



Incorporated in the Republic of South Africa  
 (Registration No 1988/000763/06)  
 Share code: TBX  
 ISIN: ZAE000013686  
 ("Thabex" or "the Company")

## Young Lions Exploring Africa

### SUMMARISED AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2010 AND NOTICE OF THE ANNUAL GENERAL MEETING

#### STATEMENT OF FINANCIAL POSITION

	Notes	Year ended 28 February 2010 Audited R'000	Year ended 28 February 2009 Audited R'000
<b>Assets</b>			
Non-current assets		18 448	19 403
Plant and equipment		4 209	5 164
Exploration and evaluation assets		14 239	14 239
Current assets		2 088	1 853
Inventories		1 516	1 215
Short-term trading investments		33	65
Trade and other receivables		486	493
Short-term loans		-	-
Cash and cash equivalents		53	80
<b>Total assets</b>		<b>20 536</b>	<b>21 256</b>
<b>Equity and liabilities</b>			
Capital and reserves			
Share capital	1	2 399	2 279
Share premium		27 975	27 260
Accumulated loss		(21 493)	(20 061)
Equity attributable to equity holders of the group		8 881	9 478
Non-controlling shareholders' interest		2 431	-
<b>Total equity</b>		<b>11 312</b>	<b>9 478</b>
Non-current liabilities		1 937	1 968
Loans and borrowings		1 937	1 968
Current liabilities		7 287	9 810
Bank overdraft		-	32
Trade and other payables		3 442	3 029
Short-term loans	2	3 370	5 877
Taxation payable		475	872
<b>Total equity and liabilities</b>		<b>20 536</b>	<b>21 256</b>
Shares in issue	3	239 868 870	227 868 870
Net asset value per share (cents)		4.72	4.16
Net tangible asset value per share (cents)		(1.22)	(2.09)
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Revenue		421	282
Cost of sales		(293)	(301)
<b>Gross profit/(loss)</b>		<b>128</b>	<b>(19)</b>
Other operating income		4 490	1 070
Administration expenses		(2 579)	(1 291)
Other operating expenses		(5 715)	(8 028)
<b>Operating loss</b>		<b>(3 676)</b>	<b>(8 268)</b>
Finance income		463	5
Finance expenses		(6)	(548)
<b>Loss before taxation</b>		<b>(3 219)</b>	<b>(8 811)</b>

Taxation	285	-
<b>Loss for the year</b>	<b>(2 934)</b>	<b>(8 811)</b>
<b>Other comprehensive income</b>		
Net change in fair value of available for sale financial assets	82	500
Net change in fair value of available for sale financial assets reclassified to profit or loss	(82)	(500)
Other comprehensive income for the year	-	-
<b>Total comprehensive income and loss for the year</b>	<b>(2 934)</b>	<b>(8 811)</b>
<b>Attributable to:</b>		
Equity holders of the parent	(1 431)	(8 811)
Non-controlling shareholders' interest	(1 503)	-
Weighted average of number of shares in issue	227 901 747	219 303 938
Basic and diluted loss per share (cents)	(0.63)	(4.02)
Headline and diluted headline loss per share (cents)	(2.21)	(4.18)
<b>RECONCILIATION OF HEADLINE LOSS</b>		
Loss attributable to equity holders of the parent	(1 431)	(8 811)
Profit on disposal of unlisted investment	-	(500)
Profit on disposal of interest in subsidiaries	(3 647)	-
Impairment of unlisted investments	-	103
Loss on disposal of plant and equipment	45	49
<b>Headline loss</b>	<b>4</b>	<b>(9 159)</b>
<b>STATEMENT OF CASH FLOWS</b>		
Net cash outflow from operating activities	(7 931)	(533)
Net cash inflow/(outflow) from investing activities	4 003	(59)
Net cash inflow from financing activities	3 933	777
Increase in cash and cash equivalents	5	185
Cash at beginning of the year	48	(137)
<b>Cash at end of the year</b>	<b>53</b>	<b>48</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>		
<b>Share Capital</b>	<b>2 399</b>	<b>2 279</b>
Issue of ordinary shares	120	178
Share capital at the beginning of the year	2 279	2 101
<b>Share Premium</b>	<b>27 975</b>	<b>27 260</b>
Share premium on issue of ordinary shares	720	2 602
Share issue expenses	(5)	(7)
Share premium at the beginning of the year	27 260	24 665
<b>Accumulated Loss at the end of the year</b>	<b>(21 492)</b>	<b>(20 061)</b>
Loss for the year	(1 431)	(8 811)
Accumulated Loss at the beginning of the year	(20 061)	(11 250)
<b>Total equity attributable to the equity holders of the parent</b>	<b>8 882</b>	<b>9 478</b>
Non-controlling shareholders' interest	2 430	-
Non-controlling shareholders' interest	2 430	-
Non-controlling shareholders' interest at the beginning of the year	-	-
Total equity and liabilities	11 312	9 478
<b>SEGMENTAL ANALYSIS</b>		
<b>Total segment assets</b>		
Thabex Ltd – exploration and management services	16 377	20 659
Tradepost 121 (Pty) Ltd - Monastery kimberlite project	4 791	4 063
Salt River Resources Ltd - base mineral project	7 356	7 344
Angel Diamonds (Pty) Ltd - Kolo kimberlite project	1 824	4 726
Minnex Exploration (Pty) Ltd – alluvial and kimberlite projects	4 712	4 709
<b>Reportable assets</b>	<b>35 060</b>	<b>41 501</b>
Assets not allocated to segments	110	284
Consolidation adjustments and inter-company eliminations	(14 634)	(20 528)
<b>Total assets</b>	<b>20 536</b>	<b>21 257</b>

<b>Total segment liabilities</b>		
Thabex Ltd – exploration and management services	6 708	9 853
Tradepost 121 (Pty) Ltd - Monastery kimberlite project	2 349	4 616
Salt River Resources Ltd – base mineral project	159	8 302
Angel Diamonds (Pty) Ltd – Kolo kimberlite project	413	10 203
Minnex Exploration (Pty) Ltd - alluvial and kimberlite projects	564	916
<b>Reportable liabilities</b>	<b>10 193</b>	<b>33 890</b>
Liabilities not allocated to segments	134	2 676
Consolidation adjustments and inter-company eliminations	(1 103)	(24 788)
<b>Total liabilities</b>	<b>9 224</b>	<b>11 778</b>
<b>External revenue</b>		
Thabex Ltd	421	282
<b>Finance income</b>		
Thabex Ltd	353	1
Salt River Resources Ltd	3	2
Minnex Exploration (Pty) Ltd	107	2
	463	5
<b>Finance expense</b>		
Thabex Ltd	5	560
Tradepost 121 (Pty) Ltd	-	167
Angel Diamonds (Pty) Ltd	1	-
Minnex Exploration (Pty) Ltd	-	247
Inter-company elimination	-	(427)
	6	547
<b>Segment loss</b>		
Thabex Ltd	(2 319)	(7 480)
Tradepost 121 (Pty) Ltd	(530)	(516)
Salt River Resources Ltd	(664)	(788)
Angel Diamonds (Pty) Ltd	(3 820)	(3 242)
Minnex Exploration (Pty) Ltd	(125)	(113)
<b>Reportable loss</b>	<b>(7 458)</b>	<b>(12 139)</b>
Other subsidiaries	(342)	(645)
Consolidation adjustments and inter-company eliminations	4 124	3 973
<b>Loss before interest and taxation</b>	<b>(3 676)</b>	<b>(8 811)</b>

**Notes:**

1. Thabex issued 12 million ordinary shares at 7 cents per share for the acquisition of Monastery Holdings (Pty) Ltd for a total consideration of R840 000, effective 28 February 2010. This was not a business combination but an acquisition of assets and therefore IFRS 3 is not applicable.

2. Short term loans decreased from R5.88 million in 2009 to R3.37 million as a result of the capitalisation of directors and shareholders loans in Angel Diamonds (Pty) Ltd (“Angel Diamonds”) on 26 February 2010, as approved by the board of Angel Diamonds on 17 December 2009. The shareholders, represented in person and by proxy, also approved the special resolution to increase the authorised share capital of Angel Diamonds on 27 January 2010 during the Annual General Meeting. The remaining short term loan has been advanced by Dr JA Cruise, a related party (Non-executive Chairman of Salt River Resources Ltd (“SRR”) a subsidiary of Thabex.), who has undertaken not to request repayment for a period of twelve months from the date of the publication of these financial results or until such date that the Group’s current assets reasonably exceed its current liabilities.

3. On 23 April 2010 the Company’s shares were sub-divided in 1 to 10 as per the Special resolution approved on 19 February 2010. The Annual Report for the period under review will contain a surrender form for non-dematerialised shareholders to exchange their present share certificates for the new sub-divided share certificate.

4. The decrease in the headline loss of the Group from R9.16 million in 2009 to R5.03 million in 2010 is due mainly to the sale of the 13.33% of the Company’s interest in Angel Diamonds to a related party Mantle Diamonds Ltd and the sale of a 2% interest in SRR to a related party CAJ Trust, of which JA Cruise is a trustee and he is also director SRR – see note 2 above.

5. The Group has five operating segments, as described below. For each of the segments the Group’s Chief Executive reviews internal management reports on at least a monthly basis. The five segments are listed in order of priority for the Group’s overall operations namely;

- Thabex Ltd: Includes exploration and management services to the Group’s companies.
- Tradepost 121 (Pty) Ltd: Includes Monastery Mine (Pty) Ltd and Monastery Holdings (Pty) Ltd and these companies are involved in the prospecting and development of Monastery Kimberlite pipe in the district of Marquard in the Free State Province.
- Salt River Resources Ltd: Includes the Salt River base mineral project in the Northern Cape Province.
- Angel Diamonds (Pty) Ltd : Includes the Kolo Kimberlite project in the Mafateng district of the Kingdom of Lesotho.
- Minnex Exploration (Pty) Ltd: Includes the Middelwater alluvial diamonds project, with a 2,5% royalty agreement on commencement of mining operations, and the search for primary kimberlite deposits in Northern Namibia.

## Review of results

### Operating results

The Group incurred a loss for the year of R2.93 million (2009: loss of R8.81 million). The headline loss per share decreased from 4.18 cents per share to 2.21 cents per share and the net asset value of the Group increased from 4.16 cents per share in 2009 to 4.72 cents per share.

### Going concern

The Group incurred a net loss of R2.93 million (2009: loss of R8.81 million) for the year ended 28 February 2010. At that date, the Group's current liabilities exceeded its current assets by R5.20 million (2009: current liabilities exceeded current assets by R7.96 million) (see note 2 above).

The board has considered the ability of the Company and its subsidiaries to continue as going concerns and based on reasonable and supportable assumptions, have concluded that the forecast levels of production and the future benefits of the continuing prospecting operations of Monastery Mine, an indirect subsidiary of Thabex, will produce sufficient cash flows to allow the Company and its subsidiaries to meet their obligations in the normal course of business for the foreseeable future.

Should the operations of the subsidiary fail to achieve forecast cash flows, there will be a material uncertainty that may cast doubt on the ability of the Company and its subsidiaries to continue as going concerns. The cash flow assumptions are based on a production rate of 10 000 tons per month at an average grade of 25cpt (carats per hundred tons) and a conservatively modelled rough diamond price of US\$150/ct and an exchange rate of R/US\$7.00.

### Contingent liabilities

During the period ended 28 February 2009, the Company reported a contingent liability of R5.81 million against possible legal action from Mantle Diamonds Ltd ("Mantle Diamonds") for expenditure incurred by that company for their own account and risk on the Kolo Kimberlite project in Angel Diamonds (Pty) Ltd ("Angel Diamonds"). Since Mantle Diamonds withdrew from the Kolo Kimberlite project on 14 November 2009 and also declined to respond to the legal disputes between the major and minority shareholders of Angel Diamonds in which they were cited as respondents, the possibility for a liability has diminished to such an extent that Thabex's board do not consider there to be a likelihood of success by Mantle Diamonds should they institute a claim especially as Mantle Diamonds did not oppose the liquidation application of Angel Diamonds.

As approved by the board of Angel Diamonds on 17 December 2009, the company was re-capitalised utilising loan account balances and other amounts owing to the shareholders of Angel Diamonds by both Angel Diamonds and Thabex. Certain of the minorities representing R1.3 million of the amounts capitalised are disputing the re-capitalisation.

### Basis of preparation

These Thabex Limited Group ("the Group") financial results for the year ended 28 February 2010 constitute a summary (prepared in accordance with the JSE Listings Requirements, the South African Companies Act (Act 61 of 1973) as amended, and the recognition and measurement requirements of International Financial Reporting Standards and the presentation and disclosure requirements of International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and the AC 500 interpretations as issued by the Accounting Profession Council of the South African Institute of Chartered Accountants) of the Group's audited financial statements. The Group has applied the IFRS's applicable to the year ended on 28 February 2010 and have not early adopted any new or revised standards applicable after that date.

These summarised consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 28 February 2010.

The accounting policies applied by the Group in these summarised consolidated financial statements are consistent with those applied in the previous year.

### Dividends

No dividend has been declared in the 2010 financial year (2009: nil).

## **Audit opinion**

This announcement has been audited by the Company's auditors, KPMG Inc., The Company's auditors have expressed a disclaimer of opinion on the going concern assumption on the consolidated financial statements of the Group as at and for the year ended 28 February 2010, from which these results have been derived. The audit reports on the consolidated annual financial statements and these summary results are available for inspection at the Company's registered office. The disclaimer of opinion on the consolidated annual financial statements is set out below:

### *"Basis for Disclaimer of Opinion*

The going concern note in the director's report indicates that the board has considered the ability of the company and its subsidiaries to continue as going concerns and, based on reasonable and supportable assumptions, have concluded that the forecast level of production and future benefits of the continuing prospecting operations of Monastery Mine (Pty) Ltd, a subsidiary, will produce sufficient cash flows to allow the company and its subsidiaries to meet their obligations in the normal course of business for the foreseeable future. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the assumptions applied by the board in preparing the going concern assessment are reasonable and supportable. The possible effects of this matter are considered material and pervasive to the financial position, financial performance and cash flows of the company and its subsidiaries reflected in these financial statements.

### *Disclaimer of Opinion*

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements."

## **Commentary**

### **Diamonds in the Kingdom of Lesotho**

Angel Diamonds submitted an application for a Mining License ("ML") to the Commissioner of Mines in Lesotho on 12 December 2008. As in the case of many exploration projects, when value is unlocked and prior to mining operations commencing, the expectations of possible vast amounts to be made from such a project overcomes the agreed process to achieve the gains for shareholders and personal greed takes over. Having reported the legal matters regarding Angel Diamonds in detail on SENS. The Liquidation Application on 8 October 2010 by Mr TP Mosebo, a director of Angel Diamonds, was today discharged with costs and Thabex has requested a meeting with the provisional liquidators to re-take control of Angel Diamonds.

The most disturbing aspect of the legal route taken by three minority shareholders is the fact that neither these minority shareholders, the provisional liquidators nor the Commissioner of Mines and Geology of Lesotho are able or willing to account for the 1 000 carats produced during the period Mantle Diamonds was involved in the project. Mantle Diamonds terminated their involvement in the project on 14 November 2009. However, their 10 tph (tons per hour) DMS (Dense Medium Separator) prospecting plant remains on site at Kolo Ha Petlane to date. Mantle Diamonds, as a respondent in all the High Court cases in the Kingdom of Lesotho, have not opposed any of these cases, including the application to liquidate Angel Diamonds.

### **Diamonds in South Africa**

Minnex Exploration (Pty) Ltd ("Minnex")

Minnex has curtailed all exploration of the alluvial diamondiferous gravels on the Farm Middelwater Remaining Extent about 40km north of Prieska in the Northern Cape Province.

Monastery Mine (Pty) Ltd ("Monastery")

Monastery is situated about 15km south of the town of Marquard in the Free State Province. Prospecting activities have so far consisted of sampling, analysis and metallurgical test work to decrease the amount of ilmenite in the concentrate of the kimberlite with a Dense Medium Separator plant. Monastery is also operating a 10 Foot Rotary Gravity Pan processing operation on various diamondiferous dumps around the open pit and plant areas Shareholders are also referred to the SENS announcements relating to the acquisition of the Monastery Holdings, dated 25 February 2010 and the appointment of a processing contractor on 21 February 2011, respectively.

## Diamonds in Namibia

Minnex Exploration Namibia (Pty) Ltd ("Minnex Namibia") (an 80% subsidiary of Minnex Exploration (Pty) Ltd) Minnex will re-evaluate the unresolved anomalies of the percussion drilling results reported by Namdeb prior to the prospecting rights to the two Exclusive Prospecting License areas expiring in July 2011.

## Directorate

The following changes to the board of Thabex occurred during the period under review, up to and including the date of this report:

- Mr Johannes Cornelius Engelbrecht was appointed as an executive director on 23 June 2009, and resigned on 15 April 2010;
- Mr Masankisi Kamwanga was appointed as the executive financial director on 29 June 2009; and
- Mr Joseph Ratchidi was appointed as an executive director on 14 May 2010.

## Subsequent events

On 7 November 2010, a minority shareholder of Angel Diamonds, Mr CV du Plessis ("the Applicant") holding 4.33% of the issued share capital, applied for the liquidation of Thabex. Refer to the SENS announcements in this regard for further detail. Other than this matter and the information disclosed in the Commentary paragraph above relating to the diamonds in the Kingdom of Lesotho and the Monastery Mine, the board of Thabex is not aware of any material events or circumstances that have occurred between the end of the 2010 financial year and the date of this report, which may have a material impact on the Group.

## Future prospects

Further metallurgical testing at Monastery is necessary to ensure the turning to account of this project. SRR is conducting a pre-feasibility study of the Salt River Base Mineral Project. SRR has not been able to secure funding to complete a Bankable Feasibility Study of its poly-metallic (Cu-Pb-Zn-Ag-Au) project in the Kenhardt district of the Northern Cape Province and is considering several funding options to proceed. Save for the termination of prospecting of diamondiferous alluvials in the Northern Cape and the litigation regarding the granting of the Mining License in the Kingdom of Lesotho, no other changes in the mineral information of the Company have occurred during year under review.

## Notice of annual general meeting

Notice is hereby given that the annual general meeting of shareholders of Thabex will be held on Wednesday, 27 July 2011 at 10:00 at KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, 0083 to conduct the business stated in the notice of the annual general meeting, which is contained in the annual report.

## On behalf of the board

Jeffrey Raymond Rapoo  
Chairman

Marius Welthagen  
Chief Executive

Johannesburg

19 May 2011

## Registered office:

51 Austin Street, Northcliff, Johannesburg, 2195

Auditors: KPMG Inc. KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, 0083

**Company secretaries:** SA Mineral Investments (Pty) Ltd

51 Austin Street, Northcliff, Johannesburg, 2195

**Transfer secretaries:** Link Market Services South Africa (Pty) Ltd

11 Diagonal Street, Johannesburg, 2001

**Telephone number:** +27 11 678 0791

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

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

## Sponsor:

Merchantec Capital,

2<sup>nd</sup> Floor, North Block, Hyde Park Office Tower, Corner 6<sup>th</sup> Rd and Jan Smuts Ave, Hyde Park

## Directorate:

JR Rapoo (Chairman), M Welthagen (CEO)\*, Dr JW Kruger<sup>#</sup>, M Kamwanga (Financial Director)\*<sup>###</sup>

RM Ratchidi\*, Prof DL Reid\*\*, AP Roux

\*Executive director, <sup>#</sup>Independent director, \*\* New Zealand, <sup>###</sup>Democratic Republic of the Congo