by Phelps Dodge, Newmont and Gencor has identified three separate stratabound mineralised zones, dipping 25° to 30° to the north-east. These zones vary in width from 1 - 8 m, and contain significant amounts of zinc (1,80 - 4,23%), copper (0,50 -1,00%), lead (0,40 - 0,89%), silver (18 - 34 g/t) and gold (0,04 -0,85 g/t) in a sequence of metamorphic rocks. Thabex estimates indicated resource to be 8 million tonnes grading at 0,8% copper, 2,3% zinc, 0,6% lead, 24 g/t silver and 0,8 g/t gold.

On Adjoining Geelvloer, base metal mineralisation is developed over a strike length of 1 500 m in a variable sequence of grey biotite gneiss that dips 28° north-east. Diamond drilling has delineated a relatively high grade mineralised shoot with a strike length of 400 m. The higher grade shoot pitches east-northeast at 22°, and continues from surface to 3 000 m down plunge. The deepest borehole intersected the mineralised zone at a vertical depth of 1 140 m. The 1 - 7 m thick ore zone is contained in a sulphide-bearing horizon up to 17 m in thickness. While massive sulphide mineralisation does occur, sulphides are more commonly disseminated to semi-massive, and appear to have been remobilised. Pyrite is the common sulphide mineral, while chalcopyrite and sphalerite are the predominant ore minerals.

Significant amounts of gold and silver are associated with the base metal mineralisation. The area is served by good gravel roads, is approximately 45 km from the Sishen-Saldanha railway line, while the Escom power line passes over the property. Percussion drilling has shown the existence of adequate underground water supplies.

Thabex is continuing the evaluation of the Geelvloer Project and has applied for a prospecting permit. All the modifying factors relating to the project will be considered prior to commencing a feasibility study on the Project with the objective to determine the viability to turn the Geelvloer Project to account for the Company.

The Geelvloer Base Mineral Project has been valued at R61,78 million (2002: R53,34 million)(See Summary of Reserves and Resources - page 43).

### **Employment Equity**

Thabex recognises the importance of employment equity and will accelerate its efforts to appoint Black, Coloured or Asian managers and employees in future. A concerted effort will be made to also appoint suitably qualified women in the Company.

### **Environmental Compliance**

The Company's Environmental Rehabilitation Programs ("EMP") for the Mokopane (Potgietersrus) Platreef and Geelvloer Projects have been approved and are continuously reviewed to incorporate important developments in the project areas.

Applications, together with their EMP's, for two prospecting permits in the Christiana district of the North West Province have been lodged with the Department of Mineral and Energy during the period under review and approval is pending.

## CONTENTS OF THE FINANCIAL STATEMENTS

THABEX EXPLORATION LIMITED ANNUAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2003

- 14 Directors' responsibility for the annual financial statements
- 15 Corporate governance statement
- 16 Report of the independent auditors
- 17 Secretaries' statement
- 17 Conversion to STRATE
- 17 SAMREC Code
- 20 Directors' report
- 21 Subsidiaries and investments
- 22 Balance sheets
- 23 Income statements
- 24 Statements of changes in equity
- 25 Cash flow statements
- 26 Notes to the financial statements
- 36 Notes to the cash flow statements
- 37 Extract from Competent Person's Report
- 38 Shareholders' analysis
- 38 Shareholders' diary
- 39 Notice of annual general meeting
- 41 Form of proxy
- 43 Summary of mineral reserves and mineral resources

## DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2003

**The directors are responsible for monitoring the preparation and the integrity of the financial statements and related information included in this Annual Report.**

The operations of the Group do not warrant the establishment of full administrative and accounting departments. These functions are mainly performed by the executive directors in consultation with the board of directors and independent consultants. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of controls, procedures and systems has occurred during the year under review.

The directors are also aware of the need to be compliant with the SAMREC Code, as defined in the Listing Requirements of the JSE.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate responsible disclosure in line with the accounting philosophy of the group. The financial statements are based on appropriate accounting policies consistently applied and supporting reasonable and prudent judgments and estimates.

The directors believe that the group will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the annual financial statements. The annual financial statements for the year ended 28 February 2003 set out on pages 20 to 36 were approved by the directors on 20 May 2003 and are signed on their behalf by

M Welthagen

Chairman and Chief Executive

20 May 2003



## CORPORATE GOVERNANCE STATEMENT

The board of directors continues to remain fully committed to the principles of corporate governance as advocated by the King Committee report and endorses the code of conducting the business of the Company with the highest degree of integrity and in accordance with generally accepted corporate practice.

### **BOARD OF DIRECTORS**

The board presently consists of two executive and three non-executive directors who ensure full and effective control over the group. Directors are carefully selected to ensure a wide variety of expertise, skills and experience which allow independent judgment and opinions. The board of directors and management follow the unitary structure, meet on a quarterly basis to review the operational performance of the company, strategic issues and stakeholder reporting. The board is responsible for the management of the company and its subsidiaries. There is no division of responsibility between the Chairman and the Executive responsible for the running of the company business (the Chief Executive Officer). The board of Thabex will endeavour to appoint a non-executive Chairman during 2003.

The following principles are adhered to with regard to the board of directors:

- All decisions and conclusions in discharging the duties and responsibilities of directors are clearly recorded in the minutes of the meetings.
- The directors are entitled to take independent professional advice if necessary, at the Company's expense.
- All directors have access to the advice and services of the Company Secretary.
- Directors are timeously supplied with information and have unrestricted access to all company information, records, documents and property.
- The board has delegated certain of its duties, as further set out below.
- Directors were briefed on the requirements of the Code of Corporate Practice and Conduct during the year under review.

### **INTERNAL CONTROLS**

All financial and related matters vest in a cash flow budget committee whose primary responsibility is to maintain adequate control and to authorise all capital, operating and non-operating expenditure. The adequacy and effectiveness of the accounting systems and controls is undertaken in collaboration with the external auditors.

### **INSIDER TRADING**

The closed period for trading in Thabex shares is one month prior to the publication of the Company's Annual Financial Statements and the Interim Results, respectively.

### **RISK MANAGEMENT AND INSURANCE**

The objective of the company's risk management policy established by the board is to minimise its business risk by safeguarding company assets and income earning capacity. The procedures adopted in compliance with this policy are augmented by the procurement of insurance for those events that are beyond control of management.

### **CODE OF ETHICS**

All employees, officers and directors of Thabex and its subsidiaries are required to maintain the highest ethical standards ensuring business practices are conducted in a manner beyond reproach.

### **GENERAL**

The board of directors is committed to formalising the establishment of separate technical and audit committees as soon as is practical.

## REPORT OF THE INDEPENDENT AUDITORS for the year ended 28 February 2003

To the members of Thabex Exploration Limited

We have audited the annual financial statements and group annual financial statements of Thabex Exploration Limited set out on pages 20 to 36 for the year ended 28 February 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards.

Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and of the group at 28 February 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

KPMG Inc  
Registered Accountants and Auditors  
Chartered Accountants (SA)  
Pretoria

20 May 2003



## SECRETARIES' STATEMENT

In terms of the Companies Act, 1973, we hereby certify that the company has lodged, with the Registrar of Companies, all such returns as are required of a public company in terms of the Act, and that all such returns are true, correct and up to date.

SA Mineral Investments (Pty) Ltd  
Secretaries

Pretoria  
20 May 2003

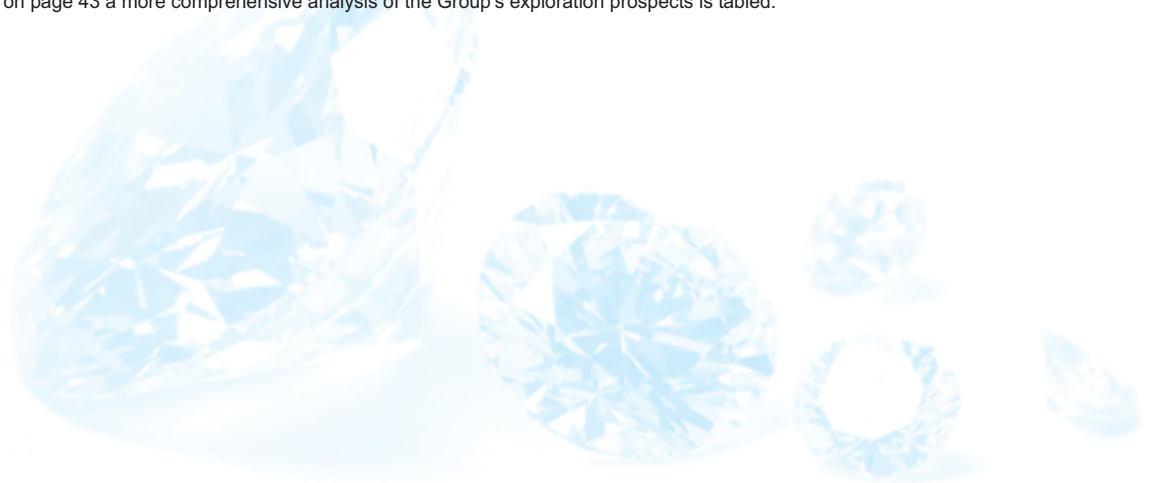
## CONVERSION TO STRATE

STRATE - Share Transactions Totally Electronic is an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, which will be managed by STRATE Limited (registration number 1998/022242/06). As at 28 February 2003, 86.79% of Thabex's ordinary shares were dematerialised.

## SAMREC CODE

Whilst the annual report has been prepared for the benefit of the shareholders, sufficient information is disclosed for any interested party to make an informed judgement about the merits of the Company's exploration projects.

The requirements of the new JSE Listing Requirements have also been met, which incorporate the South African Code for Reporting of Mineral Resources and Mineral Reserves ("SAMREC Code" as defined by the South African Institute of Mining and Metallurgy "SAIMM"). The financial statements do not itemise detailed exploration information such as individual borehole results, assays and modelling criteria as required in a Competent Persons Report "CPR", although on page 43 a more comprehensive analysis of the Group's exploration prospects is tabled.



## DIRECTORS' REPORT

DIRECTORS HAVE THE PLEASURE IN PRESENTING THEIR REPORT FOR THE YEAR ENDED 28 FEBRUARY 2003

### NATURE OF BUSINESS

Thabex Exploration Ltd ("Thabex") (Registration number 1988/000763/06) is a mining and exploration company listed on the JSE Securities Exchange South Africa in the "Resources Mining - Diamond" sector of the list under the abbreviated name "Thabex" (ISIN code: ZAE000013686 **JSE code: TBX**).

Thabex explores for diamonds, gold, platinum and base minerals and also trades in polished diamonds. The company's main exploration projects are located in Southern Africa. The projects range from grass-roots exploration to drill-defined deposits. The focus of Thabex's future mining and exploration activities is on diamonds through its wholly-owned subsidiary, Pure Diamonds Ltd.

### SUBSTANTIAL SHAREHOLDERS

According to the register of members of the company at 28 February 2003, the following shareholders were the only members holding 5% or more of the ordinary issued share capital of the company:

	Number of shares held	% of issued capital
City Bank Switzerland	3 422 690	20,13
Saminco Ltd	3 111 456	18,30
E Vally	1 962 488	11,54
Kas Depository Trust Company	1 915 089	11,26
Bank of New York	930 000	5,47
<b>Total</b>	<b>11 341 723</b>	<b>66,70</b>

### SHARE CAPITAL

The authorised share capital of the company is 100 000 000 ordinary shares of 10 cents each (2002: 100 000 000).

As at 28 February 2003 the issued share capital of the company comprised 17 006 887 (2002: 17 006 887) ordinary shares of 10 cents each.

### DIVIDENDS

No dividends are proposed in respect of the 2003 financial year (2002: nil).

### MANAGEMENT AND EMPLOYEES

The company has not entered into any management agreement with its directors or any other company. The company has no employees other than the executive directors.

### SECRETARIAL SERVICE

SA Mineral Investments (Pty) Ltd, a company indirectly controlled by Marius Welthagen, acts as company secretaries to Thabex. This company is also a share dealing company and during the year disposed in aggregate of 292 649 (2002: purchase - 282 000) Thabex ordinary shares at an average price of 45 cents per share (2002: 42 cents per share). The sole purpose of the trading in Thabex shares is to act as market maker for Thabex shares if no such function is performed by any other entity. All such trading activities are reported on the SENS system as required by the JSE.

**DIRECTORS' INTERESTS**

The directors' interests in the ordinary share capital of Thabex were:

<i>As at 28 February 2003</i>	Directly		Indirectly		%
	Beneficial	Non Beneficial	Beneficial	Non Beneficial	
M Welthagen	1 000	-	1 698 543	-	9,98
JL Bosch	16 000	-	-	-	0,09
JR Rapoo	20 000	-	-	-	0,12
Prof DL Reid	16 600	-	-	-	0,10
AP Roux	16 000	-	171 000	-	1,10
<b>Total</b>	<b>69 600</b>	<b>-</b>	<b>1 869 543</b>	<b>-</b>	<b>11,39</b>

<i>As at 28 February 2002</i>	Directly		Indirectly		%
	Beneficial	Non Beneficial	Beneficial	Non Beneficial	
M Welthagen	1 000	-	1 991 192	-	11,71
JL Bosch	16 000	-	-	-	0,09
JR Rapoo	20 000	-	-	-	0,12
Prof DL Reid	16 600	-	-	-	0,10
AP Roux	16 000	-	171 000	-	1,10
<b>Total</b>	<b>69 600</b>	<b>-</b>	<b>2 162 192</b>	<b>-</b>	<b>13,12</b>

M Welthagen has a 9.98% indirect interest in the company held through The Marius Welthagen Trust's direct 54,59% interest in Saminco Ltd. AP Roux has an indirect interest of 171 000 ordinary shares in the company or 1,01%. No material change in the above interests occurred since year-end to the date of this report.

## DIRECTORS' REPORT

THE DIRECTORS HAVE THE PLEASURE IN PRESENTING THEIR REPORT FOR THE YEAR ENDED 28 FEBRUARY 2003

### OPTIONS, MINERAL AND PARTICIPATION RIGHTS

The mineral rights held by Thabex have been valued in terms of the SAMREC Code. Your chairman, who is suitably qualified to perform such a task, produced a CPR on the Mokopane (Potgietersrus) Platreef Project and the Geelvloer Project. Using this report as a basis the Group has revalued these projects with an amount of R73 636 000 (2002:R63 536 000). The CPR valued Thabex's interest in Taung Diamonds at cost.

Your board has considered the current risk factors influencing the value of the Company's options, mineral and participation rights. These include significant changes in the legal environment in which Thabex operates as well as current market conditions impacting on the Company's ability to raise sufficient capital to turn to account its projects. According to the South African Statements of Generally Accepted Accounting Practice relating to impairment, AC128, assets should be carried at no more than the recoverable amount, which is the higher of the net selling price or the present value of estimated future cash flows.

In view of the significant uncertainties relating to the above the directors have considered it prudent to impair all the company's options, mineral and participation rights until the recoverable amounts can be reliably determined.

### SUBSEQUENT EVENTS

No event of a material nature has occurred between the balance sheet date and the date of this report.

### LITIGATION

A summary judgment against Blue Springs Investments (Pty) Ltd and Bitachon Investments (Pty) Ltd to pay R399 967 was granted during 2002. The judgment also included interest and administration expenses. In the current year the company has issued invoices to the aforementioned two companies for a further R377 284. Thabex is investigating the two companies' financial positions in order to take execution of the judgment.

The company has initiated legal proceedings against Belafrique Trading (Pty) Ltd, represented by FI Da Silva-Pereira, for failing to repay Thabex's legal costs, in the amount of R28 098, as agreed to during the drafting of an agreement relating to the Mokopane Platreef Project.

The loan of R100 000 by Diamex JV (Pty) Ltd ("Diamex") to G Makae was successfully recovered.

### DIRECTORATE AND ADMINISTRATION

The executive directors in office at the date of this report were M Welthagen and JL Bosch. The non-executive directors were AP Roux, JR Rapoo and Prof DL Reid. In accordance with Article 93 of the company's Articles of Association, AP Roux will retire from office at the annual general meeting to be held on Wednesday, 23 July 2003, but being eligible, offers himself for re-election.

#### Abridged biography of director seeking re-election

**Name:** Antonie Petrus Roux

**Date of birth:** 15 June 1957

**Academic qualifications:** B Agric (Stellenbosch)

**Occupation:** Director of companies and deciduous fruit producer

**Experience:** Anton has been managing the Roux family farm in the Franschhoek Valley in the Western Cape Province since 1978. He has been associated with the Saminco Group since 1981 as director of SA Mineral Investments (Pty) Ltd.

#### Other current directorships:

SA Mineral Investment Corporation Ltd

SA Mineral Investments (Pty) Ltd

M Welthagen  
Chief Executive

20 May 2003

## SUBSIDIARIES AND INVESTMENTS

Subsidiaries	Issued share capital	Effective interest %	Shares at cost or valuation		Current Accounts	
			2003 R	2002 R	2003 R	2002 R
Diamex JV (Pty) Ltd <i>(Registration number 1997/014096/07)</i>	10 000	67.3	40 400	67 600	38 583	106 246
Pilanesberg Gold Holdings (Pty) Ltd <i>(Registration number 1987/000711/07)</i>	9 400	50	91 556	46 550	14 740	9 324
Platinexco (Pty) Ltd <i>(Registration number 1988/002343/07)</i>	2 500	100	14 156 539	10 310 993	209 754	174 191
Pure Diamonds Ltd <i>(Registration number 1998/008449/06)</i>	50 010 000	100	470 175	500 100	135 916	121 964
Thaba Egoli Mining & Exploration Ltd <i>(Registration number 1994/008806/06)</i>	27 000 000	100	44 051 446	60 007 673	1 717 409	1 942 415
Deduct:						
Provisions for losses and impairment			58 795 638	-	2 008 488	-
			14 478	70 932 916	107 914	2 354 140
<b>Associated companies</b>						
Taung Diamond Mines Ltd <i>(Registration number 1995/001724/06)</i>			500 000	500 000	-	-
Deduct:						
Provision for impairment loss			500 000	-	-	-
			-	500 000	-	-

The attributable interest in the aggregate net losses of subsidiaries is R715 819 (2002: R40 842).

The investment in Taung Diamond Mines Ltd has not been equity accounted as the effect on the financial statements would not be materially different to that disclosed.

## BALANCE SHEETS AT 28 FEBRUARY 2003

	Notes	Company		Group	
		2003 R	2002 R	2003 R	2002 R
<b>Assets</b>					
Non-current assets		175 239	73 365 426	53 704	72 952 899
Mining assets and equipment	2	52 847	78 369	53 704	72 452 899
Interest in subsidiaries	3	122 392	73 287 057	-	-
Interest in associated companies	4	-	-	-	500 000
Current assets		2 391 680	2 554 847	2 615 934	3 139 942
Inventories		957 634	1 179 327	1 005 108	1 179 327
Trading investments		380 123	115 200	380 123	174 200
Trade and other receivables		995 913	705 847	1 089 883	880 064
Cash and cash equivalents		58 010	554 473	140 820	906 351
<b>Total assets</b>		<b>2 566 919</b>	<b>75 920 273</b>	<b>2 669 638</b>	<b>76 092 841</b>
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	5	1 700 689	1 700 689	1 700 689	1 700 689
Share premium	6	17 202 741	17 202 741	17 202 741	17 202 741
Revaluation reserve	7	-	63 536 000	-	63 536 000
Accumulated loss		(16 472 876)	(6 658 010)	(16 472 876)	(6 717 896)
Ordinary shareholders' funds		2 430 554	75 781 420	2 430 554	75 721 534
Non-current liabilities		-	-	82 719	194 774
Outside shareholders' interest		-	-	14 479	23 420
Long-term liabilities	9	-	-	68 240	171 354
Current liabilities					
Trade and other payables		136 365	138 853	156 365	176 533
<b>Total equity and liabilities</b>		<b>2 566 919</b>	<b>75 920 273</b>	<b>2 669 638</b>	<b>76 092 841</b>
Net asset value per share (cents)		14,29	445,59	14,29	445,24

## INCOME STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	Notes	Company		Group	
		2003 R	2002 R	2003 R	2002 R
Revenue	10	<b>557 048</b>	4 024 787	<b>593 868</b>	4 024 787
Operating (loss)/ income	11	<b>(457 616)</b>	2 621 553	<b>(469 139)</b>	2 535 898
Interest received		<b>33 725</b>	143 999	<b>47 654</b>	167 145
Interest paid		<b>(48)</b>	(5 522)	<b>(55)</b>	(5 538)
Provision for losses in subsidiaries		<b>(9 390 927)</b>	-	-	-
Impairment losses		-	-	<b>(9 342 381)</b>	-
Outsider shareholders' interest		-	-	<b>8 941</b>	2 639
Net (loss)/ income for the year	12	<b>(9 814 866)</b>	2 760 030	<b>(9 754 980)</b>	2 700 144
Weighted average number of shares in issue during the year		<b>17 006 887</b>	17 006 887	<b>17 006 887</b>	17 006 887
(Loss)/ income per share (cents)		<b>(57,71)</b>	16,23	<b>(57,35)</b>	15,88
Headline (loss)/ income per share (cents)		<b>(2,49)</b>	16,23	<b>(2,43)</b>	15,88



## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2003

	Share capital R	Share premium R	Accumulated loss R	Revaluation Reserve R	Total R
<b>Company</b>					
Balance at 28 February 2001	1 700 689	17 202 741	(9 418 040)	-	9 485 390
Revaluation of investments	-	-	-	63 536 000	63 536 000
Net income for the year	-	-	2 760 030	-	2 760 030
Balance at 28 February 2002	1 700 689	17 202 741	(6 658 010)	63 536 000	75 781 420
Adjustment for deferred tax on revaluation in subsidiaries not provided in prior year	-	-	-	(19 060 800)	(19 060 800)
Fair value adjustment to interest in subsidiaries	-	-	-	6 965 000	6 965 000
Reversal due to impairment losses	-	-	-	(51 440 200)	(51 440 200)
Net loss for the year	-	-	(9 814 866)	-	(9 814 866)
<b>Balance at 28 February 2003</b>	<b>1 700 689</b>	<b>17 202 741</b>	<b>(16 472 876)</b>	<b>-</b>	<b>2 430 554</b>
<b>Group</b>					
Balance at 28 February 2001	1 700 689	17 202 741	(9 418 040)	-	9 485 390
Revaluation of mineral and option rights	-	-	-	63 536 000	63 536 000
Net income for the year	-	-	2 700 144	-	2 700 144
Balance at 28 February 2002	1 700 689	17 202 741	(6 717 896)	63 536 000	75 721 534
Deferred tax on revaluation not provided in prior year	-	-	-	(19 060 800)	(19 060 800)
Additions to Revaluation Reserve	-	-	-	6 965 000	6 965 000
Reversal due to impairment losses	-	-	-	(51 440 200)	(51 440 200)
Net loss for the year	-	-	(9 754 980)	-	(9 754 980)
<b>Balance at 28 February 2003</b>	<b>1 700 689</b>	<b>17 202 741</b>	<b>(16 472 876)</b>	<b>-</b>	<b>2 430 554</b>

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	Note	Company		Group	
		2003 R	2002 R	2003 R	2002 R
<b>Cash utilised in operating activities</b>					
Cash (utilised in)/generated by operations	16	(767 878)	719 287	(739 839)	352 639
Interest received		33 725	143 999	47 654	167 145
Interest paid		(48)	(5 522)	(55)	(5 538)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(734 201)</b>	857 764	<b>(692 240)</b>	514 246
<b>Cash flow from investing activities</b>					
Addition to mining assets		-	(75 903)	(36 236)	(111 413)
Decrease/(increase) in interest in subsidiaries		(237 738)	(528 968)	-	-
Proceeds on disposal of equipment		-	-	75 000	-
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(237 738)</b>	(604 871)	<b>38 764</b>	(111 413)
<b>Cash flow from financing activities</b>					
(Decrease)/increase in long-term loan		-	-	(103 114)	171 354
Decrease in minority shareholders' interest		-	-	(8 941)	(2 639)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>-</b>	-	<b>(112 055)</b>	168 715
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(496 463)</b>	252 893	<b>(765 531)</b>	571 548
Cash and cash equivalents at beginning of year		554 473	301 580	906 351	334 803
<b>Cash and cash equivalents at end of year</b>		<b>58 010</b>	554 473	<b>140 820</b>	906 351

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

**1. Accounting policies** The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year. The accounting policies of the subsidiaries and associates are consistent with those of the holding company.

**1.1. Statement of compliance** The financial statements and Group financial statements are prepared in accordance with South African statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act.

**1.2. Basis of preparation** The financial statements and Group financial statements are prepared on the historical cost basis.

**1.3. Basis of consolidation** The Group financial statements incorporate the assets, liabilities and results of the operations of the Company and all its subsidiaries.

The results of subsidiaries acquired or disposed of during a financial year are included from the effective dates of acquisition or to the effective dates of disposal as appropriate.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the enterprises. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associates. Unrealised losses on transactions with associates are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Goodwill is any excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets acquired. Goodwill is carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of goodwill is reviewed annually and written down for impairment where considered necessary.

**1.4. Investment in subsidiaries** Subsidiaries are carried at fair value. Subsidiaries are those entities over whose financial and operating policies the group has power to exercise control, so as to obtain benefit from their activities.

**1.5. Associated companies** An associate company is one over which the Group has the ability to exercise significant influence, but not control, and which it intends to hold as a long-term investment. The Group's share of post-acquisition results of associate companies is incorporated in the financial statements, using the equity method of accounting, from the effective dates of their acquisition until the effective dates of their disposal.

### **1.6. Assets and equipment**

**1.6.1. Equipment** Equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided for on the straight-line basis, over the estimated useful lives of the assets.

**1.6.2. Mining assets** Mining assets consist of options, minerals and participation rights. The cost of options acquired is capitalised. Should the option be terminated or not exercised on due date, the cost thereof is written off and charged against income. Mineral and participation rights are maintained at valuation, but are written down when there is little likelihood of the particular rights being exploited.

Where considered appropriate, mineral and participation rights are revalued to reflect current market values.

**1.6.3. Land development and exploration expenditure** Expenditure on land development and exploration is written off in full in the year in which it is incurred.

**1.7. Impairment** The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior years. For goodwill a recognized impairment loss is not reversed, unless the impairment loss was caused by a specific external nature that is not expected to recur and the increase relates clearly to the reversal of the effect of that specific event.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

**1.8. Inventories** Inventories comprising polished diamonds are carried at the lower of cost and net realisable value, and are determined using the first-in first-out method.

**1.9. Provisions** Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **1.10. Financial instruments**

**Measurement** Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

**Trading investments** Trading investments are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

**Trade and other receivables** Trade and other receivables originated by the Group are stated at cost less provision for doubtful debts.

**Cash and cash equivalents** Cash and cash equivalents are measured at fair value.

**Financial liabilities** Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

**Derivative instruments** Derivative instruments are measured at fair value.

**Gains and losses on subsequent measurement** Gains and losses arising from a change in the fair value of financial instruments that are not a part of a hedging relationship are included in net profit or loss in the period in which the change arises.

**Offset** Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**1.11. Revenue** Revenue comprises diamond and commodity sales to customers exclusive of value-added tax, consulting management services, investment income and other non-operating income.

**1.12. Cash and cash equivalents** For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, all of which are available for use by the Group, unless otherwise stated.

**1.13. Investment income** Interest is recognised on a time proportion basis, taking account of the principal outstanding and the interest rate over the period to maturity, when it is probable that such income will accrue to the Group.

**1.14. Tax** Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax enacted at the balance sheet date, and any adjustment of tax payable for previous years. Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realization of settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognized directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognized in the income statement, except to the extent that it relates to items previously charged or credited directly to equity. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**1.15 Comparative figures** Where necessary comparative figures have been reclassified.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	Company		Group	
	2003 R	2002 R	2003 R	2002 R
<b>2. Mining assets and equipment</b>				
<b>Equipment</b>				
Equipment at cost	137 926	137 926	140 747	274 844
Accumulated depreciation	85 079	59 557	87 043	150 806
Net book value	52 847	78 369	53 704	124 038
Opening balance	78 369	24 414	124 038	96 162
Additions	-	75 903	-	77 021
Disposals	-	-	(40 062)	-
Depreciation	(25 522)	(21 948)	(30 272)	(49 145)
Closing balance	52 847	78 369	53 704	124 038
<b>Options, mineral and participation rights</b>				
Opening balance	-	-	72 328 861	8 758 530
Additions at cost	-	-	36 236	34 331
Revaluation in current year	-	-	9 950 000	63 536 000
Options, mineral and participation rights have been revalued by a competent person in terms of the SAMREC Code (see Directors' Report).				
Impairment losses	-	-	(82 315 097)	-
Closing balance	-	-	-	72 328 861
<b>Total mining assets and equipment</b>	<b>52 847</b>	<b>78 369</b>	<b>53 704</b>	<b>72 452 899</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	Company		Group	
	2003 R	2002 R	2003 R	2002 R
<b>3. Interest in subsidiaries</b>				
At — cost	7 369 916	7 369 916	-	-
— fair value adjustment	51 440 200	63 563 000	-	-
Less: Provision for impairment losses	58 795 638	-	-	-
	14 478	70 932 916	-	-
Subsidiaries' net indebtedness	2 116 402	2 354 141	-	-
Less: Provision for writedown of loan to subsidiary	2 008 488	-	-	-
<b>Total interest in subsidiaries</b>	<b>107 914</b>	<b>2 354 141</b>	<b>-</b>	<b>-</b>
	122 392	73 287 057	-	-

**4. Interest in associated companies****Taung Diamond Mines Ltd**

Carrying value of investment:

Shares at cost	-	-	500 000	500 000
Impairment loss	-	-	(500 000)	-
	-	-	-	500 000

	2003 R	2002 R
<b>Summary of financial information</b>		
Share capital and share premium	1 070 007	1 070 007
Accumulated loss	(1 105 430)	(57 765)
Shareholders' funds	(35 423)	1 012 242
Long-term liability	106 061	47 366
	70 638	1 059 608
Investment	-	1 030 000
Net current assets	70 638	29 608
	70 638	1 059 608

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	Company		Group	
	2003 R	2002 R	2003 R	2002 R
<b>5. Share capital</b>				
Authorised				
100 000 000 (2001:100 000 000) ordinary shares of 10 cents each	10 000 000	10 000 000	10 000 000	10 000 000
Issued				
17 006 887 (2001:17 006 887) ordinary shares of 10 cents each	1 700 689	1 700 689	1 700 689	1 700 689
The unissued share capital is under the control of the directors, subject to the Companies Act and the rules, requirements and regulations of the JSE, until the next annual general meeting.				
<b>6. Share premium</b>				
Balance at beginning and end of year	17 202 741	17 202 741	17 202 741	17 202 741
<b>7. Revaluation reserve</b>				
Arising on revaluation of investment in subsidiaries				
Opening balance				
- Platinexco (Pty) Ltd	63 536 000	-	-	-
- Thaba Egoli Mining and Exploration Ltd	-	10 200 000	-	-
Adjustment for deferred tax in subsidiaries not provided in prior year	-	53 336 000	-	-
Addition to revaluation reserve	(19 060 800)	-	-	-
Impairment losses	6 965 000	-	-	-
	(51 440 200)	-	-	-
Arising on revaluation of mining rights				
	-	63 536 000	-	-
Opening balance				
- Mokopane (Potgietersrus) Platreef Project	-	-	63 536 000	-
- Geelvloer Project	-	-	-	10 200 000
	-	-	-	53 336 000
Deferred tax not provided in prior year	-	-	(19 060 800)	-
Addition to revaluation reserve	-	-	6 965 000	-
Impairment losses	-	-	(51 440 200)	-
	-	-	-	63 536 000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	Company		Group	
	2003	2002	2003	2002
	R	R	R	R
<b>8. Deferred taxation</b>				
Opening balance	-	-	-	-
Underprovision on revaluation in prior year	-	-	19 060 800	-
Arising from revaluation in current year	-	-	2 985 000	-
Reversal due to impairment of revalued assets	-	-	(22 045 800)	-
	-	-	-	-

A deferred tax asset has not been provided for as the profitability of the asset being utilised in the near future is uncertain.

Had the deferred tax been provided it would comprise of:

Accumulated tax losses	913 534	886 647	1 325 135	1 184 802
Provision for doubtful debts	81 637	-	81 637	-
	995 171	886 647	1 406 772	1 184 802

**9. Long-term liabilities**

Long-term liabilities	-	-	68 240	171 354
-----------------------	---	---	--------	---------

A long-term liabilities comprise outside shareholders' loans which have no fixed period of repayment and carry no fixed rate of interest.

**10. Revenue**

Sale of polished diamonds	557 048	524 787	593 868	524 787
Sale of shares in associated company	-	3 500 000	-	3 500 000
	557 048	4 024 787	593 868	4 024 787

**11. Operating (loss)/profit is arrived at after taking into account**

Interest received	33 676	5 816	47 340	5 829
Profit on sale of trading investments	78 040	-	78 040	-
Management fees received	311 477	-	348 297	-
Consulting fees received	374 648	-	374 648	-
Auditors' remuneration	108 120	48 900	138 504	64 490
- Audit fees	81 000	30 000	101 000	43 260
- Underprovision prior year	27 120	18 900	37 504	21 230

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	Company		Group	
	2003 R	2002 R	2003 R	2002 R
<b>11. Operating (loss)/income is arrived at after taking into account (continued)</b>				
Depreciation of equipment	25 522	21 948	30 272	49 146
Directors' emoluments				
- for services as directors	155 000	270 352	172 000	-
Interest paid				
- Bank overdraft	48	25	55	41
- SARS	-	5 496	-	5 496
Secretarial fees	48 122	179 241	48 122	179 241

**12. (Loss)/income per share**

The calculations of (loss)/income and headline (loss)/income per share are as follows:

(Loss)/income	(9 814 866)	2 760 030	(9 754 980)	2 700 144
Headline (loss)/income	(423 939)	2 760 030	(412 599)	2 700 144
Weighted average ordinary shares in issue	17 006 887	17 006 887	17 006 887	17 006 887
Earnings/(loss) per share (cents)	(57,71)	16,23	(57,35)	15,88
Headline (loss) earnings per share (cents)	(2,49)	16,23	(2,43)	15,88

**Reconciliation between (loss)/income and headline loss**

Net (loss)/income attributable to ordinary shareholders	(9 814 866)	2 760 030	(9 754 980)	2 700 144
Adjustments for:				
Provision for losses in subsidiaries	-	-	-	-
Impairment losses	9 390 927	-	9 342 381	-
Headline (loss)/ earnings	(423 938)	2 760 030	(412 599)	2 700 144

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

### 13. Taxation

The company and group have computed losses of R3 045 114 and R4 417 117 (2002: Computed R2 955 489 and R3 949 340) respectively, which are available for set-off against future taxable income. A deferred tax asset has not been raised as it is not certain when future taxable income will be generated, in order to utilise the accumulated tax losses.

	Company		Group	
	2003	2002	2003	2002
<b>Reconciliation of statutory taxation rate</b>	%	%	%	%
Effective taxation rate	<b>0,83</b>	-	<b>0,86</b>	-
Non-taxable income	<b>(0,12)</b>	-	<b>(0,14)</b>	-
Non- deductible expenses	<b>29,02</b>	(1,87)	<b>28,84</b>	(0,20)
Computed tax losses	<b>0,27</b>	31,87	<b>0,44</b>	30,20
Statutory taxation rate	<b>30,00</b>	30,00	<b>30,00</b>	30,00

### 14. Financial instruments

Exposure to currency, interest rate and credit risk arises in the normal course of the Group's business.

#### 14.1. Currency risk

The Group incurs currency risk as a result of purchases, sales and borrowings in foreign currencies. The currencies in which the Group primarily deals are UK Pounds and US Dollars.

#### 14.2. Interest rate risk

The Group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis.

#### 14.3. Re-pricing analysis

The following table identifies the period until those financial instruments that are sensitive to interest rate risk re-price.

	Effective interest rate %	Total	6 months or less	6 - 12 months	1 - 5 years R000
Cash balances (net) - Group interest rate %	5	150 844	150 844	-	-
Long term liabilities - Group	-	68 240	-	-	68 240

#### 14.4. Credit risk

No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Reputable financial institutions are used for investing and cash-handling purposes.

At balance sheet date included in trade and other receivables, was an amount R753 391 owed by a related party (See note 15.2.7), representing 76% and 70% respectively of company's and group's trade and other receivables.

#### 14.5. Fair values

The fair values of all financial instruments are substantially identical to carrying amounts reflected in the balance sheet.

**15. Related party transactions****15.1. Identity of related parties**

M Welthagen, the Chairman and Chief Executive of Thabex Exploration Ltd, holds directorships in each of the group's subsidiaries, namely:

Diamex JV (Pty) Ltd

Pilanesberg Gold Holdings (Pty) Ltd

Platinexco (Pty) Ltd

Pure Diamonds Ltd

Thaba Egoli Mining and Exploration Ltd

M Welthagen furthermore holds directorships in the following companies not controlled by Thabex:

Maxzon Fusion (Pty) Ltd

Maxzon Investments (Pty) Ltd

Miningweb (Pty) Ltd

SA Mineral Investment Corporation Ltd

SA Mineral Investments (Pty) Ltd (Group Secretaries)

Southern Mineral Brokers (Pty) Ltd

M Welthagen and JL Bosch are directors of Taung Diamond Mines Ltd, an associate company controlled by Pure Diamonds Ltd.

JR Rapoo holds directorships in the following companies not controlled by Thabex:

Bofokeng Investment Syndicate (Pty) Ltd

Bohirima Industrial Holdings (Pty) Ltd

Fabvest Investment Holdings Ltd

Premier Foods Ltd

SA Mineral Investment Corporation Ltd

AP Roux holds directorships in the following companies not controlled by Thabex:

SA Mineral Investment Corporation Ltd

SA Mineral Investments (Pty) Ltd

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	2003 R	2002 R
<b>15.2. Material related party transactions</b>		
<b>15.2.1.</b> Included in interest in subsidiaries are loans owing to Thabex by the following companies:		
Diamex JV (Pty) Ltd	-	106 245
Pilanesberg Gold Holdings (Pty) Ltd	14 740	9 324
Platinexco (Pty) Ltd	6 198	174 191
Pure Diamonds Ltd	93 000	-
Thaba Egoli Mining and Exploration Ltd	-	1 942 415
<hr/>		
<b>15.2.2.</b> Consulting fees received by Thabex from Southern Mineral Brokers (Pty) Ltd	<b>350 000</b>	320 000
<hr/>		
<b>15.2.3.</b> Directors' remuneration paid by Thabex and its subsidiaries		
<i>Executive directors fees - Managerial services</i>		
M Welthagen (Basic salary) - Thabex	155 000	207 252
- Pure Diamonds	11 000	-
- Diamex	6 000	-
JL Bosch (Basic salary)	-	60 000
<i>Non -executive directors - Consulting services</i>		
Prof DL Reid	-	3 100
<hr/>		
	<b>172 000</b>	<b>270 352</b>
<hr/>		
<b>15.2.3.</b> Polished diamonds sales to the value of R360 000 to Southern Mineral Brokers (Pty) Ltd by Thabex at a net profit of R57 143 for the year.		
<b>15.2.5.</b> Polished diamonds purchased by Thabex from Southern Mineral Brokers (Pty) Ltd to the value of R246 240 for the year.		
<b>15.2.6.</b> Secretarial fees paid by Thabex to SA mineral Investments (Pty) Ltd of R21 053 for the year.		
<b>15.2.7.</b> Included in the trade and other receivables are loans owing to:		
Thabex by:		
M Welthagen	19 353	-
Southern Mineral Brokers (Pty) Ltd	757 391	-
Taung Diamond Mines Ltd	57 079	-
<hr/>		
	<b>833 823</b>	-
<hr/>		
Pure Diamonds Ltd by:		
Taung Diamond Mines Ltd	35 697	-
Southern Mineral Brokers (Pty) Ltd	28 000	-
<hr/>		
	<b>63 697</b>	-
<hr/>		
	<b>897 520</b>	-
<hr/>		

## NOTES TO THE CASH FLOW STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	Company		Group	
	2003 R	2002 R	2003 R	2002 R
<b>16. Cash (utilised in)/generated by operations</b>				
Net (loss)/income for the year before taxation	(9 814 866)	2 760 030	(9 754 980)	2 700 144
Adjusted for:				
Depreciation	25 522	21 948	30 272	49 146
Impairment losses on mining assets	-	-	9 329 098	-
Provision for losses in subsidiaries	9 390 927	-	-	-
Interest received	(33 725)	(143 999)	(47 654)	(167 145)
Interest paid	48	5 522	55	5 538
Profit on disposal of equipment	-	-	(34 939)	-
<b>Operating (loss)/profit before working capital changes</b>	<b>(432 094)</b>	<b>2 643 501</b>	<b>(478 148)</b>	<b>2 587 683</b>
<b>Changes in working capital</b>				
Inventories	221 693	(995 117)	174 219	(995 117)
Trading investments	(264 923)	(115 200)	(205 923)	(145 800)
Trade and other receivables	(290 066)	(641 943)	(209 819)	(759 727)
Trade and other payables	(2 488)	(171 954)	(20 168)	(334 400)
<b>Cash (utilised in)/generated by operations</b>	<b>(767 878)</b>	<b>719 287</b>	<b>(739 839)</b>	<b>352 639</b>

## EXTRACT FROM COMPETENTS PERSON'S REPORT

	2003 R	2002 R
<b>Options, mineral and participation rights</b>		
<b>1. Diamex JV (Pty) Ltd</b>		
Development costs capitalised	-	65 872
<b>2. Platinexco (Pty) Ltd</b>		
Exploration costs capitalised	287 489	278 164
At valuation	20 150 000	10 200 000
Prospecting Agreement with the Mogalakwena (Potgietersrus) Municipality dated 1 December 2000 over the farm Piet Potgietersrus Town and Townlands 44KS, 1 276 hectares in extent (see Map 1) and the first right of refusal over an additional 2 724 hectares.		
	<b>20 437 489</b>	<b>10 478 164</b>
<b>3. Thaba Egoli Mining and Exploration Ltd</b>		
The Group has concluded agreements with the owners of the mineral rights over the following property whereby all rights and obligations under the original prospecting and option contracts relating to these properties have been ceded to the Group.		
<b>Geelvloer Project</b>		
At valuation	61 784 825	61 784 825
Remainder of Adjoining Geelvloer 197 measuring 3 041,5989 hectares situated in the Kenhardt District (see Map 2).		
	<b>82 222 314</b>	<b>72 328 861</b>

Valuation of the Company's mineral reserves and mineral resources was reported by M Welthagen in a Competent Person's Report ("CPR") dated 15 April 2003, as defined by the SAMREC Code and in Chapter 12 of the JSE Listing Requirements. The CPR will be available for inspection at the Company's registered address until the Annual General Meeting on 23 July 2003. The options, mineral rights and participation rights have been impaired in the Annual Financial Statements for the year ended 28 February 2003 (See note 2).

## SHAREHOLDERS' ANALYSIS

	Shareholders		Shares held	
	Number	%	Number	%
<b>Range of shareholders</b>				
1 - 1000 shares	329	64.13	134 721	0,79
1 001 - 10 000 shares	112	21.83	270 990	1,59
10 001 - 100 000 shares	50	9.75	1 534 785	9,03
100 001 - 1 000 000 shares	15	2.92	4 332 586	25,48
1 000 001 - shares and more	7	1.37	10 733 805	63,11
	513	100	17 006 887	100,00
<b>Category</b>				
Individuals	458	89.28	1 487 537	8.75
Investment companies & trusts	29	5.65	8 740 064	51,39
Banks and nominee companies	23	4.48	3 924 197	23,07
Pension & provident funds	3	0.59	2 855 089	16,79
	513	100	17 006 887	100,00
<b>Shareholder spread</b>				
Public	505	98,44	11 316 153	68,54
Non-public	8	1,56	5 690 734	33,46
	513	100,00	17 006 887	100,00

## SHAREHOLDERS' DIARY

Annual general meeting	23 July 2003
Interim report	25 November 2003
Annual report 2004 financial year	19 May 2004

## NOTICE OF ANNUAL GENERAL MEETING

### **This document is important and requires your immediate attention**

If you are in any doubt about what action you should take, consult your stockbroker, attorney, banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in Thabex Exploration Ltd you should pass this document and the enclosed proxy form to the purchaser of such shares or the stockbroker, banker or other agent through whom the disposal was affected for transmission to the purchaser.



#### **("Thabex" or "the Company")**

(Registration number 1988/000763/06)

(Incorporated in the Republic of South Africa)

#### ***Explore our website***

[www.thabex.com](http://www.thabex.com)

e-mail [info@thabex.com](mailto:info@thabex.com)

ISIN code ZAE0000I3686

Listed on the JSE - Code TBX

Notice is hereby given that the fourteenth Annual General Meeting of members of Thabex Exploration Ltd will be held at KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria on Wednesday, 23 July 2003, at 10:00 for the following ordinary resolutions:

1. To receive, consider and adopt the annual financial statements of the Company for the year ended 28 February 2003.
2. To elect directors in accordance with the provisions of the Company's articles of association.
3. To determine, in terms of articles 88 and 89 of the articles of association, the directors' remuneration.

4. To renew the general authority of the directors to allot and issue all or any portion, subject to the provisions of the Companies Act, 1973, as amended, and the listing requirements of the JSE Securities Exchange South Africa ("JSE"), of the remaining shares in the authorised but unissued share capital of the Company upon such terms and conditions as they may determine.

5. In terms of the Listing Requirements of the JSE and subject to not less than 75% of those shareholders of Thabex present in person or represented by proxy and entitled to vote at the Annual General Meeting at which this resolution is proposed, vote in favour of this resolution, the directors be given the authority to allot and issue for cash without restriction, all or any of the unissued ordinary shares in the share capital of Thabex placed under their control as they in their discretion deem fit, subject to the following limitations:

- 5.1. that this authority shall not extend beyond 15 (fifteen) months from the date of this Annual General Meeting;
- 5.2. that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of shares of that class in issue prior to the issues;

## NOTICE OF ANNUAL GENERAL MEETING

5.3. that issues in the aggregate in any one year will not exceed 10% of the number of shares of any class of the Company's issued share capital, including instruments which are compulsorily convertible into shares of that class, provided further that such issues shall not in aggregate in any three-year period exceed 15% of the Company's issued share capital of that class, including instruments which are compulsorily convertible into shares of that class; and

5.4. that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the average closing price of the shares in question, as determined over the 30 days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of the instruments.

5.5. any such issue will only be made to public shareholders as defined in paragraph 4.22 of the Listing Requirements of the JSE.

6. To authorise any Director or Alternate Director of the Company to sign all such documents and to do all such things as may be necessary for or incidental to the implementation of the above-mentioned special and ordinary resolutions to be proposed at the Annual General Meeting.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and speak and vote in his stead. A proxy need not be a member of the Company. Proxy forms must reach the registered office of the Company at least 48 hours before the time of holding the meeting.

**Dematerialised shareholders, other than own name registered dematerialised shareholders, who wish to attend the annual general meeting or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary authority to attend the annual general meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the member and his/her CSDP or broker.**

By order of the Board

SA Mineral Investments (Pty) Ltd  
Secretaries

Pretoria  
20 May 2003



## FORM OF PROXY THABEX EXPLORATION LIMITED

(Only for use by certificated shareholders and own name registered dematerialised shareholders)



### Thabex Exploration Limited

(Incorporated in the Republic of South Africa)

(Registration number 1988/000763/06)

("Thabex" or "the Company")

ISIN code ZAE000013686

Listed on the JSE - Code TBX

For use at the annual general meeting of members of the Company, to be held at KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria at 10:00 on Wednesday, 23 July 2003.

I/We \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

being the holders of \_\_\_\_\_

ordinary shares in the Company, do hereby appoint

1 \_\_\_\_\_ or failing him

2 \_\_\_\_\_ or failing him

3 the chairperson of the annual general meeting, as my/our proxy to act for me/us at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote on the ordinary and special resolutions in respect of the ordinary shares in the issued capital of the Company registered in my/our name/s in accordance with the following instructions (see note 2):

Ordinary resolutions	Number of votes (one vote per share)		
	In favour	Against	Abstain
1. Adoption of financial statements			
2. Election of director: AP Roux			
3. To approve directors' fees			
4. To place the unissued shares under control of the directors			
5. To waive pre-emptive rights			
6. To authorise signature of documents			

Insert an "X" in the relevant space above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of less than all the shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote. Unless otherwise instructed my/our proxy may vote as he/she thinks fit.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2003

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

Each member is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.

## NOTES

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the members' votes exercisable thereat. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.

3. Forms of proxy must be received at the Company's transfer secretaries, Ultra Registrars (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 1053, Johannesburg, 2000) by no later than 10:00 on Monday, 21 July 2003.

4. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the annual general meeting.

6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.

8. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the member wishes to vote.

**9. Dematerialised shareholders who wish to attend the annual general meeting or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary authority to attend the annual general meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the member and his/her CSDP or broker.**

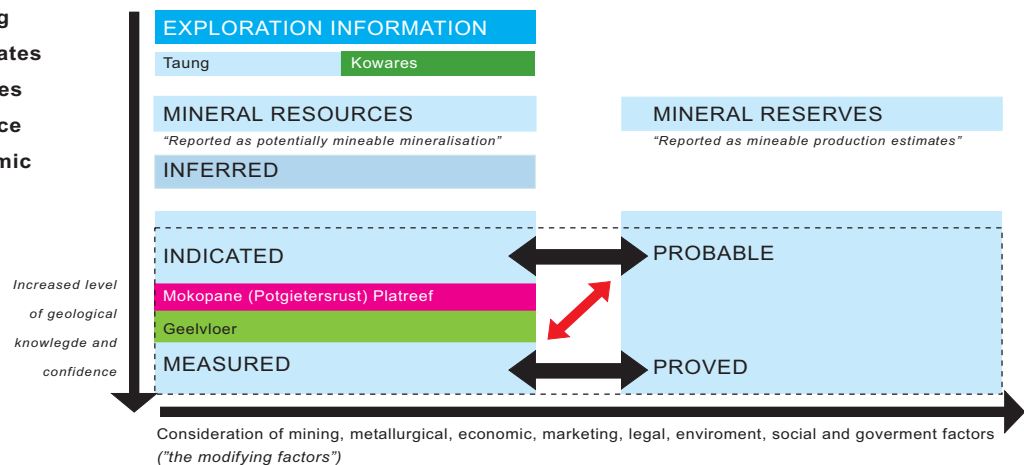
## SUMMARY OF MINERAL RESERVES AND MINERAL RESOURCES

Holding Company	Attributable to				Mineral type	Permit no	Area Ha	Boreholes		Inferred		Indicated		Measured		Valuation R million
	Thabex	Pure Diamonds	Taung	Area of Interest				Percussion	Diamond	Tonnes	Grade	Million Tonnes	Grade	Tonnes	Grade	
Pure Diamonds Ltd	100%				Diamond trading											-
Taung Diamond Mines Ltd		37.50%		Vaal River	Alluvial diamonds											0.50
Cinprop 0002 (Pty) Ltd			10%	Harts River	Alluvial diamonds	TP262000	1700									-
Diamex JV (Pty) Ltd	67.30%			Vaal & Harts Rivers	Mining company											-
Christiana Projects	100%			Vaal River	Alluvial Diamonds											-
Pilanesberg Gold Holdings (Pty) Ltd	50%				Gold Trading											-
Platinexco (Pty) Ltd <sup>(1)</sup>	100%			Mokopane (Potgietersrust)	Platinum Group Copper, nickel, cobalt	PP482001	1276	96	33		23.69	0.30% equivalent Ni (2.48 g/t equivalent Pt)				20.44
Geelvloer Project	95%				Zinc, copper, lead, silver, gold	Cession of mineral rights	3041		28		8	2.4% Zn, 0.8% Cu, 0.6% Pb, 24 g/t Ag, 0.8 g/t Au				61.78
<b>Total</b>																82.72

(1) Thabex's mineral reserves and mineral resources are carried at valuation less impairment (See note 3).

(2) The measured resources of Platinexco have been determined by a feasibility study completed during 1992. These resources have been classified as indicated resources until a new feasibility has been compiled.

Framework for classifying tonnage and grade estimates reflecting different degrees of geoscientific confidence and technical and economic evaluation as defined by the SAMREC Code



**REGISTERED OFFICE**

KPMG Forum  
1226 Schoeman Street  
Hatfield Pretoria 0083

**POSTAL ADDRESS**

PO Box 3899 Northcliff Johannesburg 2115

**TELEPHONE NUMBER**

0860THABEX (0860 84 2239)

**WEBSITE ADDRESS**

[www.thabex.com](http://www.thabex.com)

**E-MAIL ADDRESS**

[info@thabex.com](mailto:info@thabex.com)



**Thabex  
Exploration  
Limited**