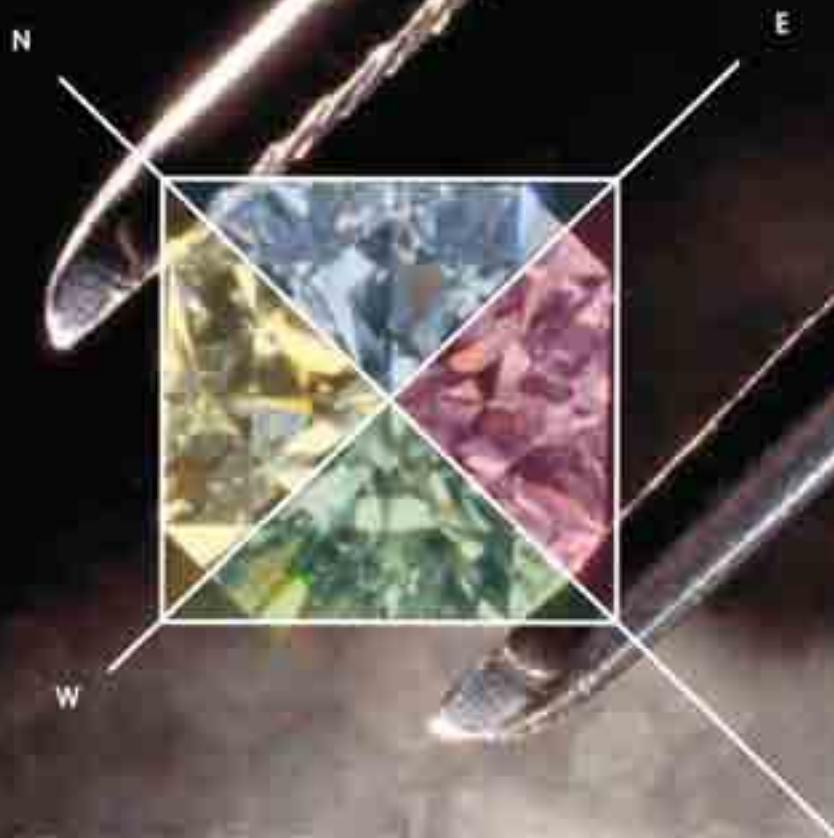


Thabex

Annual Report
2004



pure diamonds



**Thabex
Exploration
Limited**

PROFILE

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

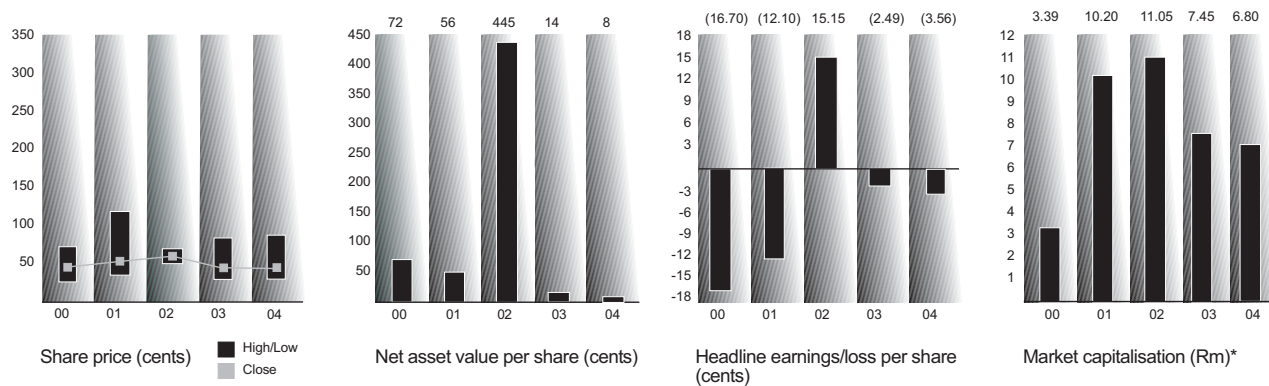
CONTENT

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
42	Shareholders' analysis
42	Shareholders' diary
43	Notice of annual general meeting
46	Extract from Competent Person's Report Form of proxy (enclosure)
47	Summary of mineral reserves and mineral resources



SALIENT FEATURES

	Company		Group	
	2004	2003	2004	2003
Number of shares at year-end	17 006 887	17 006 887	17 006 887	17 006 887
Net asset value per share (cents)	7,87	14,29	7,87	14,29
Net tangible asset value per share (cents)	7,87	14,29	7,87	14,29
Headline (loss)/earnings per share (cents)	(3,56)	(2,49)	(5,01)	(2,43)
(Loss)/earnings per share (cents)	(6,42)	(57,71)	(6,42)	(57,35)
Dividends per share (cents)	-	-	-	-



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

CHAIRMAN'S REVIEW

DEAR SHAREHOLDER

Thabex, as the only remaining diversified exploration company listed on the JSE Securities Exchange South Africa ("the JSE"), is ready to tackle the challenges of the New South Africa in terms of the Mining Charter and the new mining legislation.

The company is 17,56% held by a Black Economic Empowerment ("BEE") partner and as such Thabex is well within the parameters as set by the Mining Charter. Furthermore your company has been actively involved in establishing BEE relationships in the field of mining, training and beneficiation. Taung Diamond Mines Ltd ("Taung Diamonds"), a mining and exploration company (37,5% indirectly held by Thabex), is 50% held by the 100% BEE company, Khunologo Diamonds (Pty) Ltd. Thabex has also facilitated the acquisition of a 50% stake by a BEE partner in a rough diamond trading company, Tradepost 121 (Pty) Ltd ("Tradepost"), which company is now also 50% held by Taung Diamonds. Tradepost is part of Taung Diamonds' strategy to be involved in the beneficiation of precious stones into jewellery.

Taung Diamonds has also entered into an agreement to acquire a 60% interest in Kaninvest, which BEE company has been awarded the prospecting permit over certain portions of the farm Kaffraria 314HO, which is 658 ha in size in the Christiana District of the North West Province. On 6 July 2004 Kaninvest entered into an agreement with BEE company, Bakopane Exploration (Pty) Ltd to commence prospecting and exploration on the area.

After being involved with the Mokopane Platreef Project since the incorporation of Thabex during June 1988, and being unable to fund the project locally, the Company disposed of its entire shareholding and loan accounts in Platinexco (Pty) Ltd ("Platinexco") for R20 million in cash to AIM Resources Ltd, a Junior Mining company listed on the Australian Stock Exchange ("the ASX"). The details of the disposal were published in a Circular to Shareholders on 13 April 2004.

The disposal of Platinexco was approved by the South African Reserve Bank ("SARB") on 12 March 2004. However, as announced on SENS on 31 May 2004 and 6 July 2004, although the SARB has consented

to the release of the the Platinexco share certificate, duly endorsed "non-resident", the SARB has not consented to the release of the proceeds of the disposal to Thabex. The SARB did not inform Thabex at any time during the discussions with the SARB leading to the approval of the disposal and the subsequent approval of the Circular to Shareholders by the JSE of any intention not to release the funds. Shareholders approved the disposal in a general meeting on 5 May 2004, without being informed by the SARB that it could possibly not consent to the release of proceeds to the company.

On 2 July 2004 the SARB issued an order in terms of Section 22(c) of the Exchange Control Regulations to prevent the utilisation of the proceeds of the Platinexco disposal and interest thereon in a Thabex call account. During December 1999 the SARB commenced an investigation into the actions of third parties with regards to the 15,3% and 18% non-convertable unsecured redeemable debentures issued during 1998 and 1999 by the company, respectively, but since delisted and cancelled. The issue of these debentures is the reason for the SARB not consenting to the release of the disposal proceeds to the company.

Thabex has at all times given its full co-operation to the SARB during the above investigation and will continue to do so. Your company does not agree with the SARB that there are reasonable grounds for the above action and is consulting with its attorneys in this regard. More so, Thabex has issued these debentures with the approval of the SARB and the same were listed with the approval of the JSE. During this process Thabex were advised by its professional advisors at the time. The company will continue to interact with SARB in order to secure the release of the disposal proceeds expeditiously.

Should the above situation not be resolved within the next few months, Thabex will not be able to proceed with its drilling program on the Geelvloer project in terms of its Prospecting Permit. The company will however, appoint Lower Quartile Solutions (Pty) Ltd to conduct a review of the Geelvloer project with the view of approaching a joint venture partner to participate and possibly develop the project.

As reported on SENS on 4 February 2004, Thabex entered into an agreement with Cresta Mining Corporation to acquire 100% of the issued capital of Ugandan company, Cresta Mining Company (U) Ltd ("Cresta Mining") for R425 000 against the issue of 850 000 ordinary shares at 50 cents per share. Cresta Mining holds 10 prospective Exclusive Prospecting Licences to explore for diamonds, gold and base minerals in Uganda.

The Cresta Mining transaction is subject to SARB approval, which approval has to date not been obtained.

Thabex fully supports the principles of NEPAD and our own Mining Charter and will continue to seek exploration opportunities in Africa. The financing of new exploration project remains a challenge as:

- the JSE is essentially a dividend driven market with institutions and private investors alike wanting a dividend flow from an investment. Exploration is considered too high a risk.
- Thabex will have to investigate raising investment funds off-shore to enable it to invest in other countries, including Africa, and these endeavours will be subject to SARB approval.

Your company is not about to terminate its exploration efforts, neither is it considering delisting. Thabex, together with its BEE partners, will pursue its objectives and continue to look for exploration opportunities.

This being the first year as chairman of the company, I wish to express my gratitude to the board and employees of the company and trust that the company will be successful as "Young Lions Exploring Africa".

JR Rapoo
Chairman
28 July 2004





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 0083

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 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 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

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SHARE CODES

ISIN code ZAE000013686 JSE code TBX

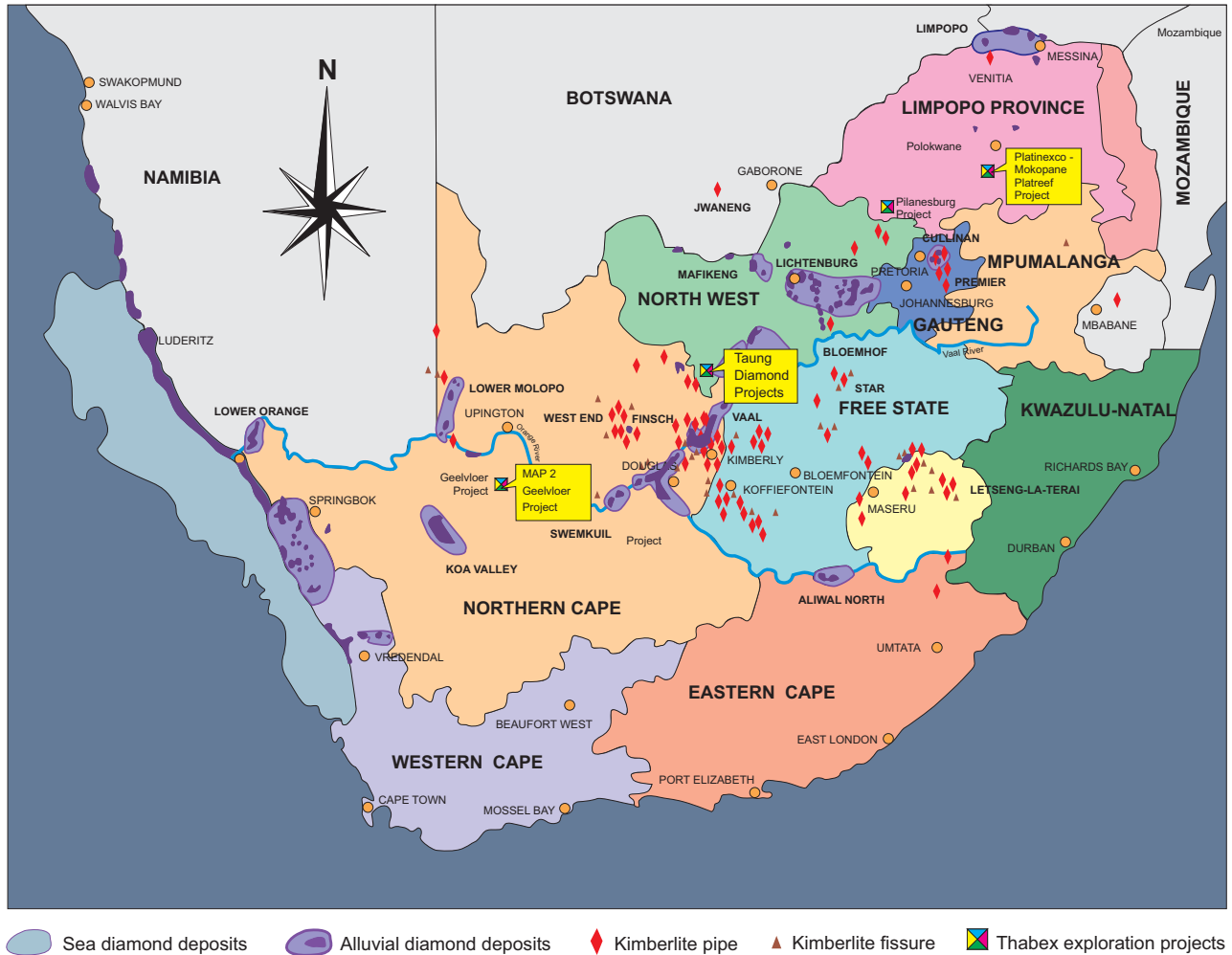
GROUP STRUCTURE

	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 Project (Disposed)
BASE MINERALS	Geelvloer Project: Lead-Zinc-Copper-Silver-Gold
	Cresta - Uganda: Diamonds-Gold-Copper-Lead-Zinc

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.

On 14 July 2004 Thabex disposed of its 100% interest in Platinexco (Pty) Ltd for R20 million, however the South African Reserve Bank ("SARB") has not consented to the proceeds being unconditionally utilised by the Company.

Although Thabex is primarily exploring for diamonds, the Company has concluded an agreement to acquire 100% of Cresta Mining Company (U) Limited ("Cresta Mining"). This company owns 10 Exclusive Prospecting Licences ("EPL's") to explore for diamonds, gold and base minerals in Uganda. This transaction is pending finalisation, subject to SARB approval.

DIAMONDS

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

This company is establishing a market for polished pure quality diamonds and provides consulting services to empowerment companies wishing to enter into diamond prospecting and marketing. Pure Diamonds 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") (Pure Diamonds - 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 application for the prospecting permit for the property has been approved by the DME (PP49/2004) on 30 April 2004.

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. With the anticipated promulgation of the New Mining Act it appears as if the DME in the Northwest Province has not been able to issue the Prospecting Permit for this area and Cinprop is still awaiting approval of its application for a renewal of its prospecting permit TP26/2000. Taung Diamonds has acquired a 50% shareholding in Tradepost 121 (Pty) Ltd.

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

PLATINUM

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

Platinexco (Pty) Ltd ("Platinexco") holds the option and prospecting rights, in terms of its Prospecting and Option Agreement with the Mogalakwena Municipality.

Platinexco incorporated all the results from the previous feasibility study completed in February 1992 and the prospecting results of the Falconbridge Ventures of Africa (Pty) Ltd into one database. Mining engineering consulting firm Lower Quartile Solutions (Pty) Ltd ("LQS") completed a revalidation of all geoscientific information relating to the Project during September 2003. The main purpose of this study was to revalidate the previous feasibility study, incorporating all the modifying factors influencing the economic viability of the Project.

LQS concluded that the opencast mining potential of the project was marginal at US\$500/oz Pt and an exchange rate of R11/\$. However, the oxidized zone was economic at the above Pt price and exchange rate and the mineral resource was estimated at 394 000 tonnes at a grade of 0,215% Ni and 0,19% Ni.

Thabex negotiated with several BEE companies with the view of entering into a joint venture on the Project. None of these negotiations were successful as announced on SENS on 18 October 2003. Thabex and Platinexco entered into an option and sale of shares agreement with AIM Resources Ltd ("AIM"), an Australian listed Junior Mining company (ASX - Code AIM), to dispose of the Mokopane Platreef Project for R20 million in cash and the settlement of Thabex's loan account with Platinexco. AIM has a strong BEE interest and the technical expertise to turn the Project to account over the medium term.

Full details of the above agreement were published in a Circular to Thabex Shareholders on 13 April 2004 in compliance with the JSE Listings Requirements. On 14 May 2004 AIM exercised its option to acquire Platinexco. Subject to the consent of the SARB to the unconditional utilisation of the proceeds of the disposal, these funds would enable the Company to turn to account its other projects, of which the Geelvoer Project would receive priority (see Base Minerals)

BASE MINERALS AND OTHER MINERALS Cresta Mining Company (U) Limited ("Cresta Mining") (Thabex - 100%: Subject to SARB approval)

On 4 February 2004 the Company announced that it has entered into an agreement 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. This agreement is subject to the JSE and SA Reserve Bank ("SARB") approval. To date final approval from the SARB has not been obtained.

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

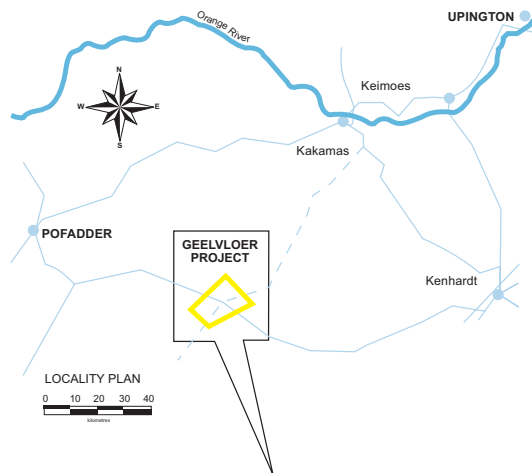
EPL 4627 Kitomi River

A detailed programme of geological mapping and pitting commenced in January 2003 in order to fully evaluate the alluvial deposits of the Kitomi River drainage network, the principal target in EPL 4627 and Cresta Mining's highest priority prospect. Given the wide distribution of artisanal mining/ panning on the Kitomi and its tributaries, large areas will have to be systematically sampled before a complete understanding of the mineralisation is achieved.

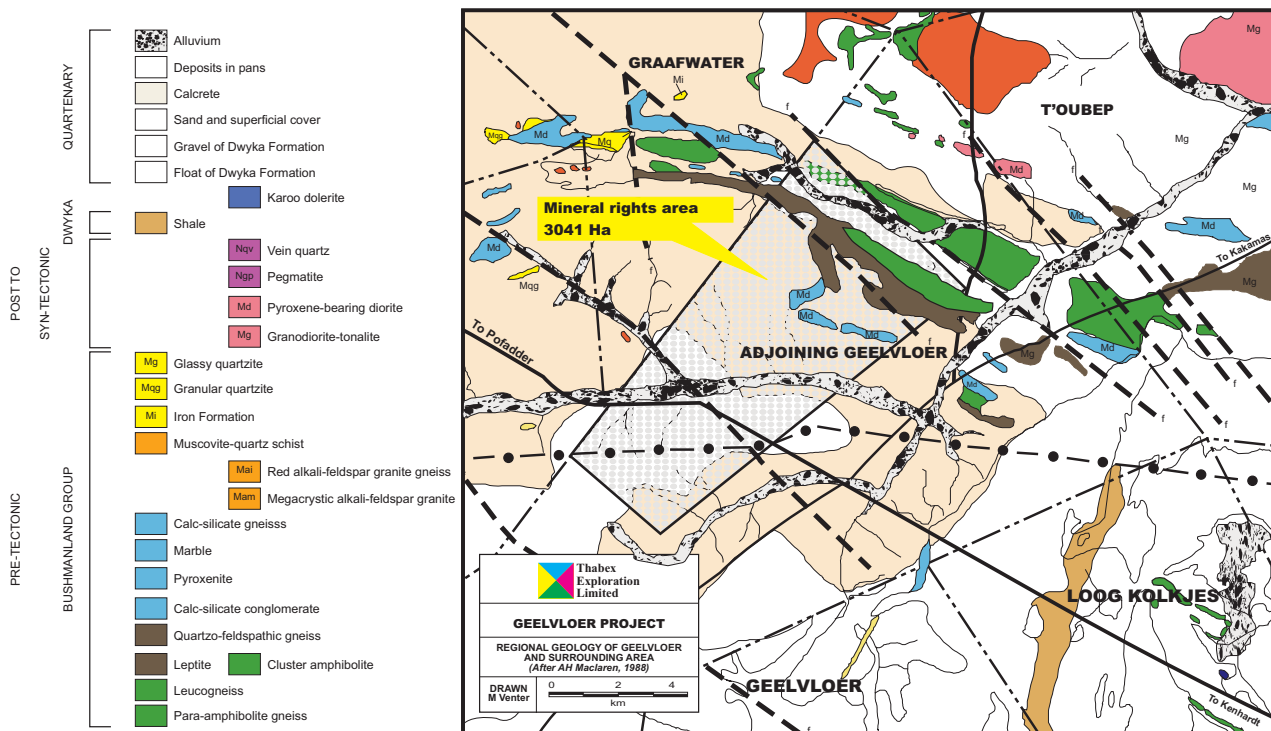
These shallow pits, up to 8 m deep, are exposing gold bearing gravels that were laid down by earlier channels of the present river. Gravels from these pits are being riffled over sluice boxes and the product is then concentrated by hand panning. Even this basic method of treatment is showing native gold, which from initial inspection is amenable to gravity treatment methods. The programme is an iterative process; new pit locations are based on the results of earlier work - with the aim of eventually producing a detailed model of gold distribution throughout the different alluvial deposits identified. This will allow a full assessment to be made of the economic potential of the area and will guide any mine design programme that would follow. As the gravels are only at shallow depths, low-cost open-pit methods of mining would be employed.

LEGEND

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



MAP 2 GEELVLOER PROJECT



REVIEW OF EXPLORATION PROJECTS (continued)

EPL 4628 Buhindagi River

The Kitomi River is a tributary of the Buhindagi and as such Cresta Mining considers the associated alluvial deposits of the Buhindagi River to be highly prospective. A mapping and pitting programme similar to that for the Kitomi prospect is planned for this concession. Again a large area will have to be systematically sampled as gold has been recovered from all along the river course throughout the EPL. As with the Kitomi concession the gravels are only at shallow depths, and similar mining and processing techniques would be employed, following a successful exploration and reserve definition programme. Once work has been completed on the Kitomi prospect Cresta Mining geologists will focus on this EPL.

SEPL 4633 Ntsinda Hill

The principle target on the Ntsinda Hill concession is primary quartz vein hosted gold mineralisation, although possible sedimentary hosted gold mineralisation cannot be ruled out at this stage. Evaluation of this prospect will utilise very different techniques to those employed for the above two concessions. Initially it is planned to conduct a geochemical soil sampling programme, specifically targeting areas identified as more prospective from earlier desktop and reconnaissance work. This work is planned for 2004, together with a programme of detailed geological mapping. As a follow up to this first pass exploration, ground geophysical techniques will be employed to enhance understanding of the relationship between, any surface geochemical anomalies and geology and underground structure. Using state of the art GIS technology, drill targets will then be defined should the preceding work merit it. Initially reverse circulation drilling would be used to prove the existence of an economic ore body at depth, followed by diamond drilling for resource/ reserve calculations, leading to a bankable feasibility study.

SEPL 4604 Mafuga Forest

The main target on the Mafuga Forest concession is an extensive series of crosscutting quartz veins proximal to granite, closely resembling the classic model for mesothermal gold deposits. A programme of stream sediment sampling and geological mapping to test the validity of the proposed mineralisation model is planned for 2004. Initial geological traverses of this property have shown the presence of altered quartz veins, supporting Cresta Mining's genetic model. Samples have been

taken from two locations on the property and are currently awaiting assay for gold. Depending on the results of this initial exploration programme, the most prospective areas would then be evaluated in a similar fashion to above and unprospective areas would be relinquished. There is also evidence of artisanal alluvial mining activity in the area that Cresta Uganda geologists will evaluate concurrently with the above programme.

EPL 4624 Kampono Mine

The old Kampono mine worked a well-defined quartz vein extracting both gold and lead in the 1940s. As such the primary target on this concession is primary lode gold mineralisation as extensions to the old Kampono workings or as newly discovered but geologically related orebodies. Early work on the licence will focus on the old mine workings and geological mapping and geophysical techniques will be employed in order to develop a model for the mineralising processes and controls. Given the geological similarity between the Kampono and Kitaka concessions this model will then be used to guide the later, larger scale exploration programme across the two concession areas and to fully assess the significance of the strong lineament identified from satellite imagery. Similar techniques to those utilised on the Ntsinda Hill programme should provide the most cost and time effective results.

EPL 4626 and EPL 4663 Kitaka Mine

These EPL's surround the old Kitaka mine, which was worked for lead and gold in the 1940s and 50s. The old mine itself was the subject of a licensing dispute between Cresta Uganda, a local entrepreneur and the Department of Geological Survey and Mines Department (DGSM). Given Cresta Mining activity in the region and adherence to the Mining Regulations by the company the licence EPL 4663 was transferred to Cresta Mining in November 2003. The exploration programme for this concession has been described in detail above.

As the company is primarily focussed on producing gold at this stage, the above projects are given the highest priority. Work on the concessions below will be conducted in line with the regulatory requirements, but at this stage are considered of lesser priority.

REVIEW OF EXPLORATION PROJECTS (continued)

EPL 4598 Muko and EPL 4621 Muko extension

An electro-magnetic (EM) survey was conducted on the Muko concession in 2002 with a Cresta Mining geologists working with a team of experts from the DGSM. This survey has indicated the presence of two well-defined EM anomalies coincident with explosion craters, confirming Cresta Mining's model. Independent expert advice indicates that these anomalies are relatively close to the surface at a depth of about 100 m.

It is planned to mobilise a local drilling contractor to undertake a programme of drilling using reverse circulation (RC) methods. RC will be chosen for its cost effectiveness and speed. The aim of this programme, to be executed in mid 2004, is to increase understanding of the magnetic anomalies and ultimately to prove or disprove the existence of diamonds on the concession.

EPL 4625 Lake Bugwagi

Reconnaissance work at Lake Bugwagi has revealed the presence of kimberlitic and diamond indicator minerals along with numerous other mantle related xenoliths in the lapilli tuffs. In order to fully evaluate the concession, detailed geological mapping and petrographic studies of the outcrop will be followed by a programme of soil and heavy mineral sampling around the edge of the crater. The physical setting of this crater makes this area highly prospective for such material. Any anomalies identified would then be the subject for further work, including a variety of geophysical techniques to test beneath the lake. All this data would be combined in a GIS programme in order to define possible drill targets.

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.

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 has been valued at R61,78 million (2003: R61,78 million). 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 47).

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. A concerted effort has been made to 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.

An application, together with its EMP for a prospecting permit in the Christiana district of the North West Province have been approved with the Department of Mineral and Energy on 30 April 2004.

CONTENTS OF THE FINANCIAL STATEMENTS

THABEX EXPLORATION LIMITED ANNUAL REPORT FOR THE YEAR ENDED 29 FEBRUARY 2004

- 13 Abridged CV's of directors
- 14 Directors' responsibility for the annual financial statements
- 14 Corporate governance statement
- 16 Report of the independent auditors
- 17 Secretaries' statement
- 17 Conversion to STRATE
- 17 SAMREC Code
- 18 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
- 37 Notes to the cash flow statements
- 42 Shareholders' analysis
- 42 Shareholders' diary
- 43 Notice of annual general meeting
- 46 Extract from Competent Person's Report
Form of proxy (enclosure)
- 47 Summary of mineral reserves and mineral resources



Abridged CV's of Thabex directors

Jeffrey Raymond Rapoo (7 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 (11 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 (4 years on the board of Thabex)(Non-executive Director) studied at the Potchefstroom University where he obtained his M Sc 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 (5 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 (7 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 29 February 2004

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 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 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 29 February 2004 set out on pages 18 to 41 were approved by the directors on 28 July 2004 and are signed on their behalf by

M Welthagen

Chief Executive

28 July 2004

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 Company 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 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. 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 company'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 in collaboration with the external auditors.

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 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 as a group forms 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 29 February 2004.

Name of director	23 July 2003	4 August 2003	4 August 2003	9 September 2003	1 October 2003	9 February 2004
JR Rapoo	P	A	A	P	A	P
JL Bocsh	P	A	A	A	P	P
Dr DL Reid	A	P	A	A	A	P
AP Roux	A	A	P	A	A	A
M Welthagen	P	P	P	P	P	P

A - Absent with apologies; P - Present

REPORT OF THE INDEPENDENT AUDITORS for the year ended 29 February 2004

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 29 February 2004. 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 29 February 2004 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

28 July 2004

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
28 July 2004

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 29 February 2004, 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 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 47 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 29 FEBRUARY 2004

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 - Other Mineral Extractors and Mines" 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 29 February 2004, 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
Citibank Switzerland	3 236 690	19,03
Saminco Ltd	3 111 456	18,30
E Vally	2 207 788	12,98
Kas Depository Trust Company	1 915 089	11,26
Bank of New York	930 000	5,47
Total	11 401 023	67,04

SHARE CAPITAL

The authorised share capital of the company is 100 000 000 ordinary shares of 10 cents each (2003: 100 000 000).

As at 29 February 2004 the issued share capital of the company comprised 17 006 887 (2003: 17 006 887) ordinary shares of 10 cents each.

DIVIDENDS

No dividends are proposed in respect of the 2004 financial year (2003: nil).

MANAGEMENT

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

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 purchased in aggregate of 174 072 (2003: disposed-292 649) Thabex ordinary shares at an average price of 45 cents per share (2003: 45 cents per share). The 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 29 February 2004</i>	Directly		Indirectly		%
	Beneficial	Non Beneficial	Beneficial	Non Beneficial	
M Welthagen	1 000	-	1 900 968	-	11,18
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
Total	69 600	-	2 071 968	-	12.59

<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
Total	69 600	-	1 869 543	-	11,39

M Welthagen has a 11,11% 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.

OPTIONS, MINERAL AND PARTICIPATION RIGHTS

The mineral rights held by Thabex have been valued in terms of the SAMREC Code by M Welthagen, who is suitably qualified to perform such a task, produced a CPR on the Mokopane Platreef Project, incorporating the CPR dated 13 April 2004 as contained in the Circular to Shareholders dated the same, and the Geelvloer Project. Using this report as a basis the Group has valued these projects at R82,76 million (2003:R82,72 million). 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 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.

DIRECTORS' REPORT

OPTIONS, MINERAL AND PARTICIPATION RIGHTS(continued)

The Agreement with AIM to dispose of 100% of Platinexco and the Company's loan account of R347 630 to AIM Resources of Australia for R20 million in cash has significantly decreased the risk of Thabex being able to recoup the impairment loss for Platinexco. However, the South African Reserve Bank ("SARB") has not consented to the unconditional release of the disposal proceeds and therefore the recoupment of the impairment amount cannot reliably be determined.

SUBSEQUENT EVENTS

Save for the SARB notifying Thabex on 12 July 2004 that the issue of the Thabex unsecured non-convertible redeemable debentures during 1998 and 1999 (see below) is the reason for not consenting to the release of the proceeds of the Platinexco disposal and the publication of a Circular to Shareholders on 13 April 2004 regarding ratification of the above Agreement, which was done at the general meeting of shareholders on 5 May 2004, no other events of a material nature has occurred between the balance sheet date and the date of this report.

LITIGATION

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 as agreed, in the amount of R28 098, relating the drafting of an agreement.

NON-CONVERTABLE DEBENTURES

During December 1999 the SARB commenced an investigation into third party transactions relating to the issue of unsecured non-convertible debentures by the company, the details and reasons for the issues were described in previous Annual Reports of Thabex. The SARB has issued an order, in terms of Section 22(c) of the Exchange Control Regulations, on 2 July 2004 not to release the proceeds from the disposal of Platinexco to Thabex. The company does not agree with the SARB that it has contravened any Exchange Control Regulations, as alleged. Thabex entered into the agreements regarding the issue of the Thabex debentures on the advice of its professional advisors at the time. Thabex has also obtained SARB approval for the issue of these debenture issues prior to obtaining JSE approval to list the same. The company is interacting with SARB to resolve the matter.

DIRECTORATE AND ADMINISTRATION

The executive director in office at the date of this report is M Welthagen. The non-executive directors were JL Bosch, AP Roux, JR Rapoo and Prof DL Reid. JR Rapoo was appointed non-executive Chairperson of Thabex on 1 October 2003. In accordance with Article 93 of the company's Articles of Association, JL Bosch will retire from office at the annual general meeting to be held on Wednesday, 29 September 2004, but being eligible, offers himself for re-election.

Abridged biography of director seeking re-election

Name: Johannes Leopold Bosch

Date of birth: 12 April 1939

Academic qualifications: MSc (Geology)

Occupation: Executive Manager - Geological Society of South Africa and Director of companies

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

Other current directorships:

Pure Diamonds Limited

Taung Diamond Mines Limited

Tradepost 121 (Proprietary) Limited

M Welthagen

Chief Executive

28 July 2004

SUBSIDIARIES AND INVESTMENTS

Subsidiaries	Issued share capital	Effective interest %	Shares at cost or valuation		Loan Accounts	
			2004 R	2003 R	2004 R	2003 R
Diamex JV (Pty) Ltd <i>(Registration number 1997/014096/07)</i>	10 000	67.3	40 400	40 400	52 243	38 583
Pilanesberg Gold Holdings (Pty) Ltd <i>(Registration number 1987/000711/07)</i>	9 400	50	26 059	26 059	20 200	14 740
Platinexco (Pty) Ltd <i>(Registration number 1988/002343/07)</i>	2 500	100	13 545 481	14 215 844	347 630	209 754
Pure Diamonds Ltd <i>(Registration number 1998/008449/06)</i>	50 010 000	100	470 175	470 175	153 880	135 916
Thaba Egoli Mining & Exploration Ltd <i>(Registration number 1994/008806/06)</i>	27 000 000	100	44 084 638	44 084 638	1 737 190	1 717 409
Deduct:						
Impairment losses			(58 156 175)	(58 822 638)	(2 245 663)	(2 002 465)
Provision for subsidiary liabilities			-	-	(158 745)	(6 023)
			10 578	14 478	(93 265)	107 914
Associated companies						
Taung Diamond Mines Ltd <i>(Registration number 1995/001724/06)</i>			500 000	500 000	69 891	-
Tradepost 121 (Pty) Ltd <i>(Registration number 1997/010926/07)</i>			1 097	-	-	-
Deduct:						
Impairment losses			(501 097)	(500 000)	(69 891)	-
Provision for associates liabilities			-	-	(17 707)	-
			-	-	(17 707)	-

The attributable interest in the aggregate net losses of subsidiaries is R344 029 (2003: R715 8191).

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.

BALANCE SHEETS AT 29 FEBRUARY 2004

	Notes	Company		Group	
		2004 R	2003 R	2004 R	2003 R
Assets					
Non-current assets		125 306	181 262	49 882	53 704
Mining assets and equipment	2	49 248	52 847	49 882	53 704
Interest in subsidiaries	3	76 058	128 415	-	-
Interest in associated companies	4	-	-	-	-
Current assets		2 175 423	2 391 680	2 355 469	2 615 934
Inventories	5	954 941	957 634	1 073 347	1 005 108
Trading investments	6	405 057	380 123	405 057	380 123
Trade and other receivables	7	609 569	995 913	648 723	1 089 883
Cash and cash equivalents	8	205 856	58 010	228 342	140 820
Total assets		2 300 729	2 572 942	2 405 351	2 669 638
Equity and liabilities					
Capital and reserves					
Share capital	9	1 700 689	1 700 689	1 700 689	1 700 689
Share premium	10	17 202 741	17 202 741	17 202 741	17 202 741
Revaluation reserve	11	-	-	-	-
Accumulated loss		(17 565 307)	(16 472 876)	(17 565 307)	(16 472 876)
Ordinary shareholders' funds		1 338 123	2 430 554	1 338 123	2 430 554
Outside shareholders' interest		-	-	10 578	14 479
Non-current liabilities					
Long-term liabilities	12	-	-	226 740	68 240
Current liabilities		962 606	142 388	829 910	156 365
Trade and other payables	14	794 497	136 365	820 546	156 365
Provisions	15	168 109	6 023	9 364	-
Total equity and liabilities		2 300 729	2 572 942	2 405 351	2 669 638
Net asset value (cents)		7,87	14,29	7,87	14,29
Net tangible asset value per share (cents)		7,87	14,29	7,87	14,29

INCOME STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

	Notes	Company		Group	
		2004 R	2003 R	2004 R	2003 R
Revenue	16	211 101	557 048	211 101	593 868
Cost of sales		197 883	550 287	197 883	550 287
Gross Profit		13 218	6 761	13 218	43 581
Operating loss	17	(610 352)	(457 616)	(876 329)	(469 139)
Interest received		5 413	33 725	5 930	47 654
Interest paid		(73)	(48)	(73)	(55)
Provision for losses in subsidiaries and associates		(487 419)	(9 390 927)	-	-
Impairment losses		-	-	(225 859)	(9 342 381)
Outside shareholders' interest		-	-	3 900	8 941
Net loss for the year		(1 092 431)	(9 814 866)	(1 092 431)	(9 754 980)
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	(6,42)	(57,71)	(6,42)	(57,35)
Headline loss per share (cents)	18	(3,56)	(2,49)	(5,01)	(2,43)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2004

	Share capital R	Share premium R	Accumulated loss R	Revaluation Reserve R	Total R
Company					
Balance at 28 February 2002	1 700 689	17 202 741	(6 658 010)	63 536 000	75 781 420
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)
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 29 February 2004	1 700 689	17 202 741	(17 565 307)	-	1 338 123
Group					
Balance at 28 February 2003	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)
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 29 February 2004	1 700 689	17 202 741	(17 565 307)	-	1 338 123

CASH FLOW STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

	Note	Company		Group	
		2004 R	2003 R	2004 R	2003 R
Cash utilised in operating activities					
Cash generated/(utilised in) by operations	21	362 521	(767 878)	77 791	(739 839)
Interest received		5 413	33 725	5 930	47 654
Interest paid		(73)	(48)	(73)	(55)
Net cash inflow/(outflow) from operating activities		367 861	(734 201)	83 648	(692 240)
Cash flow from investing activities					
Addition to mining assets		(12 463)	-	(150 726)	(36 236)
(Increase)/decrease in interest in subsidiaries		(194 740)	237 738	-	-
(Increase) in interest in associates		(12 812)	-	-	-
Proceeds on disposal of equipment		-	-	-	75 000
Net cash (outflow)/inflow from investing activities		(220 015)	237 738	(150 726)	38 764
Cash flow from financing activities					
Increase/(decrease) in long-term loan		-	-	158 500	(103 114)
Decrease in minority shareholders' interest		-	-	(3 900)	(8 941)
Net cash inflow/(outflow) from financing activities		-	-	154 600	(112 055)
Net increase/(decrease) in cash and cash equivalents		147 846	(496 463)	87 522	(765 531)
Cash and cash equivalents at beginning of year		58 010	554 473	140 820	906 351
Cash and cash equivalents at end of year		205 856	58 010	228 342	140 820

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

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, 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. 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.

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 29 FEBRUARY 2004

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 to customers 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 29 FEBRUARY 2004

	Company		Group	
	2004 R	2003 R	2004 R	2003 R
2. Mining assets and equipment				
Equipment at cost	150 389	137 926	153 210	140 747
Accumulated depreciation	101 141	85 079	103 328	87 043
Net book value	49 248	52 847	49 882	53 704
Opening balance	52 847	78 369	53 704	124 038
Additions	12 463	-	12 463	-
Disposals	-	-	-	(40 062)
Depreciation	(16 062)	(25 522)	(16 286)	(30 272)
Closing balance	49 248	52 847	49 882	53 704
Options, mineral and participation rights				
Opening balance	-	-	-	72 328 861
Additions	-	-	138 262	-
Revaluation in prior year	-	-	-	9 950 000
Impairment losses	-	-	(138 262)	(82 278 861)
Closing balance	-	-	-	-
Total mining assets and equipment	49 248	52 847	49 882	53 704

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 29 FEBRUARY 2004

	Company		Group	
	2004	2003	2004	2003
	R	R	R	R
3. Interest in subsidiaries				
At - cost	7 396 916	7 396 916	-	-
	50 769 837	51 440 200	-	-
- fair value adjustment	72 528 338	73 426 000	-	-
- adjustment for deferred taxation	(21 758 501)	(22 045 800)	-	-
Less: Impairment losses	(58 156 175)	(58 822 638)	-	-
	10 578	14 478	-	-
Subsidiaries' net indebtedness	2 311 143	2 116 402	-	-
Less: Provision for writedown of loans to subsidiaries	(2 245 663)	(2 002 465)	-	-
	65 480	113 937		
Total interest in subsidiaries	76 057	128 415		
4. Interest in associated companies				
<i>Taung Diamond Mines Ltd</i>				
Carrying value of investment:				
Shares at cost	-	-	500 000	500 000
Impairment loss	-	-	(500 000)	(500 000)
	-	-	-	-
<i>Tradepost 121 (Pty) Ltd</i>				
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 29 FEBRUARY 2004

	Company		Group	
	2004 R	2003 R	2004 R	2003 R
4. Interest in associated companies (continued)				
Summary of financial information:				
Taung Diamond Mines Ltd	2004 R	2003 R		
Share capital and share premium	1 070 007	1 070 007		
Accumulated loss	(1 148 241)	(1 105 430)		
Shareholders' funds	(78 234)	(35 423)		
Long-term liability	119 920	106 061		
	41 686	70 638		
Net current assets	41 686	70 638		
	41 686	70 638		

Summary of financial information:

Tradepost 121 (Pty) Ltd	2004 R	2003 R		
Share capital and share premium	100	100		
Accumulated loss	(9 464)	18 552		
Shareholders' funds	(9 364)	18 652		
Long-term liability	6 941	-		
	(2 423)	18 652		
Property plant and equipment	-	2 638		
Loans receivable	-	22 705		
Investment	-	440		
Net current liabilities	(2 423)	(7 131)		
	(2 423)	18 652		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

	Company		Group	
	2004 R	2003 R	2004 R	2003 R
5. Inventories				
Trading inventory - at cost	954 941	957 634	1 025 174	957 934
- at net realisable value	-	-	48 173	47 174
	954 941	957 634	1 073 347	1 005 108
6. Trading investments				
Sage Sinking Fund policies	392 982	367 193	392 982	367 193
Shares in listed companies				
Ordinary shares held	12 075	12 930	12 075	12 930
Messina Platinum Limited	129	8 127	8 127	8 900
Western Areas Limited	124	3 948	3 948	4 030
	405 057	380 123	405 057	380 123
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	258 777	-	260 487	-
Sundry debtors	104 937	152 088	104 936	152 360
Cash in trust	10 000	10 000	10 000	10 000
Loan to PR Radebe	-	-	-	30 000
Loan from Southern Mineral Broker (Pty) Ltd	215 792	757 392	216 492	785 392
Advance M Welthagen	28 406	19 354	28 406	19 354
Loan account Taung Diamond Mines Ltd	(8 343)	57 079	28 402	92 777
	609 569	995 913	648 723	1089 883
8. Cash and cash equivalents				
Current bank account	11 555	37 269	14 357	39 498
Cash on call and on hand	194 301	20 741	213 985	101 322
	205 856	58 010	228 342	140 820

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

	Company		Group	
	2004 R	2003 R	2004 R	2003 R
9. Share capital				
Authorised				
100 000 000 (2003:100 000 000) ordinary shares of 10 cents each	10 000 000	10 000 000	10 000 000	10 000 000
Issued				
17 006 887 (2003:17 006 887) 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. Share premium				
Balance at beginning and end of year	17 202 741	17 202 741	17 202 741	17 202 741
11. Revaluation reserve				
Arising on revaluation of investment in subsidiaries				
Opening balance				
- Platinexco (Pty) Ltd	-	63 536 000	-	-
- 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 losses	-	(51 440 200)	-	-
Arising on revaluation of mining rights in subsidiaries	-	-	-	-
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 losses	-	-	-	(51 440 200)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

	Company		Group	
	2004	2003	2004	2003
	R	R	R	R
12. Long-term liabilities				
Long-term liabilities	-	-	226 740	68 240

Long-term liabilities comprise outside shareholders' loans which have no fixed period of repayment and bear no interest.

13. 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)
	-	-	-	-

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	831 897	1 469 617	1 274 992
Mining capital expenditure	-	-	139 087	60 486
Provision for doubtful debts	92 420	81 637	92 420	81 637
	1 098 603	913 534	1 701 124	1 417 115

14. Trade and other payables

Accounts payable	750 996	114 729	776 046	134 729
Loan account SA Mineral Investments (Pty) Ltd	43 500	21 637	43 500	21 636
	794 496	136 365	820 546	156 365

15. Provisions

Opening balance	6 023	-	-	-
Additional provisions for losses in subsidiaries and associates	165 671	6 023	9 364	-
Over provision - prior year	(3 585)	-	-	-
Closing balance	168 109	6 023	9 364	-

The provisions are 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. (It is uncertain when these liabilities will realise.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

	Company		Group	
	2004 R	2003 R	2004 R	2003 R
16. Revenue				
Sale of polished diamonds	211 101	557 048	211 101	593 868
	211 101	557 048	211 101	593 868
17. Operating loss is arrived at after taking into account				
<i>Income</i>				
Management fees received	35 546	311 477	35 456	39 276
Consulting fees received	-	374 648	1 500	374 648
<i>Expenditure</i>				
Auditors' remuneration	123 100	108 120	153 780	138 504
- Audit fees	89 100	81 000	110 700	101 000
- (Over)/Underprovision prior year	(6 000)	27 120	3 080	37 504
- Other services	40 000	-	40 000	-
Fair value adjustment				
- Listed investments	2 595	27	2 595	27
- Unlisted investments	72 622	3 980	72 622	3 980
Write down of inventories to net realisable value	-	-	2 301	11 526
Depreciation of fixed assets				
- Plant and equipment	16 062	25 522	16 286	30 272
Directors' emoluments				
- for management services	298 483	155 000	329 436	172 000
Secretarial fees	46 125	48 122	47 441	48 122

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

	Company		Group	
	2004	2003	2004	2003
	R	R	R	R
18. (Loss) per share				
The calculations of (loss)/income and headline (loss)/income per share are as follows:				
(Loss)	(1 092 431)	(9 814 866)	(1 092 431)	(9 754 980)
Headline (Loss)	(605 012)	(423 939)	(866 572)	(412 599)
Weighted average ordinary shares in issue	17 006 887	17 006 887	17 006 887	17 006 887
(Loss) per share (cents)	(6,42)	(57,71)	(6,42)	(57,35)
Headline (loss) per share (cents)	(3,56)	(2,49)	(5,01)	(2,43)

Reconciliation between (loss) and headline loss

Net (loss) attributable to ordinary shareholders	(1 092 431)	(9 814 866)	(1 092 431)	(9 754 980)
Adjustments for:				
Provision for losses in subsidiaries	487 419	9 390 927	-	-
Impairment losses	-	-	225 859	9 342 381
Headline (loss)	(605 012)	(423 939)	(866 572)	(412 599)

19. Taxation

The Company has a computed loss of R3 681 758 (2003: Computed R3 045 114) which is 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.

	Company		Group	
	2004	2003	2004	2003
	%	%	%	%
Reconciliation of statutory taxation rate				
Taxation rate per income statement	0,99	0,83	0,65	0,86
Non-taxable income	(1,99)	(0,12)	(1,46)	(0,14)
Non- deductible expenses	13,63	29,02	11,43	28,84
Deferred tax not raised	17,37	0,27	19,38	0,44
Statutory taxation rate	30,00	30,00	30,00	30,00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

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	265 389	265 389	-	-

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.

At balance sheet date included in trade and other receivables, was an amount of R564 706 (2003: R757 392) and in the Group R601 451 (2003: R785 392) owed by a related party (See note 7), representing 92,6% (2003: 76%) and Group 92,7% (2003: 70%) of trade and other receivables.

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 29 February 2004

	Company		Group	
	2004 R	2003 R	2004 R	2003 R
21. Cash generated by/(utilised in) operations				
Net (loss) for the year before taxation	(1 092 431)	(9 814 866)	(1 092 431)	(9 754 980)
Adjusted for:				
Depreciation	16 062	25 522	16 286	30 272
Impairment losses	-	-	225 859	9 329 098
Provision for losses in subsidiaries	487 419	9 390 927	-	-
Interest received	(5 413)	(33 725)	(5 930)	(47 654)
Interest paid	73	48	73	55
Profit on disposal of equipment	-	-	-	(34 939)
Operating loss before working capital changes	(594 290)	(432 094)	(856 143)	(478 148)
Changes in working capital				
Inventories	2 693	221 693	(68 239)	174 219
Trading investments	(24 934)	(264 923)	(24 934)	(205 923)
Trade and other receivables	320 922	(290 066)	362 926	(209 819)
Trade and other payables	658 130	(2 488)	664 181	(20 168)
Cash generated by/(utilised in) operations	362 521	(767 878)	77 791	(739 839)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

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 29 FEBRUARY 2004

	2004 R	2003 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	-	-
Pilanesberg Gold Holdings (Pty) Ltd	20 200	14 740
Platinexco (Pty) Ltd	347 630	6 198
Pure Diamonds Ltd	32 709	93 000
Thaba Egoli Mining and Exploration Ltd	6 758	-
<hr/>		
23.2. Consulting fees received by Thabex from Southern Mineral Brokers (Pty) Ltd	10 000	350 000
<hr/>		
23.3. Directors' remuneration paid by Thabex and its subsidiaries		
<i>Executive directors fees - Managerial services</i>		
M Welthagen (Basic salary) - Thabex	298 483	155 000
- Pure Diamonds	25 953	11 000
- Diamex	5 000	6 000
	329 436	172 000
<hr/>		
The chief executive, M Welthagen, does not have a service agreement with the company.		
JL Bosch received an amount of R15 000 for services as a director of Tradepost 121 (Pty) Ltd		
23.3. Polished diamonds sales to the value of R173 000 to Southern Mineral Brokers (Pty) Ltd by Thabex at a net profit of R12 260 for the year.		
23.5. Polished diamonds purchased by Thabex from Southern Mineral Brokers (Pty) Ltd to the value of R152 800 for the year.		
23.6. Secretarial fees paid by Thabex to SA Mineral Investments (Pty) Ltd of R48 000 for the year.		
23.7. Consulting fees received by Thabex from:		
Platinexco (Pty) Ltd	75 000	-
<hr/>		
23.8. Consulting fees paid by Thabex to SA Mineral Investments (Pty) Ltd for Competent Persons Report	150 000	-
<hr/>		
23.9. Website fees paid by Thabex to:		
Maxzon Fustion (Pty) Ltd	11 340	-
Miningweb (Pty) Ltd	6 000	-
Maxzon Investments (Pty) Ltd	3 000	-
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

	2004	2003
	R	R
23.10.1 Included in the trade and other receivables are loans owing to Thabex by:		
M Welthagen	28 406	19 353
Southern Mineral Brokers (Pty) Ltd	257 789	757 391
Taung Diamond Mines Ltd	-	57 078
	286 195	833 812

The amount owing to Thabex by M Welthagen is an advance on his salary and payable within the next 12 month period. The amount outstanding at the end of the 2003 financial year has been repaid in the current year.

23.10.2 Included in trade receivables are loans to Pure Diamonds Ltd by:		35 697
Taung Diamond Mines Ltd	36 745	25 000
Southern Mineral Brokers (Pty) Ltd	-	-
Thabex	48 000	60 697
	84 745	

23.11. Included in the trade and other payables are loans payable by Thabex to:		
SA Mineral Investments (Pty) Ltd	192 500	21 637
Maxzon Futon(Pty) Ltd	6 840	-
Miningweb (Pty) Ltd	6 000	-
	205 340	21 637

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

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

	Company		Group	
	2004	2003	2004	2003
	R	R	R	R
24. Capital commitments				
Authorised:	-	-	-	-
Contracted for: acquisition of Cresta Mining Company (U) Ltd	425 000	-	425 000	-

The purchase amount will 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. The newly issued shares will represent 4,96% of the issued share capital of Thabex after acquisition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2004

25. Contingent liabilities

Thaba Egoli Mining & Exploration Ltd ("Thaba Egoli") and Platinexco (Pty) Ltd (Platinexco") have bank guarantees for R10 000, respectively, in place in terms of the requirements of the Environmental Rehabilitation Management Plans for these companies' respective prospecting permits. Thaba Egoli and Platinexco have each ceded a fixed deposit as security for the bank guarantees.

26. Modified audit reports of subsidiaries

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

Diamex (Pty) Ltd, Platinexco (Pty) Ltd

Pure Diamonds Ltd

Thabex Egoli Mining & Exploration Ltd.

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

Taung Daimond Mines Ltd

Tradeport 121 (Pty) Ltd

Thabex has indicated that it will give financial support to all its subsidiaries and associates as set out in note 15.

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

Diamex (Pty) Ltd

Platinexco (Pty) Ltd

Pure Diamonds Ltd

Thaba Egoli Mining & Exploration Ltd

Taung Diamonds Ltd

Tradeport 121 (Pty) Ltd.

SHAREHOLDERS' ANALYSIS

	Shareholders		Shares held	
	Number	%	Number	%
Shareholder spread				
1 - 1000 shares	323	64,13	131 689	0,77
1 001 - 10 000 shares	108	21,83	480 941	2,83
10 001 - 100 000 shares	53	9,75	1 567 342	9,22
100 001 - 1 000 000 shares	15	2,92	4 355 892	25,61
1 000 001 - shares and more	4	0,80	10 471 023	61,57
	503	100,00	17 006 887	100,00
Distribution of shareholders				
Individuals	437	86,88	3 053 608	17,96
Investment companies & trusts	34	6,76	7 915 103	46,54
Banks and nominee companies	19	3,78	3 963 886	23,30
Pension & provident funds	13	2,58	2 074 290	12,20
	503	100,00	17 006 887	100,00
Public/Non-public shareholders				
Public	495	98,41	11 316 153	66,54
Non-public	8	1,59	3 524 315	20,72
Directors of Thabex	5	0,99	3 111 456	18,30
Associates of directors	3	0,60	412 859	2,43
	503	100,00	17 006 887	100,00

SHAREHOLDERS' DIARY

Annual general meeting	29 September 2004
Interim report	25 November 2004
Annual report 2005 financial year	21 May 2005

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)

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 fifteenth Annual General Meeting of members of Thabex Exploration Ltd will be held at KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria on Wednesday, 29 September 2004, 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 annual financial statements of the Company for the year ended 29 February 2004.
3. To authorise the directors to determine and pay the auditors remuneration for the year ended 29 February 2004.

4. To re-elect JL Bosch as director in accordance with the provisions of the Company's articles of association. An abridged CV of JL Bosch is provided on page 13 of the annual financial statements for the period ended 29 February 2004.

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 29 February 2004.

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. 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 issue of the instruments.

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.

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 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) 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;

NOTICE OF ANNUAL GENERAL MEETING

- 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.
In terms of the Listings Requirements of the JSE any general repurchase by the company must, inter alia, be limited to a maximum of 20% of the company's issued share capital in any one financial year of that class at the time the authority is granted.
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 facts 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.

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 in the manner and cut-off time stipulated therein.

By order of the board

SA Mineral Investments (Pty) Ltd
Secretaries
Pretoria
28 July 2004

EXTRACT FROM COMPETENT PERSON'S REPORT

Options, mineral and participation rights

1. Taung Diamond Mines Ltd

	2004 R	2003 R
At valuation	500 000	500 000

2. Platinexco (Pty) Ltd

Mokopane Platreef Project

At valuation	20 480 000	20 480 000
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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 and the first right of refusal over an additional 2 724 hectares.

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).

	82 764 825	82 764 825
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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 29 September 2004. The options, mineral rights and participation rights have been impaired in the Annual Financial Statements for the year ended 29 February 2004 (See note 2).

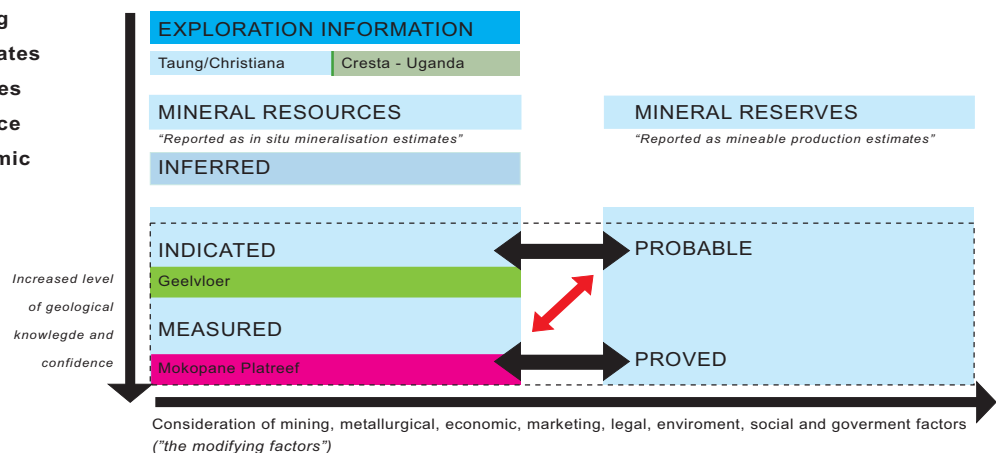
SUMMARY OF MINERAL RESERVES AND MINERAL RESOURCES

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	TP26/2000	1 700									-
Diamex JV (Pty) Ltd	67.30%			Vaal & Harts Rivers	Mining company											-
Christiana Projects			60%	Vaal River	Alluvial Diamonds	PP49/2004	658									-
Pilanesberg Gold Holdings (Pty) Ltd	50%				Gold Trading											-
Platinexco (Pty) Ltd ⁽²⁾	100%			Mokopane (Potgieter-rust)	Platinum Group Copper, nickel, cobalt	PP49/2003	1276	96	33					10,45	0,227%Ni 0,137% Cu 0,255g/t Pt 0,427g/t Pd	20.48
Geelvloer Project	95%				Zinc, copper, lead, silver, gold	PP17/2003	3041		28			8	2,4% Zn 0,8% Cu 0,6% Pb 24 g/t Ag 0,8 g/t Au			61.78
Total																82.76

(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 measured resources of Platinexco 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



Exploration of mineral resources
gathered by the vastness of nature
ready to be found...



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



**Thabex
Exploration
Limited**

Young lions exploring Africa

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, 29 September 2004.

I/We _____

of (address) _____

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. To authorise signature of documents			
2. Adoption of financial statements			
3. To approve Auditors remuneration			
4. Re-election of director: JL Bosch			
5. To approve directors' fees			
6. To place the unissued shares under control of the directors			
7. General approval to issue shares for cash			
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 _____ 2004

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, 27 September 2004.

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 in the manner and cut-off time stipulated therein.