



**Thabex
Exploration
Limited**

2005

ANNUAL REPORT

PROFILE

Thabex has a diversified portfolio of mineral exploration projects in South Africa and southern Africa and through Black Economic Empowerment associate, Taung Diamond Mines Limited, 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.*

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.

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CHAIRMAN'S REVIEW

DEAR SHAREHOLDER

Your company had an excellent year as Thabex was able to turn to account its Mokopane Platreef Project in the Limpopo Province by disposing of the entire shareholding of Platinexco (Pty) Ltd ("Platinexco") to Australian Stock Exchange listed, AIM Resources Ltd for R20 million.

The effect of the disposal meant that Thabex would have had sufficient cash assets to conduct its exploration activities and fund various Black Economic Empowerment ("BEE") initiatives.

Unfortunately Thabex also experienced one of its most difficult years since listing on the JSE Securities Exchange South Africa ("the JSE") as the Exchange Control Department of the South African Reserve Bank ("SARB") on 2 July 2004 placed a blocking order on the proceeds from the disposal of Platinexco.

Thabex has reached an agreement with the SARB to settle the dispute relating to the issue of debentures in prior years by way of a payment of R2 million to SARB without Thabex acknowledging any wrongdoing.

This resulted in a change of headline earnings per share of 3,59 cents changing to a headline loss of 8,17 cents (a decrease of 11,76 cents per share).

In the circumstances, Thabex having been denied access to its cash assets, the company had to curtail its exploration activities and suspend its financial support to its BEE associate, Taung Diamond Mines Ltd ("Taung Diamonds"). Due to the uncertainty surrounding the release of the disposal proceeds Thabex also disposed of its entire shareholding in Pure Diamonds on 1 March 2005 to Saminco Ltd.

Despite these trying events, I wish to commend the directors of Taung Diamonds, in persevering in their efforts to turn to account Taung Diamonds' prospecting rights in the Christiana district of the North West Province. I specifically wish to thank Messrs GA Takang and ZN Sokupha in this regard.

At present Thabex is negotiating to enter into an agreement to conduct exploration and prospecting for kimberlite pipes in various Southern African countries and shareholders will be informed of the outcome of these negotiations as soon as all agreements have been finalised.

Your company has also commenced negotiations to introduce a BEE partner as a major shareholder in Thabex. As announced on the JSE SENS system on 29 April 2005 shareholders should continue to exercise caution in trading with their Thabex shares until a further announcement is made.

As chairman I am confident that the next year will be a stable year and the external risk factors of Exchange Control, not contemplated by your board during the past year, will not be a hinderance in the exploration efforts of Thabex.

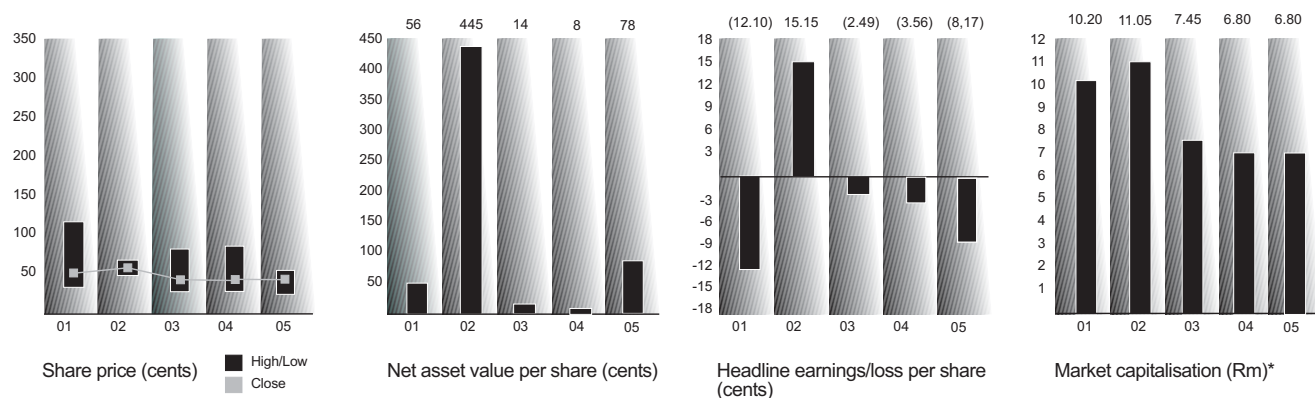
JR Rapoo

Chairman

25 May 2005

SALIENT FEATURES

	Company		Group	
	2005	2004	2005	2004
Number of shares at year-end	17 006 887	17 006 887	17 006 887	17 006 887
Net asset value per share (cents)	78,37	7,87	78,37	7,87
Net tangible asset value per share (cents)	78,37	7,87	78,37	7,87
Loss per share (cents)	(8,49)	(6,42)	(8,49)	(6,42)
Headline loss per share (cents)	(8,17)	(3,56)	(8,62)	(5,10)
Dividends per share (cents)	-	-	-	-



* Figures for the respective year-ends as published in the JSE Securities Exchange South Africa Monthly Bulletin

DIRECTORATE AND ADMINISTRATION

DIRECTORS

JR Rapoo

(non-executive Chairman)
B Comm (Accounting) Hons B Compt

M Welthagen

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

JL Bosch

(Non-executive) MSc (Geology) PrSciNat MGSSA

AP Roux

(Non-executive) BAgri

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 0028

BROKERS

PSG Online Securities Ltd (Member of the JSE Securities Exchange
South Africa) (Registration no 1996/000509/06) Cascade House Constantia
Park c/o 14th Avenue & Hendrik Potgieter Drive Weltevreden Park 1709

TRANSFER SECRETARIES

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

SPONSOR

PSG Capital Ltd (Registration no 1998/017396/06)
1st Floor Old Kollege 35 Kerk Street Stellenbosch 7600

AUDITORS

KPMG Inc. (Registration no 1999/021543/21)
KPMG Forum 1226 Schoeman Street Hatfield Pretoria 0028

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 Inc (Registration no 1993/004501/21)
BCLR House 19 West Street Houghton Johannesburg 2198

STRATE

STRATE Ltd (Registration no 1998/022242/06)
5th Floor One Exchange Square 2 Gwen Lane Sandown 2196

POSTAL ADDRESS

PO Box 3899 Northcliff Johannesburg 2115

TELEPHONE NUMBER

0860 THABEX (0860 84 2239)

WEBSITE ADDRESS

www.thabex.com

E-MAIL ADDRESS

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	Taung Diamond Projects
	Pure Diamonds
GOLD	Pilanesberg Gold Projects
PLATINIUM	Mokopane (Potgieterius) Platreef Project (Disposed)
BASE MINERALS	Geelvloer Project: Lead-Zinc-Copper-Silver-Gold
	Cresta - Uganda: Gold-Copper-Lead-Zinc (declined by SARB)

LOCATION OF EXPLORATION PROJECTS IN SOUTHERN AFRICA



Sea diamond deposits Alluvial diamond deposits Kimberlite pipe Kimberlite fissure Thabex exploration projects

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. However, the uncertainty of when the dispute with the South African Reserve Bank ("SARB"), regarding the release of the proceeds from the sale of Platinexco (Pty) Ltd, would be resolved forced the Group to consolidate its activities into its core business, that of exploration and the development of its BEE associates. Thabex is confident that the dispute will be resolved amicably.

Thabex also explore for gold, platinum and base minerals

DIAMONDS

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

Due to the strengthening of the Rand against the US Dollar and the uncertainty as to when the SARB will agree to release the Company's proceeds from the sale of Platinexco (Pty) Ltd, the Company decided to dispose of Pure Diamonds with effect from 1 March 2005 and focus its activities on assisting Thabex's BEE partners to explore and prospect for quality alluvial diamonds and to directly provide consulting services to empowerment companies wishing to enter into diamond prospecting and marketing. Thabex is involved with various empowerment projects ranging from small-scale mining in the Lichtenburg district to larger potential projects in the Kimberley and Mafikeng regions.

Taung Diamond Mines Ltd ("Taung Diamonds") (Thabex - 37,5%)

Taung Diamonds and BEE partner, Khunologo Diamonds, have commenced 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. The prospecting on the area covered by the prospecting permit (PP49/2004), yielded positive results and continues to be evaluated.

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 and has generated exploration information indicating a resource of diamondiferous gravels. Cinprop has submitted an application for the renewal of its previous prospecting permit (TP26/2000) in terms of the transitional arrangements of the New Mining Act.

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

During the period under review Diamex actively explored on three areas in the Lichtenburg district with the view of entering into joint ventures with the owners of the Prospecting Permits. These areas included portions of the farms Klipkuil, La Rei Stryd and Grasfontein. Diamex explored these areas by utilising mainly BEE contractors with 6 and 10 Foot Rotary Gravity Pans.

Tradepost 121 (Pty) Ltd ("Tradepost") (Taung Diamonds - 50%)

Tradepost is a BEE company with a rough diamond dealers license and has a buying office in Barkley West in the Northern Cape Province.

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 continuing investigating the potential of various alluvial gold deposits in the North West and Mpumalanga Provinces.

No active exploring of the identified gold occurrences were undertaken during the year. Exploration would only commence once the exploration programme can be financed by Thabex or other sources of funding.

PLATINUM

Platinexco (Pty) Ltd ("Platinexco")

On 14 July 2004 Thabex finalised the disposal of Platinexco when Australian listed AIM Resources Ltd exercised its option to acquire the entire issued share capital of Platinexco for R20 million and the settlement of the Company's loan account. The SARB, however did not agree to the unconditional utilisation of the proceeds of the disposal and the funds would have enabled the Company to turn to account its other projects, of which its BEE alluvial diamond projects and the Geelvloer project are priorities.

BASE MINERALS AND OTHER MINERALS

Cresta Mining Company (U) Limited ("Cresta Mining")

On 30 July 2004 the Company was informed by the Exchange Control Department of First National Bank acting as agent for the SARB that its application to acquire 100% of the issued share capital of Cresta Mining for R425 000, to be settled by the issue of 850 000 ordinary shares in Thabex at 50 cents per share, was not approved.

The reasons for declining the application were:

1. The purchase of 100% of Cresta Mining for 5% of the equity of Thabex would have constituted a "loop" structure and
2. The flow of dividends over the long term from Cresta Mining was not considered as a benefit for South Africa.

Cresta Mining would have enabled Thabex to tap into the mineral exploration opportunities of Africa in a relatively stable country such as Uganda and to further the aims of NEPAD. Cresta Mining holds ten Exclusive Prospecting Permits (EPL's) covering 303,7km² in Uganda.

Geelvloer Project (Thaba Egoli - 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). Thaba Egoli, a wholly owned subsidiary of Thabex, has a 95% interest in the project.

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.

Thaba Egoli's prospecting permit was renewed on 5 January 2004. Prospecting in terms of this permit will commence during the next few months. 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 was valued at R61,78 million in April 2004. However, in view of the substantial uncertainties associated to turn this project to account the value has been impaired (See Summary of Reserves and Resources - page 4).

Employment Equity

Thabex recognises the importance of employment equity and has accelerated its effort to appoint Black, Coloured or Asian managers and employees, through recruitment and training. Although no new employees have been appointed during the year a concerted effort will be made to appoint suitably qualified women in the Company.

Environmental Compliance

The Company's Environmental Rehabilitation Program ("EMP") in the Christiana district of the North West Province has been approved by the Department of Mineral and Energy on 30 April 2004.

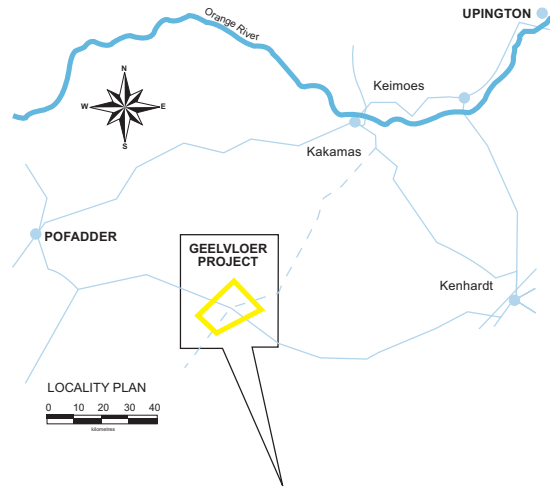
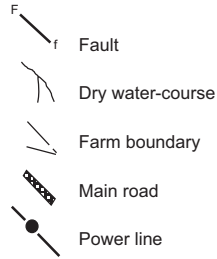
Exploration activities on alluvial deposits in the North West Province of South Africa

Exploration trench on the farm Kaffraria in the Christiana district of the North West Province.

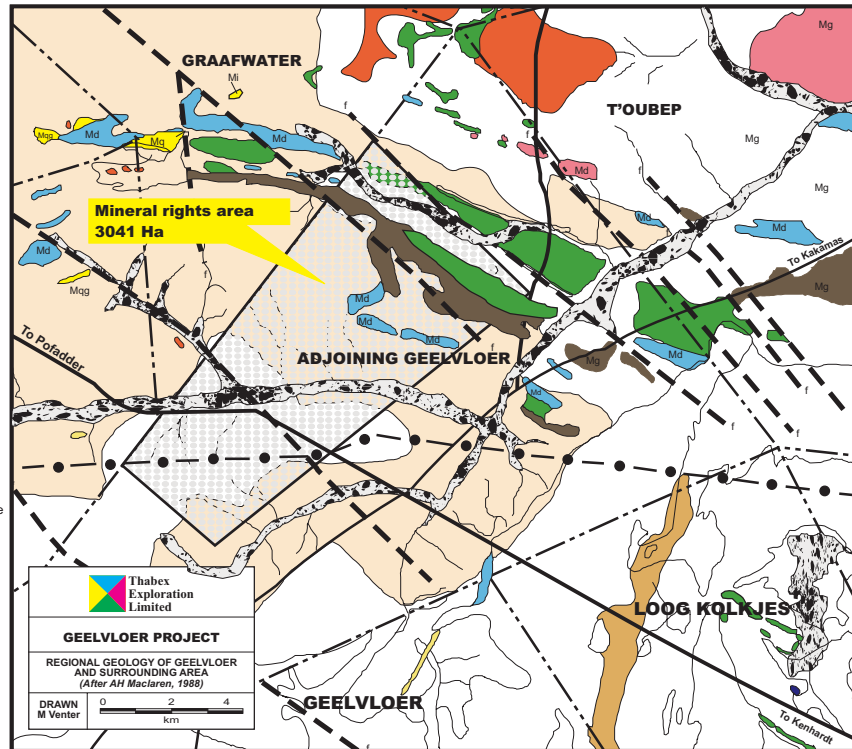
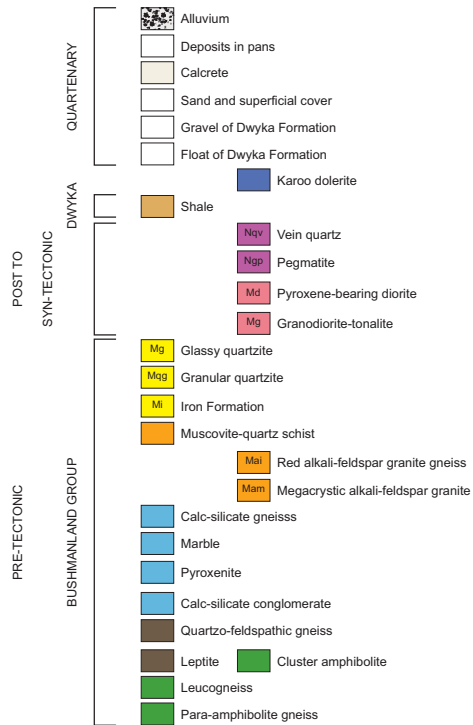


Nimrod Sokupha and Abey Takang, directors of Taung Diamond Mines Ltd, inspecting the alluvial gravels on the farm Kaffraria.

LEGEND



MAP 1 GEELVLOER PROJECT



EXTRACT FROM COMPETENT PERSON'S REPORT

	2005 R	2004 R
Options, mineral and participation rights		
1. Taung Diamond Mines Ltd		
At valuation	500 000	500 000
2. Platinexco (Pty) Ltd		
Mokopane Platreef Project		
At valuation	-	20 480 000
The project was disposed of on 14 July 2004 for R20 million including all loan accounts of Thabex.		
3. Thaba Egoli Mining and Exploration Ltd		
Geelvloer Project		
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 1).		
	62 284 825	82 764 825

Valuation of the Company's mineral reserves and mineral resources relating to the Mokopane Platreef project was reported by M Welthagen in a Competent Person's Report ("CPR") dated 13 April 2004, included in the Circular to Shareholders dated the same, and the supplement thereto relating to the valuation of the other Thabex mineral projects, 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 27 July 2005. The options, mineral rights and participation rights have once again been impaired in the Annual Financial Statements for the year ended 28 February 2005 (See note 2).

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THABEX EXPLORATION LIMITED ANNUAL REPORT FOR THE YEAR ENDED 28 February 2005

Abridged CV's of Thabex directors



Jeffrey Raymond Rapoo (8 years on the board of Thabex)(Non-executive Chairman) (BComm (Accounting), Hons B Compt) is at present the Executive - Finance at the North West Transport Investments (Pty) Ltd and formerly acting managing director at the Mpumalanga Development Corporation of the Mpumalanga Province and is also a director of Saminco Ltd. Mr Rapoo has considerable experience in the field of project development and financial administration. During July 2003 he was appointed to the board of Royal Bafokeng Resources Ltd.



Marius Welthagen (12 years on the board of Thabex)(Chief Executive) has 24 years of mining experience. Mr Welthagen is a qualified mining engineer and specialised in mineral economics (MEng (Mining), MPhil Mineral Economics, BComm Hons (Economics)). He was employed at Kloof Gold Mine, Greenside Coal Mine in the Gold Fields Group as Mining Engineer, at the Minerals Bureau of South Africa as mineral economist and as a gold and platinum analyst for a leading stockbroker on the JSE. He is also chairman of Saminco Limited a mining investment company. He was a founder member of SA Chrome and Alloys Ltd (formerly SouthWits Ltd) and Samroc Ltd (Formerly MangaChem Ltd).



Leopold Bosch (5 years on the board of Thabex)(Non-executive Director) studied at the Potchefstroom University where he obtained his MSc Geology (cum laude) during 1963 with a thesis on kimberlite occurrences in the Barkly West district of the Northern Cape province. After spending some years as field geologist and mineralogist, he was appointed as geologist with the Industrial Development Corporation of South Africa Limited in 1968, and was

involved in numerous geological investigations and projects. He was also responsible for the establishment of IDC's computer facilities and information systems, and retired in 1995 as deputy General Manager. He has consulted to Thabex since October 1997 and joined the Board in March 1999. On 1 October 2003 he was appointed Executive Manager of the Geological Society of South Africa.



David Reid (6 years on the board of Thabex)(Non-executive Director) has been with the University of Cape Town since 1972 and is currently an Associate Professor in the department of geological sciences. He has been a member of the Geological Society of South Africa since 1973 and has twice been awarded their Jubilee Medal in recognition for published research in South African geology and geochemistry. David Reid has published, lectured and consulted widely on topics related to economic geology and geochemistry, with particular emphasis on mineralisation in Namaqualand, Bushmanland, Namibia and the Bushveld Complex.



Anton Roux (8 years on board of Thabex)(Non-executive Director) is a deciduous fruit producer on the family farm, La Colline, in the Franschhoek Valley in the Western Cape Province and is a director of Saminco. He has been associated with the group since 1981 as director of SA Mineral Investments (Pty) Ltd. He is a graduate of the University of Stellenbosch holding a B Agric degree.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2005

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 director 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 in the manner required by the Companies Act in South Africa 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 judgements 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 2005 set out on pages 18 to 41 were approved by the directors on 16 May 2005 and are signed on their behalf by:

M Welthagen

Chief Executive

25 May 2005

CORPORATE GOVERNANCE STATEMENT

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

BOARD OF DIRECTORS

The board presently consists of one executive and four 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 judgement and opinions. The board of directors and management follow the unitary structure, meet on a quarterly basis to review the operational performance of the Group, strategic issues and stakeholder reporting. The board is responsible for the management of the company and its subsidiaries. The Company appointed JR Rapoo as non-executive Chairman on 1 October 2003 to ensure division of responsibility, in compliance with JSE Listing Requirements, between the Chairman and the Executive responsible for the running of the Group's business (the Chief Executive Officer).

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.

CORPORATE GOVERNANCE STATEMENT (Continued)

- 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 are undertaken by management.

INSIDER TRADING

All directors have been informed about the new JSE Listing Requirements regarding closed periods for trading in Thabex shares, prior to the publication of the 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 as a group form the technical and audit committees and the non-executive directors form the human resources committee.

Details of attendance at Board meetings during the financial year ended 28 February 2005.

Name of director	20 April 2004	12 July 2004	28 July 2004	19 October 2004	15 November 2004	7 February 2005	8 February 2005
JR Rapoo	P	P	P	P	P	A	A
JL Bocsh	A	A	P	A	A	A	P
Dr DL Reid	A	A	A	A	A	P	A
AP Roux	A	A	A	A	A	A	P
M Welthagen	P	P	P	P	P	P	P

A - Absent with apologies; P - Present

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
25 May 2005

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 2005, 88.24% 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 Group'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 4 a more comprehensive analysis of the Group's exploration prospects is tabled.

REPORT OF THE INDEPENDENT AUDITORS for the year ended 28 February 2005

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 18 to 41 for the year ended 28 February 2005. 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.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group at 28 February 2005 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)
PO Box 11265
Hatfield, Pretoria, 0028

25 May 2005

DIRECTORS' REPORT

DIRECTORS HAVE THE PLEASURE IN PRESENTING THEIR REPORT FOR THE YEAR ENDED 28 February 2005

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 ("JSE") in the "Resources; Mining - Other Mineral Extractors and Mines" sector of the list under the abbreviated name "Thabex" (ISIN code: ZAE000013686 **JSE code: TBX**).

Thabex and its subsidiaries explores for diamonds, gold, platinum and base minerals and also trades in polished diamonds. The Groups'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 BEE associate, Taung Diamonds Limited.

REVIEW OF OPERATIONS

The group incurred a loss for the year of R1 443 752 (2004: R1 092 431) after providing an amount of R2 million for the SARB settlement. The financial statements reflect the operating results are state of affairs of the company all group at 28 February 2005.

SUBSTANTIAL SHAREHOLDERS

According to the register of members of the company at 28 February 2005, 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
Saminco Limited	3 111 456	18,30
Citibank Switzerland	2 641 690	15,53
E Vally	2 447 788	14,39
Kas Depository Trust Company	1 817 089	10,68
Bank of New York	870 000	5,12
Total	10 888 023	64,02

SHARE CAPITAL

The authorised share capital of the company is 100 000 000 ordinary shares of 10 cents each (2004: 100 000 000).

As at 28 February 2005 the issued share capital of the company comprised 17 006 887 (2004: 17 006 887) ordinary shares of 10 cents each.

DIVIDENDS

No dividends are proposed in respect of the 2005 financial year (2004: nil).

MANAGEMENT

The company has not entered into any management agreement with its directors or any other company.

SECRETARIAL SERVICE

SA Mineral Investments (Pty) Limited, a company indirectly controlled by Marius Welthagen, acts as company secretary to Thabex. This company is also a share dealing company and during the year purchased nil (2004: purchased-174 072 at an average price of 44 cents per share) Thabex ordinary shares.

Any trading in Thabex shares is subject to the Rules and Regulations of the JSE and 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 2005</i>	Directly		Indirectly		%
	Beneficial	Non Beneficial	Beneficial	Non Beneficial	
M Welthagen	1 000	-	1 945 896	46 530	11,72
JL Bosch	16 000	-	-	-	0,09
JR Rapoo	20 000	-	-	-	0,12
Prof DL Reid	16 600	-	-	-	0,10
AP Roux	16 000	-	-	170 000	1,09
Total	69 600	-	1 945 896	216 530	13,12

<i>As at 28 February 2004</i>	Directly		Indirectly		%
	Beneficial	Non Beneficial	Beneficial	Non Beneficial	
M Welthagen	1 000	-	1 945 896	46 530	11,72
JL Bosch	16 000	-	-	-	0,09
JR Rapoo	20 000	-	-	-	0,12
Prof DL Reid	16 600	-	-	-	0,10
AP Roux	16 000	-	-	170 000	1,09
Total	69 600	-	1 945 896	216 530	13,12

M Welthagen has a 11,11% indirect interest in the company held through The Marius Welthagen Trust's direct 54,59% interest in Saminco Limited or 1 698 544 shares (2004:1 698 544 shares) and 247 352 shares (2004: 247 252 shares) held through SA Mineral Investments (Pty) Ltd. AP Roux has a direct interest of 16 000 and an indirect interest of 170 000 ordinary shares in the company or 1,09%. No material change in the above interests occurred since year-end to the date of this report.

OPTIONS, MINERAL AND PARTICIPATION RIGHTS

The mineral rights held by Thabex were valued on 16 April 2004 in terms of the SAMREC Code by M Welthagen, who is suitably qualified to produce a Competent Persons Report ("CPR") to value the Geelvloer project and the Taung Diamonds projects. Using this report as a basis the Group has valued these projects at R62,28 million (2004:R82,77 million). The reason for the decrease is that Thabex disposed of Platinexco and the Company's loan account of R347 630 to AIM Resources of Australia for R20 million in cash. The CPR valued Thabex's interest in Taung Diamonds at cost.

DIRECTORS' REPORT

OPTIONS, MINERAL AND PARTICIPATION RIGHTS(continued)

The South African Reserve Bank ("SARB") did not consent to the unconditional release of the disposal proceeds of Platinexco, resulting in a dispute between Thabex and the SARB. As a result the Group has not applied for any further mineral rights and had to curtail its exploration activities on its existing prospecting areas.

Your board has considered the current risk factors influencing the value of the Group's options, mineral and participation rights. These include significant changes in the legal environment as well as current market conditions. In view of the above, the directors have considered it prudent to impair its option, mineral and participation rights until the recoverable amounts can be reliably determined. These rights were also impaired at 29 February 2004.

SUBSEQUENT EVENTS

On 29 April 2005 Thabex announced in a cautionary announcement on SENS that it is negotiating with at BEE Group to acquire a stake in the Company.

The Company has agreed in principle to enter into a Joint Venture with a company with various Kimberlite and alluvial diamond prospects, negotiations are continuing in this regard.

Due to the uncertainty regarding the utilisation of the funds received from the disposal of Platinexco, the Company disposed of its entire interest in Pure Diamonds Limited on 1 March 2005, for R1 together with its loan account to Saminco Limited. Pure Diamonds had a shareholder's deficit at year end. The result of this disposal is that Thabex no longer has to support Pure Diamonds Limited financially and effectively eliminated all Thabex's long term liabilities.

Other than mentioned above there are no other events of a material nature that have occurred between the balance sheet date and the date of this report.

DISPUTE WITH EXCHANGE CONTROL DEPARTMENT OF SARB

On 2 July 2004 the SARB issued an order, in terms of Regulation 22C of the Exchange Control Regulations, not to release the proceeds from the disposal of Platinexco to Thabex.

The Company has reached an agreement with the SARB to settle the dispute relating to the issue of debentures in prior years by way of payment of an amount of R2 million to SARB without Thabex acknowledging any wrongdoing. This amount has been provided for in the financial statements (refer note 14).

DIRECTORATE AND ADMINISTRATION

The executive director in office at the date of this report is M Welthagen. The non-executive directors were JL Bosch, JR Rapoo, AP Roux and Prof DL Reid. In accordance with Article 93 of the company's Articles of Association, Prof DL Reid will retire from office at the annual general meeting to be held on Wednesday, 27 July 2005, but being eligible, offers himself for re-election.

Abridged biography of director seeking re-election

Name: David Louis Reid

Date of birth: 12 December 1948

Academic qualifications: DPhil (Geochemistry) MSc (Geology)
BSc Hons (Geology)

Occupation: Associate Professor in the department of geological sciences at the University of Cape Town

Experience: See abridged CV on page 13 of this report.

Other current directorships: None

M Welthagen
Chief Executive
25 May 2005

SUBSIDIARIES AND INVESTMENTS

The company and its subsidiaries, and associates are incorporated in the Republic of South Africa.

Subsidiaries	Issued share capital*	Effective interest* %	Shares at cost or valuation		Loan Accounts	
			2005 R	2004 R	2005 R	2004 R
Diamex JV (Pty) Ltd <i>(Registration number 1997/014096/07)</i>	10 000	67,3	40 400	40 400	217 791	52 243
Pilanesberg Gold Holdings (Pty) Ltd <i>(Registration number 1987/000711/07)</i>	9 400	50	26 059	26 059	-	20 200
Platinexco (Pty) Ltd <i>(Registration number 1988/002343/07)</i>	2 500	-	-	19 303 182	-	347 630
Pure Diamonds Ltd <i>(Registration number 1998/008449/06)</i>	50 010 000	100	470 175	470 175	156 526	153 880
Thaba Egoli Mining & Exploration Ltd <i>(Registration number 1994/008806/06)</i>	27 000 000	100	60 085 438	60 085 438	1 748 978	1 737 190
			60 622 072	79 925 254	2 123 295	2 311 143
Deduct: Impairment losses			(60 621 926)	(79 914 676)	(2 118 553)	(2 245 663)
Provision for subsidiary liabilities			-	-	(11 476)	(158 745)
			146	10 578	(6 734)	(93 265)
Associated companies						
Taung Diamond Mines Ltd <i>(Registration number 1995/001724/06)</i>	3 000 000	37,5	500 000	500 000	83 647	69 891
Tradepost 121 (Pty) Ltd <i>(Registration number 1997/010926/07)</i>	50	50	1 097	1 097	-	-
Deduct:						
Impairment losses			(501 097)	(501 097)	(83 647)	(69 891)
Provision for associates liabilities			-	-	(11 481)	(9 364)
			-	-	(11 481)	(9 364)

The attributable interest in the aggregate net losses of subsidiaries is R364 847 (2003: R344 029). The investment in Taung Diamond Mines Ltd and Tradepost 121 (Pty) Ltd have not been equity accounted as the effect on the financial statements would not be materially different to that disclosed.

* The same for 2004 and 2005 except for the 100% interest in Platinexco which was disposed during the year.

BALANCE SHEETS AT 28 February 2005

	Notes	Company		Group	
		2005 R	2004 R	2005 R	2004 R
Assets					
Non-current assets		38 215	125 306	33 737	49 882
Mining assets and equipment	2	33 327	49 248	33 737	49 882
Interest in subsidiaries	3	4 888	76 058	-	-
Interest in associated companies	4	-	-	-	-
Current assets		21 017 137	2 175 423	21 158 347	2 355 469
Inventories	5	587 372	954 941	661 357	1 073 347
Trading investments	6	467 361	405 057	467 361	405 057
Trade and other receivables	7	53 469	609 569	105 995	648 723
Cash and cash equivalents	8	19 908 935	205 856	19 923 634	228 342
Total assets		21 055 352	2 300 729	21 192 084	2 405 351
Equity and liabilities					
Capital and reserves					
Share capital	9	1 700 689	1 700 689	1 700 689	1 700 689
Share premium	10	-	-	-	-
Revaluation reserve		(5 574 422)	(17 565 307)	(5 574 422)	(17 565 307)
Accumulated loss		13 329 008	1 338 123	13 329 008	1 338 123
Ordinary shareholders' funds		-	-	146	10 578
Outside shareholders' interest					
Non-current liabilities	11	-	-	66 540	226 740
Long-term liabilities		7 726 344	962 606	7 796 390	829 910
Current liabilities	13	1 327 393	794 497	1 408 915	820 546
Trade and other payables	14	2 022 957	168 109	2 011 481	9 364
Provisions		4 375 994	-	4 375 994	-
Taxation		21 055 352	2 300 729	21 192 084	2 405 351
Total equity and liabilities		78,37	7,87	78,37	7,87
Net asset value per share (cents)		78,37	7,87	78,37	7,87
Net tangible asset value per share (cents)					

INCOME STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Notes	Company		Group	
		2005 R	2004 R	2005 R	2004 R
Revenue	15	349 775	211 101	427 445	211 101
Cost of sales		(369 644)	(197 093)	(456 444)	(185 993)
Gross (loss)/profit		(19 869)	14 008	(28 999)	25 108
Other operating income		498 393	753 592	513 672	680 092
Profit on sale of investment in subsidiary		30 141	-	30 141	-
Exploration expenditure		(57 766)	(160 193)	(66 361)	(318 193)
Administration expenses		(1 998 483)	(1 287 788)	(2 084 524)	(1 471 524)
Other operating expenses		(84 745)	(487 419)	(6 873)	(87 598)
Provision for SARB settlement		(2 000 000)	-	(2 000 000)	-
Operating loss	16	(3 632 329)	(1 167 800)	(3 642 944)	(1 172 115)
Income from investments	17	806 870	75 369	807 053	75 784
(Loss) before taxation		(2 825 459)	(1 092 431)	(2 835 891)	(1 096 331)
Taxation		1 381 707	-	1 381 707	-
Loss after taxation		(1 443 752)	(1 092 431)	(1 454 184)	(1 096 331)
Outside shareholders' interest		-	-	10 432	3 900
Loss for the year		(1 443 752)	(1 092 431)	(1 443 752)	(1 092 431)
Weighted average number of shares in issue during the year		17 006 887	17 006 887	17 006 887	17 006 887
Loss per share (cents)	18	(8,49)	(6,42)	(8,49)	(6,42)
Headline loss per share (cents)	18	(8,17)	(3,56)	(8,62)	(5,10)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 February 2005

	Share capital R	Share premium R	Accumulated loss R	Revaluation Reserve R	Total R
Company					
Balance at 28 February 2003	1 700 689	17 202 741	(16 472 876)	-	2 430 554
Net loss for the year	-	-	(1 092 431)	-	(1 092 431)
Balance at 28 February 2004	1 700 689	17 202 741	(17 565 307)	-	1 338 123
Reversal of impairment	-	-	-	19 192 338	19 192 338
Adjustment for taxation	-	-	-	(5 757 701)	(5 757 701)
Transfer to equity	-	-	-	(13 434 637)	(13 434 637)
Transfer from revaluation reserve	-	-	13 434 637	-	13 434 637
Net loss for the year	-	-	(1 443 752)	-	(1 443 752)
Balance at 28 February 2005	1 700 689	17 202 741	(5 574 422)	-	13 329 008
Group					
Balance at 28 February 2003	1 700 689	17 202 741	(16 472 876)	-	2 430 554
Net loss for the year	-	-	(1 092 431)	-	(1 092 431)
Balance at 28 February 2004	1 700 689	17 202 741	(17 565 307)	-	1 338 123
Reversal of impairment	-	-	-	19 192 338	19 192 338
Adjustment for taxation	-	-	-	(5 757 701)	(5 757 701)
Transfer to equity	-	-	-	(13 434 637)	(13 434 637)
Transfer from revaluation reserve	-	-	13 434 637	-	13 434 637
Net loss for the year	-	-	(1 443 752)	-	(1 443 752)
Balance at 28 February 2005	1 700 689	17 202 741	(5 574 422)	-	13 329 008

CASH FLOW STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Note	Company		Group	
		2005 R	2004 R	2005 R	2004 R
Cash utilised in operating activities					
Cash (utilised in)/generated by operations	21	(102 554)	362 519	(104 284)	77 891
Interest received		744 566	5 342	744 749	5 757
Net cash inflow from operating activities		642 012	367 861	640 465	83 648
Cash flow from investing activities					
Addition to mining assets		(2 685)	(12 463)	(2 696)	(150 726)
Increase in interest in subsidiaries		(153 971)	(194 740)	-	-
Increase in interest in associates		(4 756)	(12 812)	(4 756)	-
Proceeds on disposal of subsidiary/business		19 222 479	-	19 222 479	-
Net cash inflow/(outflow) from investing activities		19 061 067	(220 015)	19 215 027	(150 726)
Cash flow from financing activities					
(Decrease)/increase in long-term loan		-	-	(160 200)	158 500
Decrease in minority shareholders' interest		-	-	-	(3 900)
Net cash (outflow)/inflow from financing activities		-	-	(160 200)	154 600
Net increase in cash and cash equivalents		19 703 079	147 846	19 695 292	87 522
Cash and cash equivalents at beginning of year		205 856	58 010	228 342	140 820
Cash and cash equivalents at end of year		19 908 935	205 856	19 923 634	228 342

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

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, except for options, mineral rights and interest in subsidiaries carried at revalued amounts and financial instruments carried at fair value.

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 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. 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. Mining assets and equipment

1.6.1. Equipment Equipment is 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. Revaluations are performed at regular intervals not exceeding three years.

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 recognised 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 recognised in prior years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

1.8. Inventories Inventories comprising polished diamonds, gold and silver bullion 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, consulting and management services to customers and trading in mineral options, mineral properties and mineral projects exclusive of value-added tax.

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 realisation or 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 recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised 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 recognised 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 utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.15 Comparative figures

Where necessary comparative figures have been reclassified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Depreciation rate	Company		Group	
		2005 R	2004 R	2005 R	2004 R
2. Mining assets and equipment					
Equipment at cost		153 074	150 389	155 906	153 210
Accumulated depreciation	20%	(119 747)	(101 141)	(122 169)	(103 328)
Net book value		33 327	49 248	33 737	49 882
Opening balance		49 248	52 847	49 882	53 704
Additions		2 685	12 463	2 696	12 463
Depreciation		(18 606)	(16 062)	(18 841)	(16 285)
Closing balance		33 327	49 248	33 737	49 882
Options, mineral and participation rights					
Cost		-	-	7 286 072	7 396 916
Revaluation		-	-	53 336 000	72 528 338
Impairment losses		-	-	(60 622 072)	(79 925 254)
Closing balance		-	-	-	-
Total mining assets and equipment		33 327	49 248	33 737	49 882

The impairment loss is recognised because there are significant uncertainties with regards to ownership of the mineral rights due to new mining legislation governing these rights.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Company		Group	
	2005 R	2004 R	2005 R	2004 R
3. Interest in subsidiaries				
At - cost	7 286 072	7 396 916	-	-
Revaluation	53 336 000	72 528 338	-	-
Less: Impairment losses	(60 621 926)	(79 914 676)	-	-
Subsidiaries' net indebtedness	146	10 578	-	-
Less: Provision for writedown of loans to subsidiaries	2 123 295	2 311 143	-	-
	(2 118 553)	(2 245 663)	-	-
Total interest in subsidiaries	4 742	65 480	-	-
	4 888	76 058	-	-

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)
	-	-	-	-

Tradepost 121 (Pty) Ltd

Carrying value of investment:

Shares at cost	-	-	1 097	1 097
Impairment loss	-	-	(1 097)	(1 097)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Group	
	2005	2004
	R	R
4. Interest in associated companies (continued)		
Summary of financial information:		
Taung Diamond Mines Ltd		
Share capital and share premium	1 070 007	1 070 007
Accumulated loss	(1 152 997)	(1 148 241)
Shareholders' funds	(82 990)	(78 234)
Long-term liability	133 676	119 920
	50 686	41 686
Net current assets	50 686	41 686
	50 686	41 686

Summary of financial information:

Tradepost 121 (Pty) Ltd

Share capital and share premium	100	100
Accumulated loss	(11 581)	(9 464)
Shareholders' funds	(11 481)	(9 364)
Long-term liability	7 491	6 941
	(3 990)	(2 423)
Property plant and equipment	-	-
Loans receivable	-	-
Investment	-	-
Net current liabilities	(3 990)	(2 423)
	(3 990)	(2 423)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Company		Group	
	2005 R	2004 R	2005 R	2004 R
5. Inventories				
Trading inventory - at cost	521 497	954 941	595 482	1 025 174
- at net realisable value	65 875	-	65 875	48 173
	587 372	954 941	661 357	1 073 347
6. Trading investments				
Sage Sinking Fund policies	461 317	392 982	461 317	392 982
Shares in listed companies	Ordinary shares held			
Messina Platinum Limited	129	2 324	8 127	2 324
Western Areas Limited	124	3 720	3 948	3 948
		467 361	405 057	467 361
				405 057
Fair value of the Sinking Fund policies is indicated at surrender value at year-end. Fair value of listed investments is established at the current market price on the JSE Securities Exchange South Africa at year-end.				
7. Trade and other receivables				
Trade debtors	42 179	258 777	57 960	260 487
Sundry debtors	633	104 937	633	104 936
Cash in trust	10 000	10 000	10 000	10 000
Loan to Southern Mineral Broker (Pty) Ltd	-	215 792	-	216 492
Advance M Welthagen	-	28 406	-	28 406
Loan account Taung Diamond Mines Ltd	83 647	69 891	37 402	28 402
Less impairment losses	(82 990)	(78 234)	-	-
	53 469	609 569	105 995	648 723
8. Cash and cash equivalents				
Current bank account	18 848	11 555	23 174	14 357
Cash on call and on hand (refer to note 25)	19 890 087	194 301	19 900 460	213 985
	19 908 935	205 856	19 923 634	228 342

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Company		Group	
	2005 R	2004 R	2005 R	2004 R
9. Share capital				
Authorised				
100 000 000 (2004:100 000 000) ordinary shares of 10 cents each	10 000 000	10 000 000	10 000 000	10 000 000
Issued				
17 006 887 (2004:17 006 887) 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.				
10. Revaluation reserve				
Arising on revaluation of investment in subsidiaries				
Opening balance	-	63 536 000	-	-
- Platinexco (Pty) Ltd	-	-	-	-
- Thaba Egoli Mining and Exploration Ltd	-	-	-	-
Adjustment for deferred tax in subsidiaries not provided in prior year	-	(19 060 800)	-	-
Addition to revaluation reserve	-	6 965 000	-	-
Impairment recoupment/(losses)	19 192 338	(51 440 200)	-	-
Adjustment for taxation	(5 757 701)	-	-	-
Transfer to equity	(13 434 637)	-	-	-
Arising on revaluation of options, mineral and participation rights				
Opening balance	-	-	-	63 536 000
- Mokopane (Potgietersrus) Platreef Project	-	-	-	-
- Geelvloer Project	-	-	-	-
Deferred tax not provided in prior year	-	-	-	(19 060 800)
Addition to revaluation reserve	-	-	-	6 965 000
Impairment recoupment/(losses)	-	-	19 192 338	(51 440 200)
Adjustment for taxation	-	-	(5 757 701)	-
Transfer to equity	-	-	(13 434 637)	-
11. Long-term liabilities				
Long-term liabilities	-	-	66 540	226 740
Long-term liabilities comprise outside shareholders' loans which have no fixed period of repayment and bear no interest.				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Company		Group	
	2005 R	2004 R	2005 R	2004 R
12. Deferred taxation				
Opening balance	-	-	-	-
Underprovision on revaluation in prior year	-	19 060 800	-	19 060 800
Arising from revaluation in current year	-	2 985 000	-	2 985 000
Reversal due to impairment of revalued assets	-	(22 045 800)	-	(22 045 800)
Reversal due to sale of subsidiary	5 757 701	-	5 757 701	-
Income statement (refer note 19)	(5 757 701)		(5 757 701)	-
Balance end of year	-		-	-

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

Had the deferred tax been provided it would comprise of:

Accumulated tax losses	-	1 006 183	569 553	1 469 617
Mining capital expenditure	-	-	-	139 087
Provision for doubtful debts	-	92 420	-	92 420
	-	1 098 603	569 553	1 701 124

13. Trade and other payables

Credit Card Facility	40 514	-	40 514	-
Accounts payable	1 270 575	750 997	1 352 097	777 046
Loan account SA Mineral Investments (Pty) Ltd	16 304	43 500	16 304	43 500
	1 327 393	794 497	1 408 915	820 546

14. Provisions

Opening balance	168 109	6 023	9 364	9 364
Additional provisions for losses in subsidiaries and associates	(145 152)	165 671	2 117	-
Provision for SARB settlement	2 000 000	-	2 000 000	-
Over provision - prior year	-	(3 585)	-	-
Closing balance	2 022 957	168 109	2 011 481	9 364

A provision is made to account for the deficit of liabilities exceeding assets, in the subsidiaries and associates (see note 26).

Thabex will only be responsible for covering the deficit if the subsidiaries can not repay their liabilities as and when they become payable.

The provision for the SARB settlement is dealt with in the directors' report (refer to page 20).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Company		Group	
	2005 R	2004 R	2005 R	2004 R
15. Revenue				
Sale of polished diamonds	349 775	211 101	427 445	211 101
	349 775	211 101	427 445	211 101
16. Operating loss is arrived at after taking into account				
<i>Income</i>				
Management fees received	84 412	35 546	90 191	35 456
Option fees received	413 981	-	413 981	-
Consulting fees received	-	-	9 500	1 500
<i>Expenditure</i>				
Auditors' remuneration	150 050	123 100	167 893	153 780
- Audit fees	120 000	89 100	130 960	110 700
- (Over)/underprovision prior year	-	(6 000)	-	3 080
- Other services	30 050	40 000	36 933	40 000
Write down of inventories to net realisable value	32 925	-	32 925	2 301
Depreciation of equipment	18 606	16 062	18 841	16 286
Directors' emoluments for managerial services	212 525	298 483	231 525	329 436
Secretarial fees	74 331	46 125	78 550	47 441
Salaries	20 197	-	20 197	-
17. Income from investments				
Fair value adjustment to unlisted investments	68 335	72 622	68 335	72 622
Fair value adjustment to listed investments	(6 031)	(2 595)	(6 031)	(2 595)
Interest received	744 566	5 342	744 749	5 757
	806 870	75 369	807 053	75 784

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Company		Group	
	2005 R	2004 R	2005 R	2004 R
18. Profit/(loss) per share				
The calculations of loss and headline loss per share are as follows:				
Loss for the year	(1 443 752)	(1 092 431)	(1 443 752)	(1 092 431)
Headline loss	(1 389 148)	(605 012)	(1 467 020)	(866 572)
Weighted average ordinary shares in issue	17 006 887	17 006 887	17 006 887	17 006 887
Loss per share (cents)	(8,49)	(6,42)	(8,49)	(6,42)
Headline loss per share (cents)	(8,17)	(3,56)	(8,62)	(5,10)

Reconciliation between loss and headline loss

Net loss attributable to ordinary shareholders	(1 443 752)	(1 092 431)	(1 443 752)	(1 092 431)
Adjustments for:				
Surplus on disposal of investment in subsidiary	(30 141)	-	(30 141)	-
(Reversal)/provision of/(for) losses in subsidiaries	(145 152)	162 086	2 117	-
Impairment losses	229 897	325 333	4 756	225 859
Headline loss	(1 389 148)	(605 012)	(1 467 020)	(866 572)

19. Taxation

South African Normal taxation

- Current	(4 375 994)	-	(4 375 994)	-
- Deferred	5 757 701	-	5 757 701	-
	1 381 707	-	1 381 707	-

The Group has calculated losses of R1 898 511(2004: Computed loss R5 471 817) available for offset against future taxable income. A deferred tax asset has not been raised as it is not certain when future taxable income will be generated.

	Company		Group	
	2005 %	2004 %	2005 %	2004 %
Reconciliation of statutory taxation rate				
Taxation rate per income statement	48,90	0,99	48,70	0,65
Non-taxable income	(0,80)	(1,99)	(0,80)	(1,46)
Non- deductible expenses	25,50	13,63	25,50	11,43
Deferred tax not raised	-	17,37	-	19,38
Deferred tax asset not raised in prior year	(43,60)	-	(43,40)	-
Statutory taxation rate	30,00	30,00	30,00	30,00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

20. Financial instruments

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

20.1. 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.

20.2. 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.

20.3. Re-pricing analysis

The following table identifies the period over which 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 %	6	19 878 420	19 878 420	-	-

20.4. 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.

20.5. Fair values

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

NOTES TO THE CASH FLOW STATEMENTS FOR THE YEAR ENDED 28 February 2005

	Company		Group	
	2005 R	2004 R	2005 R	2004 R
21. Cash (utilised in)/generated by operations				
Operating loss	(3 632 329)	(1 167 800)	(3 642 944)	(1 172 116)
Adjusted for:				
Depreciation	18 606	16 062	18 841	16 286
Provision for SARB settlement	2 000 000	-	2 000 000	-
Reversal of impairment losses	(145 152)	-	4 756	225 859
Provision for losses in subsidiaries and associates	229 897	487 419	2 117	-
Profit on disposal of subsidiary	(30 141)	-	(30 141)	-
Operating loss before working capital changes	(1 559 119)	(664 319)	(1 647 371)	(929 971)
21.1 Changes in working capital				
Inventories	367 569	2 693	411 990	(68 239)
Trade and other receivables	556 100	366 013	542 728	411 920
Trade and other payables	532 896	658 132	588 369	664 181
Cash (utilised in)/generated by operations	(102 554)	362 519	(104 284)	77 891

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

22. Identities of Related parties

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

Royal Bafokeng Resources Ltd
Bofokeng Investment Syndicate (Pty) Ltd
Bohirima Industrial Holdings (Pty) Ltd
Fabvest Investment Holdings Ltd
Premier Foods Ltd
Saminco Ltd

M Welthagen, the 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 and has a controlling shareholding in the following companies not controlled by Thabex:

Maxzon Fusion (Pty) Ltd
Maxzon Investments (Pty) Ltd
Miningweb (Pty) Ltd
Saminco Ltd
SA Mineral Investments (Pty) Ltd (Group Secretaries)
Southern Mineral Brokers (Pty) Ltd

M Welthagen, JL Bosch and GA Takang are directors of Taung Diamond Mines Ltd, an associate company controlled by Pure Diamonds Ltd in which JL Bosch is also a director.

JL Bosch and GA Takang are directors of Tradepost 121 (Pty) Ltd, an associate company controlled by Taung Diamond Mines Ltd

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

Saminco Ltd
SA Mineral Investments (Pty) Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	2005 R	2004 R
23. Material related party transactions		
23.1. Included in interest in subsidiaries are loans owing to Thabex by the following companies:		
Diamex JV (Pty) Ltd	6 803	-
Pilanesberg Gold Holdings (Pty) Ltd	-	20 200
Platinexco (Pty) Ltd	-	347 630
Pure Diamonds Ltd	35 357	32 709
Thaba Egoli Mining and Exploration Ltd	18 547	6 758
<hr/>		
23.2. Consulting fees received by Thabex from Southern Mineral Brokers (Pty) Ltd	30 000	10 000
<hr/>		
23.3. Directors' remuneration paid by Thabex and its subsidiaries		
<i>Executive directors fees - Managerial services</i>		
M Welthagen (Basic salary) - Thabex	212 525	298 483
- Pure Diamonds	19 000	25 953
- Diamex	-	5 000
	231 525	329 436
<hr/>		
The chief executive, M Welthagen, does not have a service agreement with the company.		
23.4. Secretarial fees paid by Thabex to SA Mineral Investments (Pty) Ltd of R57 000 for the year.		
23.5. Consulting fees received by Thabex from:		
Platinexco (Pty) Ltd	-	75 000
<hr/>		
23.7. Consulting fees paid by Thabex to SA Mineral Investments (Pty) Ltd for Competent Persons Report	-	150 000
<hr/>		
23.8. Website fees paid by Thabex to:		
Maxzon Fusion (Pty) Ltd	27 360	11 340
Miningweb (Pty) Ltd	6 000	6 000
Maxzon Investments (Pty) Ltd	6 600	3 000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

	2005	2004
	R	R
23.10.1 Included in the trade and other receivables are loans owing to Thabex by:		
M Welthagen	-	28 406
Southern Mineral Brokers (Pty) Ltd	-	257 789
Taung Diamond Mines Ltd	657	-
	657	286 195

The amount owing to Thabex by M Welthagen was repaid during the year.

23.10.2 Included in trade receivables are loans to Pure Diamonds Ltd by:		
Taung Diamond Mines Ltd	36 745	36 745
Thabex	-	48 000
	36 745	84 745

23.11. Included in the trade and other payables are loans payable by Thabex to:		
SA Mineral Investments (Pty) Ltd	57 000	192 500
Maxzon Fution(Pty) Ltd	27 360	6 840
Miningweb (Pty) Ltd	6 000	6 000
	90 360	205 340

23.12. Included in long term liabilities are loans to subsidiaries of Thabex by:		
Maxzon Fusion (pty) Ltd	16 540	18 240
Southern Mineral Brokers (Pty) Ltd	-	158 500
	16 540	176 740

The additional loan to Diamex (Pty) Ltd was to enable that company to perform exploration activities.

	Company		Group	
	2005	2004	2005	2004
	R	R	R	R
24. Capital commitments				
Authorised:	-	-	-	-
Contracted for: acquisition of Cresta Mining Company (U) Ltd	-	425 000	-	425 000

The purchase of Cresta Mining (U) Ltd which was to be settled by way of the issue of 850 000 ordinary shares of 10 cents each of Thabex at a premium of 40 cents per share or 5% of the issued share capital of Thabex was not approved by the SARB and the acquisition was therefore not effected.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2005

25. Contingent liabilities

Thaba Egoli Mining & Exploration Ltd ("Thaba Egoli") has a bank guarantee for R10 000, in place in terms of the requirements of the Environmental Rehabilitation Management Plan for this company's prospecting permit. Thaba Egoli has ceded a fixed deposit as security for the bank guarantee.

26. Modified audit reports of subsidiaries

The following financial statements of the subsidiaries of Thabex have modified audit reports to show emphasis of matter on going concern considerations:

- Diamex (Pty) Ltd
- Pilanesberg Gold Holdings (Pty) Ltd
- Pure Diamonds Ltd
- Thabex Egoli Mining & Exploration Ltd.

The following financial statements of associates of Thabex have modified audit reports to show the emphasis of matter on going concern considerations:

- Taung Daimond Mines Ltd
- Tradepost 121 (Pty) Ltd

Thabex has indicated that it will give financial support to all its subsidiaries and associates.

Thabex has subordinated its loan accounts in the following subsidiaries and associates:

- Diamex (Pty) Ltd
- Pure Diamonds Ltd
- Thaba Egoli Mining & Exploration Ltd
- Taung Diamonds Ltd
- Tradepost 121 (Pty) Ltd.

SHAREHOLDERS' ANALYSIS

	Shareholders		Shares held	
	Number	%	Number	%
Shareholder spread				
1 - 1000 shares	318	63,60	127,522	0,75
1 001 - 10 000 shares	106	21,20	467,267	2,75
10 001 - 100 000 shares	57	11,40	1 977,052	11,63
100 001 - 1 000 000 shares	15	3,00	4 417,023	25,97
1 000 001 - shares and more	4	0,80	10 018,023	58,90
	500	100,00	17 006,887	100,00
Distribution of shareholders				
Individuals	447	89,40	5 492,944	32,30
Investment companies & trusts	37	7,40	8 194,551	48,18
Banks and nominee companies	16	3,20	3 319,392	19,52
	500	100,00	17 006,887	100,00
Public/Non-public shareholders				
Public	489	97,80	6 261,405	36,82
Non-public	11	2,20	10 745,482	63,18
Directors of Thabex	5	1,00	287,130	1,69
Associates of directors	2	0,40	440,329	2,59
Holding 10% and more	4	0,80	10 018,023	58,90
	500	100,00	17 006,887	100,00

SHAREHOLDERS' DIARY

Annual general meeting	27 July 2005
Interim report	25 November 2005
Annual report 2006 financial year	21 May 2006

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
Exploration
Limited**

("Thabex" or "the Company")

(Registration number 1988/000763/06)

(Incorporated in the Republic of South Africa)

Young Lions Exploring Africa

www.thabex.com

e-mail info@thabex.com

ISIN code ZAE000013686

Listed on the JSE - Code TBX

Notice is hereby given that the sixteenth Annual General Meeting of members of Thabex Exploration Ltd will be held at KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria on Wednesday, 27 July 2005, at 10:00 for the following ordinary and special resolutions:

Ordinary resolutions

1. 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 following ordinary and special resolutions to be proposed at the Annual General Meeting.
2. To receive, consider and adopt the audited annual financial statements of the Company for the year ended 28 February 2005.
3. To authorise the directors to determine and pay the auditors remuneration for the year ended 28 February 2005.

4. To re-elect DL Reid as director in accordance with the provisions of the Company's articles of association. An abridged CV of Professor DL Reid is provided on page 13 of the annual financial statements for the period ended 28 February 2005.

5. To approve, in terms of articles 88 and 89 of the articles of association, the directors' remuneration as disclosed in the annual financial statements for the year ended 28 February 2005.

6. 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.

7. Subject to ordinary resolution 6 above being approved and 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 general 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:

7.1 that this authority shall not extend beyond 15 (fifteen) months from the date of this Annual General Meeting;

NOTICE OF ANNUAL GENERAL MEETING

7.2 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;

7.3 that issues in the aggregate in any one year will not exceed 15% 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; and

7.4 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 the resolution of the directors to authorise the issue.

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

7.6 if the shares of the company have not traded during the period as per 7.4 above the JSE would be approached for a ruling to determine the price at which the issue will be made.

8. To approve the disposal of Pure Diamonds Ltd to Saminco Ltd (See page 20 of this Annual Report).

Special resolutions

As special resolution number 1

"Resolved as a special resolution that the company be and is hereby authorised, as a general approval, to repurchase any of the shares issued by the company upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of section 85 to section 88 of the Companies Act 1973 (Act 61 of 1973) and the Listing Requirements of the JSE Securities Exchange South Africa ("JSE") and the requirements of any stock exchange upon which the shares of the company may be quoted or

listed namely that:

- the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the company and the counter party;
- this general authority shall only be valid until the next annual general meeting of the company provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares consisting, on a cumulative basis, of 3% of the number of shares in issue, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof;
- the general authority to purchase is limited to a maximum of 20% of the company's issued share capital of that class, in any financial year, at the time the authority is granted;
- the general purchase is authorised by the company's articles of association;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date of repurchase.
- the company will only effect a general repurchase if it complies with paragraphs 3.37 to 3.41 of the Listings Requirements concerning shareholder spread requirements;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company must ensure that its sponsor provides the JSE with the required working capital letters before it commences to repurchase any share."

As special resolution number 2

"Resolved as a special resolution that the company, insofar as it may be necessary to do so, hereby approves of, as a general approval, and authorises the acquisition by any subsidiary of the company of shares issued by such subsidiary and/or by the company, upon such terms and conditions and in such amounts as the directors of such subsidiary/ies may from time to time decide, but subject to the provisions of section 85 to section 88 of the Companies Act 1973 (Act 61 of 1973), and (if listed)

NOTICE OF ANNUAL GENERAL MEETING

the Listings Requirements of the JSE Securities Exchange South Africa (“JSE”) and the requirements of any stock exchange upon which the shares of the acquiree company may be quoted or listed, namely that:

- the general purchase of shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the company and the counter party;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the subsidiary has acquired shares consisting, on a cumulative basis, of 3% of the number of shares of the acquiree company in issue, prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof;
- this general authority to purchase is limited to a maximum of 20% in the aggregate of the acquiree company's issued share capital at the time the authority is granted, subject to a maximum of 10% in the event that it is the company's share capital that is repurchased by a subsidiary; and
- the general purchase is authorised by the company's articles of association;
- purchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date of purchase.
- the company will only effect a general repurchase if it complies with paragraphs 3.37 to 3.41 of the Listings Requirements concerning shareholder spread requirements;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company must ensure that its sponsor provides the JSE with the required working capital letters before it commences to repurchase any share.”

Reasons for and effects of the special resolutions

1. The reason for and effect of special resolution number 1 is to grant the directors a general authority in terms of the Act for the acquisition by the company of shares issued by it on the basis reflected in the special resolution.
2. The reason for and effect of special resolution number 2 is to approve that the board of directors of any subsidiary of the company could acquire shares issued by such subsidiary and/or by the company on the basis reflected in the special resolution. In terms of the Listings Requirements of the JSE any general purchase by a subsidiary of listed shares must, inter alia, be limited to a maximum of 20% of the issued share capital of the acquiree company in any one financial year of that class at the time the authority is granted, subject to a maximum of 10% in the event that it is the company's share capital that is repurchased by a subsidiary.
3. The directors of the company or its subsidiaries will only utilise the general authority to purchase shares of the company and/or the subsidiary as set out in special resolutions number 1 and 2 to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the company and its subsidiaries' (“THABEX group”) position would not be compromised as to the following:
 - the THABEX group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the annual general meeting;
 - the consolidated assets of the THABEX group will be in excess of the consolidated liabilities of the THABEX group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the THABEX group;
 - the ordinary capital and reserves of the THABEX group after the purchase will remain adequate for the purpose of the business of the THABEX group for a period of 12 months.
4. General information in respect of directors (page 4), major shareholders (page 18), directors' interests in securities (page 19), material changes (page 19) and the share capital of the company

(page 32) is contained in the annual report to which this notice is attached.

5. The company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the company is aware that may have or have had in the previous 12 months, a material effect on the company's financial position.
6. The directors, whose names are on the inside front cover of the annual report to which this notice is attached, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such fact that have been made, and that the notice contains all information required by JSE Listings Requirements.

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 transfer secretaries, Ultra Registrars (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) of the Company at least 48 hours before the time of holding the meeting excluding Saturdays, Sundays and Public Holidays.

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 written 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 in the manner and cut-off time stipulated therein.

By order of the board

SA Mineral Investments (Pty) Ltd
Secretaries
Pretoria
25 May 2005

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, 27 July 2005.

I/We _____

of (address) _____

_____ being the registered 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. To authorise signature of documents			
2. Adoption of financial statements			
3. To approve Auditors remuneration			
4. Re-election of director: DL Reid			
5. To approve directors' fees			
6. To place the unissued shares under control of the directors			
7. General approval to issue shares for cash			
8. Approve the disposal of Pure Diamonds Ltd to Saminco Ltd			
Special resolutions			
1. Repurchase of shares by Thabex			
2. Repurchase of shares by subsidiaries			

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 _____ 2005

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 4844, Johannesburg, 2000) by no later than 10:00 on Monday, 25 July 2005.

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 written 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 in the manner and cut-off time stipulated therein.

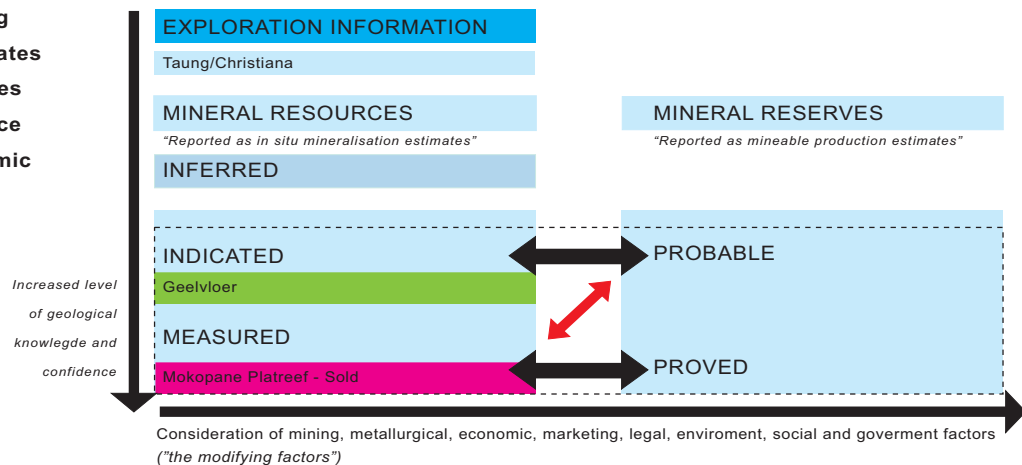
SUMMARY OF MINERAL RESERVES AND MINERAL RESOURCES

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	Million 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	1 700									-
Diamex JV (Pty) Ltd	67.30%			Vaal & Harts Rivers	Mining company											-
Christiana Projects			60%	Vaal River	Alluvial Diamonds	PP492004	658									-
Pilanesberg Gold Holdings (Pty) Ltd	50%				Gold Trading											-
Platinexco (Pty) Ltd	100%			Mokopane (Potgieter-rust)	Platinum Group Copper, nickel, cobalt	PP492003	1276	96	33				10,45	0,227%Ni 0,137% Cu 0,255g/t Pt 0,427g/t Pd		Sold
Geelvloer Project ⁽²⁾	95%				Zinc, copper, lead, silver, gold	PP172003	3041		28			8	2,4% Zn 0,8% Cu 0,6% Pb 24 g/t Ag 0,8 g/t Au			61.78
Total																62.28

⁽¹⁾ Thabex's mineral reserves and mineral resources are carried at valuation less impairment (See Note 2 on page 28 of this report).

⁽²⁾ The indicated resources of the Geelvloer Project have been determined by a CPR dated 13 April 2004.

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

E-MAIL ADDRESS

info@thabex.com



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