



*young lions  
exploring africa*



**Thabex Exploration Limited**

ANNUAL REPORT 2001

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	Summary of mineral reserves and mineral resources

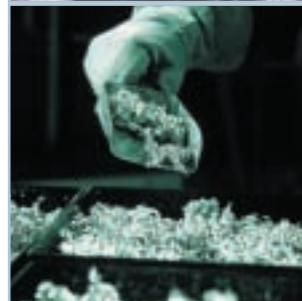
## profile

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

The Company is established in the old mining camp of Kimberley and is focusing its exploration and mining activities on:

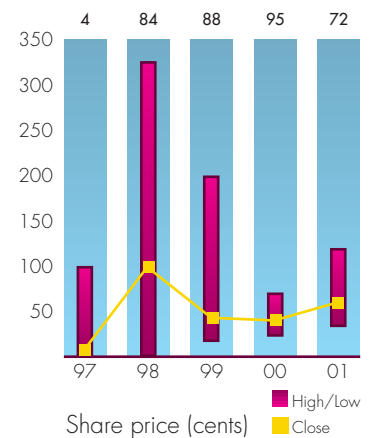
- alluvial and kimberlite deposits
- diamonds of exceptional quality and size
- near surface diamondiferous deposits amenable to low cost mining.

Thabex also explores for gold, platinum and base minerals.



## "young lions exploring africa"

Thabex is aggressively prowling the great plains of Africa's rich material resources potential

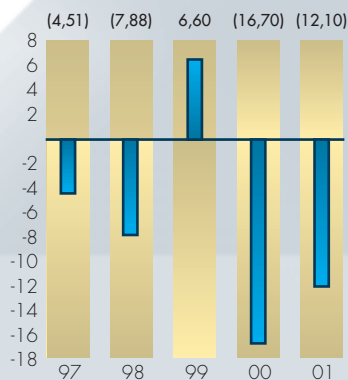




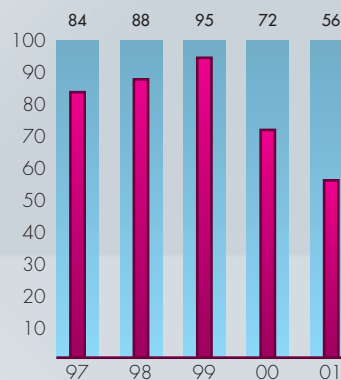
**Explore, search and turn to account mineral projects**  
in South and southern Africa, using professional teams, to benefit  
shareholders, employees and the peoples of the region

## salient features

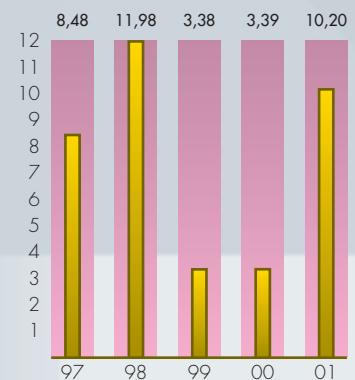
	COMPANY		GROUP	
	2001 R	2000 R	2001 R	2000 R
Number of shares at year-end	<b>17 006 887</b>	14 788 597	<b>17 006 887</b>	14 788 597
Net asset value per share (cents)	<b>55,77</b>	89,57	<b>55,77</b>	72,03
Loss per share (cents)	<b>(29,44)</b>	(1,21)	<b>(12,10)</b>	(16,70)
Dividends per share (cents)	-	-	-	-



Earnings/Loss per share (cents)



Net asset value (cents)



Market capitalisation (Rm)

# chairman's review

## DEAR SHAREHOLDER

During the year under review, Thabex successfully entered into a joint venture agreement with Falconbridge Ventures of Africa (Pty) Ltd, wholly owned subsidiary of Falconbridge Limited in Canada, to further explore and assess the mineral potential of your company's Potgietersrus Town and Townlands' prospecting rights.

Your company remains committed to develop and turn to account its alluvial diamond interests. In order to achieve this objective the Company is involved in the exploration of various diamondiferous occurrences. Thabex's main area of interest at present is situated in the Northern Cape along the Orange River between Douglas and Prieska. Pioneer Minerals (Pty) Ltd ("Pioneer"), a 40% held associate of Thabex, continued to explore five properties identified during Pioneer's previous successful geological assessments, drilling and bulk sampling.

During July 2000 Pioneer entered into an agreement with a contractor to fund further closer spaced drilling and to do further exploration in the form of trial mining on the properties for a period of twelve months. To-date a total of 257 percussion boreholes representing 2 233 meters have been drilled in selected areas. Pioneer has applied for a mining permit on the farm Remhoogte 152, approximately 21 km west of Trans Hex's Saxendrift alluvial diamond mining operations along the Orange River.

Although the Pioneer projects have diamondiferous potential, the results of trial mining, to be done under contract to Pioneer, are due during early August 2001. The contractor, New Hope Mining (Pty) Ltd ("New Hope"), is also required to procure a detailed report from an independent competent person in terms of the SAMREC Code enabling Pioneer to assess the possible development of a full-scale alluvial diamond mine.

During December 2000 the initial shareholders in Pioneer purported to sell their 60% shareholding to the contractor for R2,75 million in terms of an option agreement with New Hope. The option agreement was entered into prior to the commencement of the exploration and trial mining contract with Pioneer. This option agreement was not disclosed to Thabex until the middle of January 2001. In the interest of good corporate governance, your company believes that the sale and transfer of the initial shareholders' 60% in Pioneer were not transacted according to the terms and conditions of the Shareholders' Agreement between Thabex and the initial shareholders, and has referred this dispute to arbitration.

Pure Diamonds Ltd ("Pure Diamonds"), a wholly owned subsidiary of Thabex, successfully commenced trading in quality polished diamonds through its e-commerce presence. Taung Diamond Mines Ltd ("Taung Diamonds"), a 50/50 joint venture company held by Thabex and empowerment partner, Khunologo Diamonds (Pty) Ltd respectively, is involved in exploration for alluvial diamonds in the North West Province. Taung Diamonds abandoned certain diamondiferous gravel areas along the Vaal River in the Christiana district. However, an area along the Harts River in the Taung district of the North West Province is still being explored.

As reported in our November 1999 interim report, new geological thinking on the northern limb of the Bushveld Igneous Complex indicates the possibility of potential base metal massive sulphide deposits, other than the known Platreef occurrence. In order to facilitate further exploration on Thabex's Platreef Project, your company and its wholly owned subsidiary, Platinexco (Pty) Ltd ("Platinexco"), entered into an agreement on 3 October 2000 with Falconbridge Ventures of Africa (Pty) Ltd ("FVA"). FVA is a wholly owned subsidiary of Falconbridge Ltd, a company listed on the Toronto Stock Exchange (TSE Code - FL) in Canada.

The agreement provides for a joint venture to be established (51% FVA and 49% Platinexco) once FVA has spent R5,2 million on further exploration of the farm Piet Potgietersrus Town and Townlands 44KS in the Northern Province. FVA acts as manager and operator of the project. Thabex has ceded its prospecting rights to Platinexco, which company is proposed to be the Joint Venture Company to develop the project in the event that the exploration is successful. At the request of FVA, Platinexco applied for an additional 496 ha of the mineral area covered by its prospecting rights in terms of its prospecting agreement with the Mogalakwena Municipality (formerly the Transitional Local Council of Greater Potgietersrus). The total mineral area now held by Platinexco is 1 456 ha.

FVA commenced exploration activities on the property during February 2001, consisting of line cutting for Time Domain Electromagnetic ("TDEM") surveys. FVA has also synthesized

the previous geophysical, geochemical and drilling results into their own database, which includes their own airborne geophysics. The TDEM survey was completed during April 2001 and the results are being analysed to delineate possible targets for drilling. FVA's main target at present is the possibility of a base metal massive sulphide deposit in the northern section of the prospecting area.

Pilanesberg Gold Holdings (Pty) Ltd ("Pilanesberg Gold") successfully commenced trading in gold, platinum and silver bullion and bullion coins. Pilanesberg Gold is continuing to investigate alluvial gold deposits in the North West and Mpumalanga Provinces.

The proposed Draft Mining and Development Bill introduces further significant uncertainty into the mining and exploration sector by proposing to grant considerable powers of discretion to the Minister at the time, irrespective of whether these would be in the interest of efficient allocation of all resources or not. Your company is confident that it will be able to adapt and negotiate these new risk factors successfully.

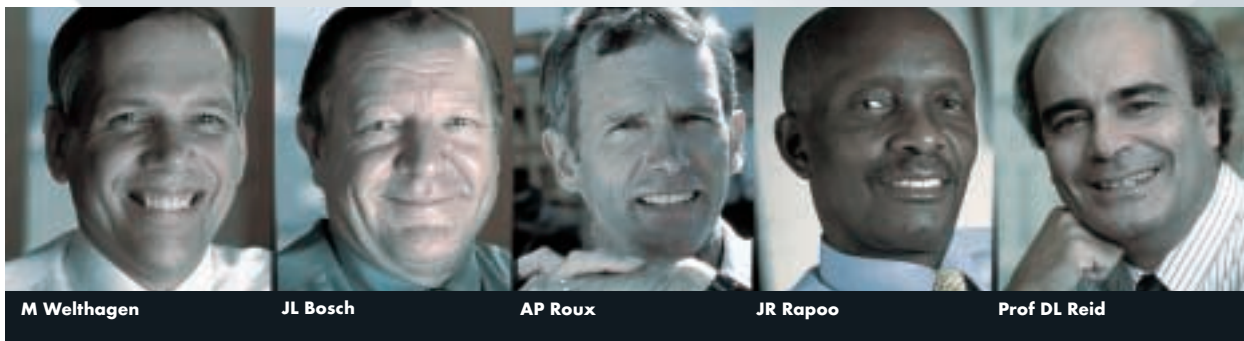
Your company will also reassess all its mineral and other interests during the first half of the coming financial year in order to be fully prepared for the proposed introduction of Capital Gains Tax. Thabex will also consider the introduction of International Accounting Standards for the Company's financial reporting.

The JSE Securities Exchange South Africa ("JSE") is implementing the STRATE ("Share Transaction Totally Electronic") system and your company's share certificates are scheduled to be converted to STRATE on 12 November 2001.

Under the guidance of its board and dedicated employees your company is determined to turn to account its valuable mineral properties, within the framework of the economic and social development of the country, to the benefit of the Company and its shareholders.

M Welthagen  
CHAIRMAN AND CHIEF EXECUTIVE  
8 May 2001

## directorate and administration



### **DIRECTORS**

#### **M WELTHAGEN**

(Chairman and Chief Executive)  
MEng (Mining)  
MPhil (Mineral Economics)  
BComm Hons (Economics)  
MSAIMM FGSSA

#### **JL BOSCH**

(Executive)  
MSc (Geology)  
MGSSA

#### **AP ROUX**

(Non-executive)  
BAgric

#### **JR RAPOO**

(Non-executive)  
BComm (Accounting)  
Hons BCompt

#### **PROF DL REID**

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

### **AUDITORS**

KPMG Inc  
(Registration number 1999/021543/21)  
KPMG Forum  
427 Hilda Street  
Hatfield Pretoria 0083

### **BANKERS**

First National Bank of South Africa Limited  
(Registration number 1971/009695/06)  
Commissioner Street Branch  
87 Commissioner Street  
Johannesburg 2001

### **REGISTERED OFFICE**

2nd Floor KPMG Forum  
427 Hilda Street  
Hatfield Pretoria 0083

### **POSTAL ADDRESS**

PO Box 3899 Northcliff  
Johannesburg 2115

### **INVESTMENT BANK AND SPONSOR**

PSG Investment Bank  
(Registration number 1998/017396/06)  
Albion Spring  
183 Main Road Rondebosch  
Cape Town 7735

### **BROKER**

PSG Online Securities Limited  
Member of the JSE Securities  
Exchange South Africa  
(Registration number 1996/000509/06)  
3rd Floor TA Building  
160 Jan Smuts Avenue Rosebank  
Johannesburg 2196

### **LAWYERS**

Brink Cohen Le Roux & Roodt Inc  
(Registration number 1993/004501/21)  
BCLR House  
19 West Street  
Houghton  
Johannesburg 2198

### **TRANSFER SECRETARIES**

Mercantile Registrars Limited  
(Registration number 1987/000519/06)  
11 Diagonal Street Johannesburg 2001

### **SECRETARIES**

SA Mineral Investments (Pty) Limited  
(Registration number 1981/004619/07)  
51 Austin Street Northcliff  
Johannesburg 2195

### **WEBSITE ADDRESS**

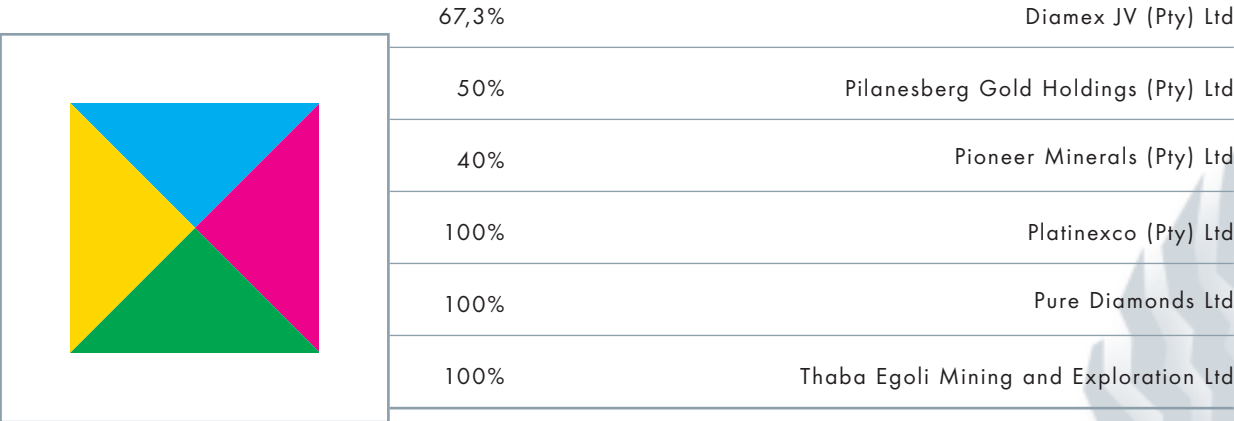
[www.thabex.com](http://www.thabex.com)

### **E-MAIL ADDRESS**

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



# group structure



# exploration portfolio

Diamonds	PURE DIAMONDS	Pioneer Diamond Projects
		Taung Diamond Projects
Gold		Pilanesberg Gold Projects
Platinum		Potgietersrus Platreef Project
Base minerals		Geelvloer Project: Lead-Zinc-Copper-Silver-Gold

# location of exploration projects in southern Africa



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

# review of exploration projects

The following projects are being explored, investigated and evaluated.

*The company's exploration activities remain focused on the exploration and turning to account its high quality diamond projects and the marketing of diamonds to the manufacturers of diamond jewellery, private buyers and investors. Thabex is also investigating the potential of its Potgietersrus Platreef Project through its joint venture agreement with Falconbridge Ventures of Africa (Pty) Ltd.*



## ▲ DIAMONDS

### ▲ Pure Diamonds Ltd ("Pure Diamonds") (Thabex – 100%)

Pure Diamonds trades in polished quality diamonds and provides consulting services to empowerment companies wishing to enter into diamond prospecting and marketing. Due to financial constraints, the joint ventures with Pure Diamonds Trading and Taurus International were abandoned. Pure Diamonds will, however, endeavour to continue developing new markets for its polished diamonds.

### ▲ Taung Diamond Mines Ltd ("Taung Diamonds") (Pure Diamonds – 37,5%)

During the period under review Taung Diamonds ceased its exploration activities along the Vaal River in the Christiana district of the North West Province and abandoned its prospecting permit in the area.

Cinprop 0002 (Pty) Ltd ("Cinprop"), in which company Taung Diamonds holds a 10% shareholding, is at present in the process of finalising its negotiations with the Baphuduhucwana Tribal Authority. On signing the agreement Cinprop plans to

commence mining and further prospecting operations along the Harts River in the Taung district of the North West Province.

### ▲ Diamex JV (Pty) Ltd ("Diamex") (Thabex – 67,3%)

Having assisted Taung Diamonds with the initial prospecting along the Vaal River, the Company has not mobilised its exploration mining and recovery equipment since the sale of Thabex's diamond mine on the Douglas Townlands during January 1999. The directors deemed the equipment to be operationally impaired and have written down the equipment by an amount of R618 704. Should circumstances be favourable to commence mining and the recovery of alluvial diamonds in the Taung district, Diamex will consider, subject to a contracting agreement being reached with Taung Diamonds, to act as manager and operator of these operations.

### ▲ Pioneer Minerals (Pty) Ltd ("Pioneer") (Thabex – 40%)

In order to fund the further exploration of the Pioneer properties, Pioneer entered into a contracting agreement with New Hope

Mining (Pty) Ltd ("New Hope"), represented by Mr H Steyn, on 21 July 2000. The purpose of the agreement was for the contractor to finance additional percussion drilling and to do bulk sampling for a period of twelve months, under the guidance of Pioneer on all Pioneer's properties. New Hope was to pay a 12,5% royalty to Pioneer on the value of all diamonds recovered and to prepare a project report in terms of the SAMREC code on completion of the additional drilling and bulk sampling.

The follow-up percussion drilling programme of 162 additional boreholes was completed in terms of the contracting agreement during the period July 2000 to December 2000. The majority of the boreholes (145) were drilled on the potential diamondiferous resource on the farm Remhoogte 152. The drilling grid was 100 x 100 meters in the northwestern and eastern areas and 400 x 200 meters in the central area of the potentially diamondiferous gravel deposit. In addition to the four boreholes drilled during July 1999 on the farm Viegulands Put 39, a further 14 percussion





boreholes were drilled during November 2000 on a grid of 100 x 200 meters.

Pioneer produced 186,7 carats during the second half of 1999 from bulk sampling conducted by a contractor. A total of 42 496 tonnes of diamondiferous gravels were processed yielding a grade of 0,44 carats per 100 tonne. The average price received at the time was US\$522 per carat and the average diamond size recovered was 1,81 carat per stone.

The inferred diamondiferous gravel resource tonnages on the farm Remhoogte 152 are as follows:

<b>Drill spacing</b>	<b>Million tonnes</b>	<b>Grade carats per 100 tonne</b>
100 x 100 meters	10,6	0,44
200 x 400 meters	30,0	0,44
<b>Total</b>	<b>40,6</b>	<b>0,44</b>

Since December 2000 to date no further exploration, drilling or bulk sampling have been conducted by New Hope.

On 1 July 2000 the initial shareholders of Pioneer entered into an option agreement with New Hope to dispose of their 60% shareholding in the Company. On 30 December 2000, New Hope acquired the 60% shareholding in terms of the option agreement, although Thabex was given an opportunity on 8 October 2000 to acquire the 60% shareholding in Pioneer for an amount of R2,75 million. In terms of the pre-emptive rights clause of the Shareholders' Agreement dated 1 March 1997, this opportunity could not be followed up in view of a lack of relevant information. The existence of the option agreement with New Hope was not disclosed at the time and was only brought to Thabex's attention on 19 January 2001.

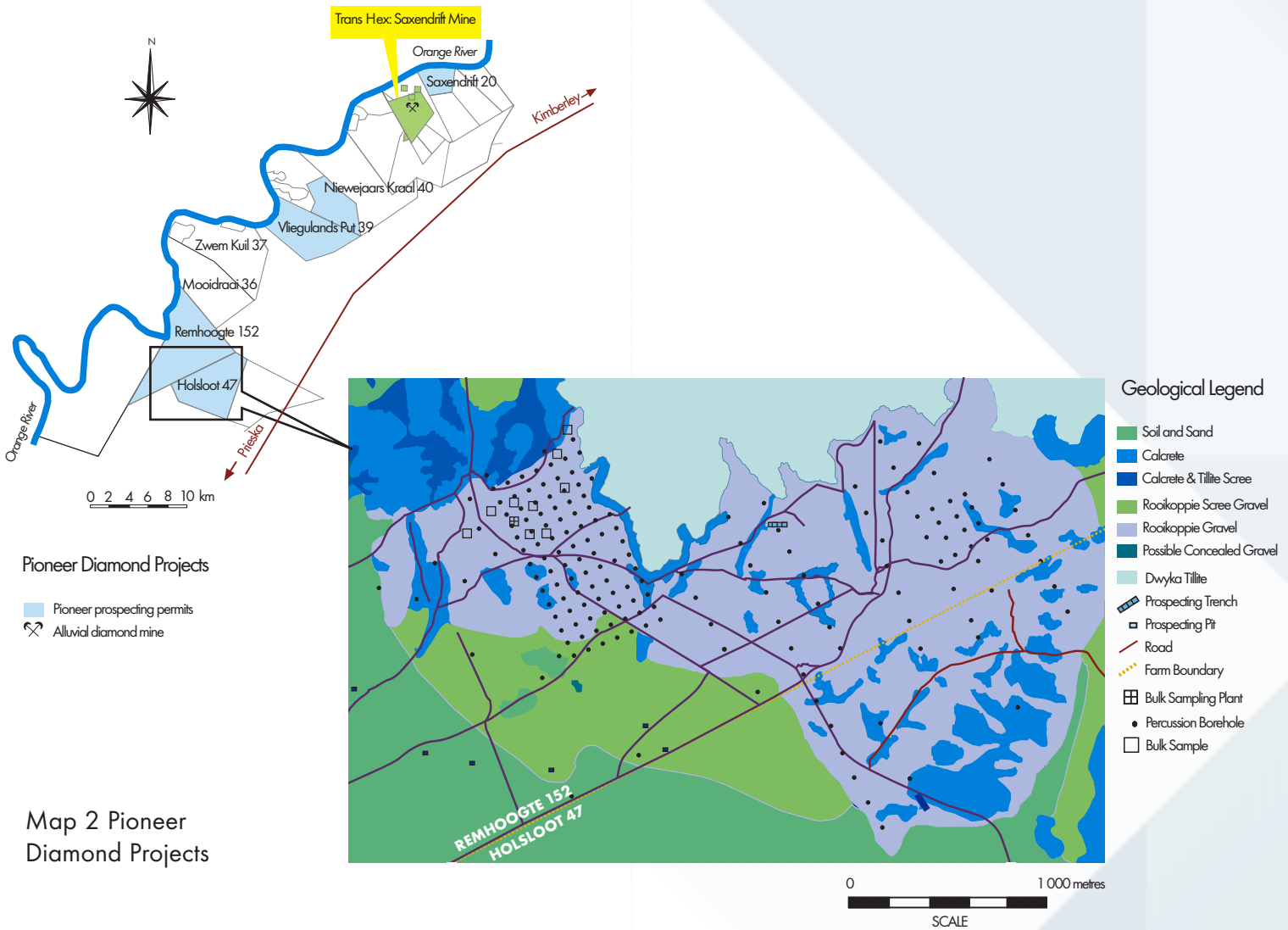
On 9 February 2001, the three directors representing the initial shareholders of Pioneer resigned and Mr H Steyn was appointed managing director of Pioneer together with two new directors.

In the circumstances, Thabex believes that the sale of the 60% shareholding to New



Hope, a competitor of both Pioneer and Thabex, and the appointment of the new directors to the board of Pioneer, constitute a material breach of the Shareholders' Agreement and Thabex has referred the matter to arbitration.

As of January 2001, Thabex and the directors it has nominated to serve on the board of Pioneer, Messrs M Welthagen and JL Bosch, have been unable to ascertain the position of Pioneer in relation to its financial affairs, operations and general corporate governance. Thabex has accordingly demanded the information



Map 2 Pioneer Diamond Projects

to which it is entitled in terms of both the shareholders' agreement and the Companies Act in order to assist it in the discharge of its nominated directors' fiduciary and other duties. Furthermore, it appears that Pioneer has appointed new auditors.

Thabex believes that the audited financial statements of Pioneer as prepared for the period ended 29 February 2000, are incorrect and incomplete as they do not address material post year-end events and information and were signed by a former director of Pioneer at a time when he had not yet been appointed in that position. Thabex has accordingly rejected these

financial statements and demanded that the former auditors of Pioneer fully and properly discharge their duties as auditors under the Companies Act in respect of the financial years ended February 2000 and February 2001.

Thabex is committed to the full and proper realisation of its investment in Pioneer and to taking all steps necessary to secure each realisation. Accordingly Thabex has secured the participation of all the relevant parties in this dispute to a process of private arbitration in terms of which it will seek certainty on its position as shareholder in that company and its concomitant financial and management position.

## ▲ GOLD

### ▲ Pilanesberg Gold Holdings (Pty) Ltd ("Pilanesberg Gold") (Thabex – 50%)

Pilanesberg Gold successfully commenced trading in gold, platinum and silver bullion. 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%)

Thabex completed a bankable feasibility study during February 1992 on the Platreef deposit it discovered in 1989 on the farm Piet Potgietersrust Town and Townlands 44KS covering an area of 960 hectares in



the Northern Province. ITA-Process Engineers Ltd and SRK Consulting conducted the study on behalf of the Company.

During November 1999, Thabex reported that it is engaged in the re-evaluation of its Potgietersrus Platreef Project, including, inter alia, the investigation of new recovery technologies and new geological models on the potential for massive sulphide-base metal deposits. Two such areas, other than the Platreef deposit, are north of Thabex's Potgietersrus Platreef Project area, on the farm Uitloop 3KS (See map - Uitloop 1 and Uitloop 2).

On 31 August 2000, Thabex ceded all its options and prospecting rights, in terms of its Prospecting and Option Agreement with the Mogalakwena Municipality (formerly the Transitional Local Council of Greater Potgietersrus), dated 1 December 1999, to its wholly owned subsidiary Platinexco (Pty) Ltd ("Platinexco").

Thabex, not being in a position to fund a new feasibility over its Platreef Project area, had to seek a joint venture partner with the necessary expertise and financial backing to investigate the mineral potential and viability of the area.

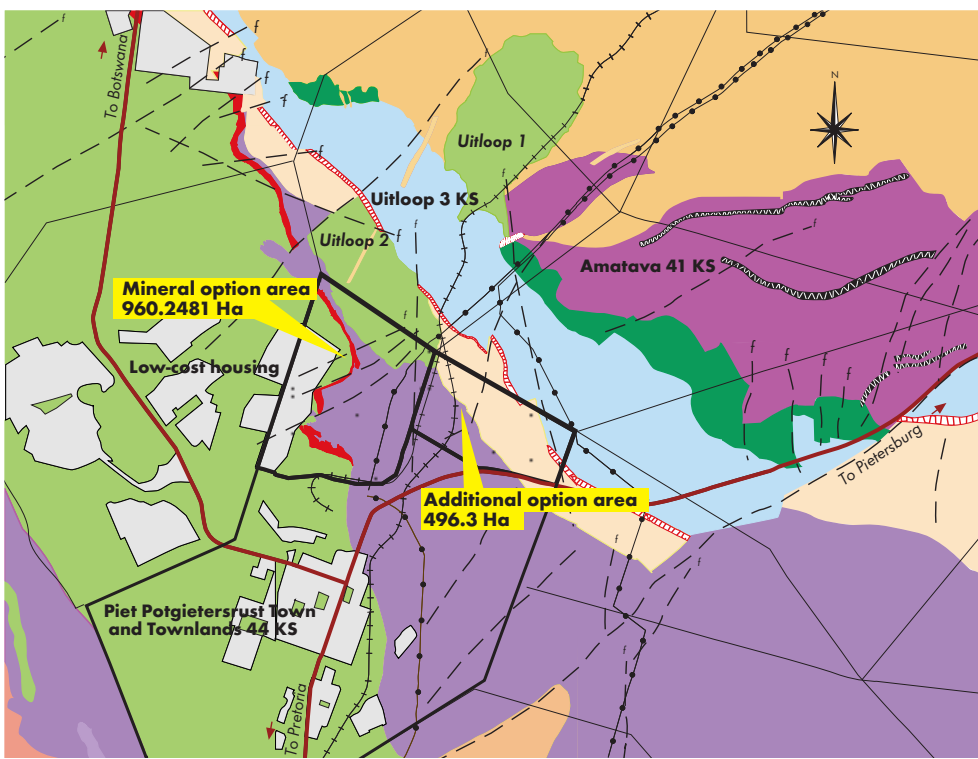


On 3 October 2000, Thabex and Platinexco entered into an agreement with Falconbridge Ventures of Africa (Pty) Ltd ("FVA"). FVA is a wholly owned subsidiary of Canadian listed Falconbridge Ltd. The agreement provides for a joint venture to be established (51% FVA and 49% Platinexco) once FVA has spent R5,2 million on further exploration of the farm Piet Potgietersrus Town and Townlands 44KS in the Northern Province. The exploration programme proposed would not only include a review of the results of the previous work, completed by Thabex during 1992, but also include new exploration on other portions of the property. In terms of the agreement FVA acts as manager and operator of the project.

Once the joint venture has been established (ie FVA has spent R5,2 million) it is envisaged that the joint venture will undertake further exploration of the area with the objective to produce a bankable feasibility study in respect of a mining project in the area. Should Platinexco not

participate during this phase, pro rata to its interest in the joint venture, the Company's interest will decrease to 25% and FVA's interest will increase to 75%.

FVA conducted a regional airborne geophysical survey of the area during 1997. The information obtained from this survey, together with the geochemical and geophysical data from Thabex's previous exploration have been integrated in a single database. The principal target for FVA at present, is the Uitloop 2 body. Application was made to the Mogalakwena Municipality to extend Platinexco's prospecting rights towards the northeast of the Potgietersrus Town and Townlands by a further 496 hectares. The application was successful and the area has been included in an application by Platinexco for a prospecting permit to the Department of Minerals and Energy. The new permit will cover an area of approximately 1 276 hectares including

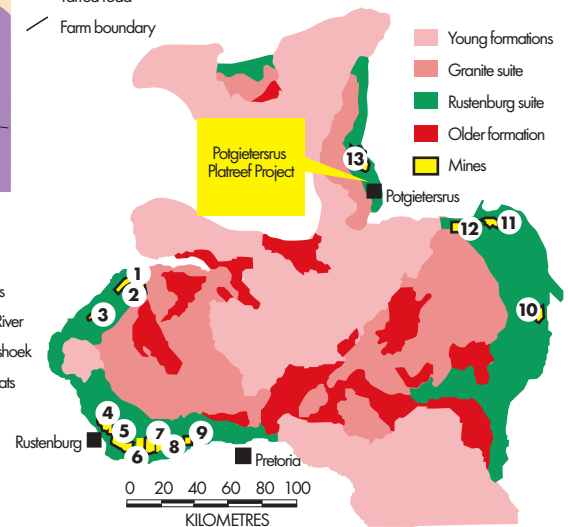


### Geological Legend

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

### Geological Legend

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



### PGM Mines

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

## Map 1 Potgietersrus Platreef Project

an area of 648 hectares currently held by Thabex under prospecting permit PP 19/2000. The application excludes an area of approximately 180 hectares on the western border of the prospecting area, which was sterilised by the development of a low-cost housing project, named Aluta Park, during 1995.

Exploration activities commenced during February 2001, consisting of gridding for a proposed Time Domain Electromagnetic ("TDEM") and ground magnetic survey and a soil geochemical survey (over the new 496 hectares mineral area). A total of 66,45 km line of gridding had been completed by April 2001 and TDEM fixed loop survey across the western portion of the project area was completed during the same month. Three loops have been completed, two tested the Uitloop 2 body

and one tested the Platreef in the Southwest anomaly previously defined by Thabex. Drilling and trenching are currently being planned based on the interpretation of the TDEM and ground magnetic survey results.

Thabex has proposed to FVA that the Company wishes to conduct a further investigation on the oxide ore potential in the Southwest anomaly. However, Thabex has not proceeded with this work to date.

## ▲ BASE MINERALS

### ▲ Geelvloer Project (Thabex – 95%)

#### (Pioneer – 5%) Lead-Zinc-Copper-Gold

The Geelvloer deposit comprises massive sulphide mineralisation occurring in a sequence of metamorphic rocks comprising

biotite gneiss, leptyte, amphibolite and calc-silicates. Indicated resources have been defined by diamond drilling of 28 boreholes and are estimated at 8 million tonnes grading 0,6% Pb, 0,8% Cu, 2,4% Zn, 24 g/t Ag and 0,8 g/t Au. (Detailed maps: Thabex Prospectus dated 20 November 1997).

Thabex has not finalised its assessment of the project and is considering offering the project to a potential joint venture partner.

## ▲ RIVIERA PROJECT

Due to the continued low Tungsten prices, the Riviera Project was abandoned by Pioneer during June 2000.



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# DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001

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 your directors to indicate that any material breakdown in the functioning of controls, procedures and systems has occurred during the year under review. The auditors concur with the above statement by the directors.

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 generally accepted accounting practice and incorporate responsible disclosure in line with the accounting philosophy of the group. The financial statements are based on appropriate accounting policies consistently applied and supporting reasonable and prudent judgements and estimates.

The directors believe that the group will be a going concern in the year ahead. For this reason they continue to adopt

the going concern basis in preparing the annual financial statements.

The annual financial statements for the year ended 28 February 2001 set out on pages 14 to 24 were approved by the directors on 8 May 2001 and are signed on their behalf by

M Welthagen  
CHAIRMAN AND CHIEF EXECUTIVE  
8 May 2001

## CORPORATE GOVERNANCE STATEMENT

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

### BOARD OF DIRECTORS

The board presently consists of two executive and three non-executive directors which ensures full and effective control over the group. Directors are carefully

selected to ensure a wide variety of expertise, skills and experience which allow independent judgement and opinions.

### 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 in collaboration with the external auditors.

### GOING CONCERN

The board of directors is of the firm opinion that the Group will be a going concern in the year ahead.

### GENERAL

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

# REPORT OF THE INDEPENDENT AUDITORS

FOR THE YEAR ENDED 28 FEBRUARY 2001



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 14 to 24 for the year ended 28 February 2001. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

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

## AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and of the group

at 28 February 2001 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.

KPMG Inc  
Pretoria  
8 May 2001

## 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  
Pretoria

SECRETARIES  
8 May 2001

## 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).

The Company's shares have been scheduled to convert to the STRATE system on 12 November 2001.

After the conversion date paper share certificates will no longer be good for delivery. It is therefore crucial for all shareholders to convert to this system as soon as they are notified by the Company to do so.

## SAMREC CODE

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

We have also met the requirements of the new JSE Listing Requirements, 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".) This report does not itemise detailed exploration information such as individual borehole results, assays and modelling criteria as required in a Competent Persons Report "CPR" but it does try to show the comparative prospectivity of the Company's ground as required by the JSE.

# DIRECTORS' REPORT

THE DIRECTORS HAVE THE PLEASURE IN PRESENTING THEIR REPORT FOR THE YEAR ENDED 28 FEBRUARY 2001

**Nature of business** Thabex Exploration Limited ("Thabex") (Registration number 1988/000763/06) is a mining and exploration company listed on the JSE Securities Exchange South Africa in the "Mining Resources – Mining Exploration" sector of the list under the abbreviated name "Thabex" (JSE code – TBX).

Thabex explores for diamonds, gold, platinum and base minerals. 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, and through Pioneer Minerals (Pty) Ltd.

## SUBSTANTIAL SHAREHOLDERS

According to the register of members of the Company at 28 February 2001, the following shareholders were the only members holding 5% or more of the ordinary issued share capital of the Company:

- CityBank NA Jersey: 2 218 290 or 13,04%
- Lewtop (Pty) Ltd: 1 092 800 or 6,43%
- Saminco Ltd: 3 131 560 or 18,41%
- Standard Bank Nominees Tvl (Pty) Ltd: 3 097 489 or 18,21%

## DIRECTORS' INTERESTS

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

Director	No of shares
M Welthagen	1 000
JL Bosch	16 000
JR Rapoo	20 000
Prof DL Reid	16 600
AP Roux	16 000

M Welthagen has an 10,05% 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.

## SHARE CAPITAL

The authorised share capital of the Company is 100 000 000 ordinary shares of 10 cents each (2000: 100 000 000).

On 31 January 2001 a further 2 218 290 ordinary shares of 10 cents each were issued for cash at a premium of 20 cents per share. The total amount raised in this issue will be utilised towards the working capital requirements of the Company.

As at 28 February 2001 the issued share capital of the Company comprised: 17 006 887 (2000: 14 788 597) ordinary shares of 10 cents each.

## DIVIDENDS

No dividends are proposed in respect of the 2001 financial year (2000: 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 disposed in aggregate of 311 992 Thabex ordinary shares at an average price of 43 cents per share. The sole purpose of the trading in Thabex shares is to act as market maker for Thabex shares

if no such function is performed by any other entity.

## OPTIONS, MINERAL AND PARTICIPATION RIGHTS

The directors are satisfied that the mineral rights held by Thabex are fairly valued.

## NON-CONVERTIBLE REDEEMABLE DEBENTURES

Thabex currently has 50 000 unsecured non-convertible redeemable 15,3% debentures of R1 each and 400 000 non-convertible redeemable 18% B-debentures of 1 cent each, listed on The JSE. The funds raised from these debenture issues were advanced to Blue Springs Investments (Pty) Ltd ("Blue Springs") at 15,6% and 18,04% per annum, respectively. The payment of interest on the debentures and the B-debentures is conditional on Blue Springs paying the interest on the loan advanced by the Company. Thabex has secured the capital redemption amount on both debenture issues with cessions of sinking fund insurance policies in favour of Blue Springs from Sage Life. The reason for the issue of the debentures and B-debentures was to enable Thabex to receive upfront interest payments totalling R1 108 587 (2000: R608 587 and 1999: R500 000).

The South African Reserve Bank ("SARB") commenced an investigation, during or about December 1999, into third party transactions relating to the above debentures. As at the date of this report the investigation has not been completed. Thabex has entered into the debenture agreements in good faith and trust, with the



# SUBSIDIARIES AND INVESTMENTS



Subsidiaries	Issued	Effective	Shares at cost		Current account	
	share	interest	2001	2000	2001	2000
	capital	%	R	R	R	R
Diamex JV (Pty) Ltd (Registration number 1997/014096/07)	10 000	67,3	<b>67 600</b>	67 600	<b>1 904 720</b>	1 904 820
Pilanesberg Gold Holdings (Pty) Ltd (Registration number 1987/000711/07)	9 400	50	<b>46 550</b>	46 550	-	(39 737)
Platinexco (Pty) Ltd (Registration number 1988/002343/07)	2 500	100	<b>110 993</b>	110 993	<b>126 818</b>	105 293
Pure Diamonds Ltd (Registration number 1998/008449/06)	50 010 000	100	<b>500 100</b>	500 100	<b>5 141</b>	41 491
Thaba Egoli Mining & Exploration Limited (Registration number 1994/008806/06)	27 000 000	100	<b>8 400 000</b>	8 400 000	<b>1 693 214</b>	1 693 074
			<b>9 125 243</b>	9 125 243	<b>3 729 893</b>	3 704 941
<b>Associated company</b>						
Pioneer Minerals (Pty) Ltd (Registration number 1991/006123/07) (Note 5)	16 700	40	<b>110 640</b>	110 640	<b>896 000</b>	896 000
			<b>9 235 883</b>	9 235 883	<b>4 625 893</b>	4 600 941

The attributable interest in the aggregate net losses of subsidiaries is R972 594 (2000: R410 223).

A provision of R1 728 327 has been made against the cost of investments in subsidiaries in order to reflect the net asset values of the subsidiaries as at 28 February 2001. A provision of R1 904 720 has also been made against the loan from Diamex JV (Pty) Ltd, as this loan is not considered to be recoverable at present (Note 4).

The investment in Pioneer Minerals (Pty) Ltd has been fully written down to reflect the net asset value of that company as at 28 February 2001 (Note 5).

advice of the Company's professional advisors at the time. The JSE and the SARB approved all agreements relating to the debenture and B-debenture issues.

After numerous written requests for payment of all interest in arrears on both the debentures and B-debentures and for an audit certificate from the Blue Springs' auditors to verify the balance of Thabex's loan, a legal demand was delivered to Blue Springs on 23 February 2001. Blue Springs has not responded to this demand and continues to be in breach of its obligations in terms of the loan agreement. In view of the SARB's continuing investigation, the

considerable cost of potential litigation to recover the interest and the financial position of Blue Springs, in so far as it could be ascertained, Thabex does not at present consider it prudent to pursue legal action against Blue Springs for the unpaid interest. However, Thabex will convene a special meeting of debenture and B-debenture holders to be held on 25 July 2001 at 11:00 in Pretoria to discuss this matter.

The Directors have set off the Blue Springs loan against the debentures in view of the fact that it is the intention to repay the debentureholders immediately, if and when the debt is repaid (Note 8).

## DIRECTORATE AND ADMINISTRATION

The directors in office at the date of this report are set out on page 3 of this report. In accordance with Article 93 of the Company's Articles of Association, JR Rapoo will retire from office at the annual general meeting to be held on 25 July 2001, but being eligible, offers himself for re-election.

M Welthagen  
CHIEF EXECUTIVE  
8 May 2001

# BALANCE SHEETS

AT 28 FEBRUARY 2001

	Note	COMPANY		GROUP	
		2001 R	2000 R	2001 R	2000 R
<b>Assets</b>					
Fixed assets	2	24 414	33 911	96 162	1 045 559
Options, mineral and participation rights	3	-	-	8 758 530	8 731 409
Interest in subsidiaries	4	9 222 089	12 830 184	-	-
Interest in associated companies	5	-	287 698	500 000	787 698
Goodwill		-	-	-	66 328
Current assets		549 694	243 792	667 750	352 552
Inventories		184 210	150 000	184 210	150 000
Trading investments		-	-	28 400	48 000
Accounts receivable		63 904	40 208	120 337	96 392
Cash balances		301 580	53 584	334 803	58 160
<b>Total assets</b>		<b>9 796 197</b>	<b>13 395 585</b>	<b>10 022 442</b>	<b>10 983 546</b>
<b>Equity and liabilities</b>					
Share capital	6	1 700 689	1 478 860	1 700 689	1 478 860
Share premium	7	17 202 741	16 781 850	17 202 741	16 781 850
Accumulated loss		(9 418 040)	(5 014 558)	(9 418 040)	(7 608 683)
Ordinary shareholders' funds		9 485 390	13 246 152	9 485 390	10 652 027
Outside shareholders' interest		-	-	26 059	39 122
Long-term liabilities	8	-	-	-	-
Current liabilities					
Accounts payable		310 807	149 433	510 993	292 397
<b>Total equity and liabilities</b>		<b>9 796 197</b>	<b>13 395 585</b>	<b>10 022 442</b>	<b>10 983 546</b>
Net asset value per share (cents)		55,77	89,57	55,77	72,03

# INCOME STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001



	Note	COMPANY		GROUP	
		2001 R	2000 R	2001 R	2000 R
Revenue		<b>220 000</b>	-	<b>247 000</b>	-
Operating loss	9	<b>(482 737)</b>	(3 077)	<b>(1 455 331)</b>	(413 300)
Provision for writedown of interest in associated company		<b>(287 698)</b>	(174 799)	<b>(287 698)</b>	(174 799)
Provision for writedown of loan to subsidiary		<b>(1 904 720)</b>	-	-	-
Provision for writedown of goodwill		-	-	<b>(66 328)</b>	-
Provision for writedown of investment in subsidiaries		<b>(1 728 327)</b>	-	-	-
Write-off of lapsed prospecting options		-	-	-	(1 859 512)
Net loss for the year		<b>(4 403 482)</b>	(177 876)	<b>(1 809 357)</b>	(2 447 611)
Weighted average number of shares in issue during the year		<b>14 958 767</b>	14 655 400	<b>14 958 767</b>	14 655 400
Loss per share (cents)	10	<b>(29,44)</b>	(1,21)	<b>(12,10)</b>	(16,70)
Headline loss per share (cents)	10	<b>(3,23)</b>	(0,02)	<b>(9,73)</b>	(2,82)

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2001

	Share capital R	Share premium R	Accumulated loss R	Total R
<b>Company</b>				
Balance at 28 February 1999	1 353 860	16 644 732	(4 836 682)	13 161 910
Proceeds from issue of shares	125 000	-	-	125 000
Net share premium received	-	137 118	-	137 118
Net loss for the year	-	-	(177 876)	(177 876)
Balance at 29 February 2000	1 478 860	16 781 850	(5 014 558)	13 246 152
Proceeds from issue of shares	221 829	-	-	221 829
Net share premium received	-	420 891	-	420 891
Net loss for the year	-	-	(4 403 482)	(4 403 482)
Balance at 28 February 2001	1 700 689	17 202 741	(9 418 040)	9 485 390
<b>Group</b>				
Balance at 28 February 1999	1 353 860	16 644 732	(5 161 072)	12 837 520
Proceeds from issue of shares	125 000	-	-	125 000
Net share premium received	-	137 118	-	137 118
Net loss for the year	-	-	(2 447 611)	(2 447 611)
Balance at 29 February 2000	1 478 860	16 781 850	(7 608 683)	10 652 027
Proceeds from issue of shares	221 829	-	-	221 829
Net share premium received	-	420 891	-	420 891
Net loss for the year	-	-	(1 809 357)	(1 809 357)
Balance at 28 February 2001	1 700 689	17 202 741	(9 418 040)	9 485 390

# CASH FLOW STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001

	COMPANY		GROUP		
	Note	2001 R	2000 R	2001 R	2000 R
<b>Cash utilised in operating activities</b>					
Cash utilised in operations (note 1)		(470 784)	(141 164)	(530 878)	(230 020)
Cash generated from/(utilised in) working capital (note 2)		103 468	(34 966)	160 441	(225 338)
		<b>(367 316)</b>	<b>(176 130)</b>	<b>(370 437)</b>	<b>(455 358)</b>
<b>Cash (expended in)/generated from investing activities</b>					
Acquisition of fixed assets		(2 456)	-	(2 456)	-
Acquisition of options, mineral and participation rights		-	-	(27 121)	(5 873)
Increase in investment in subsidiaries		(24 952)	(1 242 005)	-	(412 500)
Increase in interest in associated companies		-	(50 000)	-	(550 000)
Proceeds on disposal of trading investments		-	-	47 000	-
Acquisition of subsidiary (note 3)		-	-	-	(87 472)
Proceeds on disposal of subsidiary		-	500 000	-	500 000
		<b>(27 408)</b>	<b>(792 005)</b>	<b>17 423</b>	<b>(555 845)</b>
<b>Cash effects of financing activities</b>					
Proceeds from issue of shares		221 829	125 000	221 829	125 000
Net share premium on issue of shares		420 891	137 118	420 891	137 118
Decrease in capital introduced by minority shareholders		-	-	(13 063)	40 922
Cash balances of subsidiary acquired		-	-	-	947
		<b>642 720</b>	<b>262 118</b>	<b>629 657</b>	<b>303 987</b>
<b>Increase/(Decrease) in cash resources</b>					
Cash at beginning of year		53 584	759 601	58 160	765 376
Cash at end of year		<b>301 580</b>	<b>53 584</b>	<b>334 803</b>	<b>58 160</b>

# NOTES TO THE CASH FLOW STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001



	COMPANY		GROUP	
	2001	2000	2001	2000
	R	R	R	R
<b>1 Cash utilised in operations</b>				
Operating (loss)/income for the year	<b>(482 737)</b>	(3 077)	<b>(1 455 331)</b>	(413 300)
Adjusted for -				
Depreciation of fixed assets	<b>11 953</b>	11 913	<b>333 149</b>	333 280
Impairment of fixed assets	-	-	<b>618 704</b>	-
Surplus on disposal of trading investments	-	-	<b>(27 400)</b>	-
Surplus on disposal of subsidiary	-	(150 000)	-	(150 000)
	<b>(470 784)</b>	(141 164)	<b>(530 878)</b>	(230 020)
<b>2 Cash generated from/(utilised in) working capital</b>				
Decreases/(Increases) in working capital				
Inventories	<b>(34 210)</b>	(150 000)	<b>(34 210)</b>	(150 000)
Accounts receivable	<b>(23 696)</b>	43 246	<b>(23 945)</b>	55 684
Accounts payable	<b>161 374</b>	71 788	<b>218 596</b>	(131 022)
	<b>103 468</b>	(34 966)	<b>160 441</b>	(225 338)
<b>3 Acquisition of subsidiary</b>				
Net assets acquired -				
Trading investments	-	-	-	(48 000)
Accounts receivable	-	-	-	(39 737)
Goodwill acquired	-	-	-	(5 628)
Cash balances	-	-	-	(947)
Accounts payable	-	-	-	6 840
	-	-	-	(87 472)
	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001

## 1 Accounting policies

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

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

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

**1.3 Basis of consolidation** The group financial statements incorporate the assets, liabilities and results of the operations of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during a financial year are included from the effective dates of acquisition or to the effective dates of disposal as appropriate.

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 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.

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

**1.6 Options, mineral 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 cost less recoupments, but are written down to nominal value when there is little likelihood of the particular rights being exploited.

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

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

**1.8 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.

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

### 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.

**Investments** Unlisted 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, investment income and other non-operating income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001



	COMPANY		GROUP	
	2001	2000	2001	2000
	R	R	R	R
<b>2 Fixed assets</b>				
Plant and equipment				
At cost	<b>62 023</b>	59 567	<b>199 525</b>	1 441 399
Accumulated depreciation	<b>37 609</b>	25 656	<b>103 363</b>	395 840
Net book value	<b>24 414</b>	33 911	<b>96 162</b>	1 045 559
Opening balance	<b>33 911</b>	45 824	<b>1 045 559</b>	1 378 839
Additions	<b>2 456</b>	-	<b>2 456</b>	-
Impairment of fixed assets	-	-	<b>(618 704)</b>	-
Depreciation	<b>(11 953)</b>	(11 913)	<b>(333 149)</b>	(333 280)
Closing balance	<b>24 414</b>	33 911	<b>96 162</b>	1 045 559
<b>3 Options, mineral and participation rights (annexure 1)</b>				
At cost or valuation	-	-	<b>8 758 530</b>	8 731 409
<b>4 Interest in subsidiaries</b>				
Shares at cost	<b>9 125 243</b>	9 125 243	-	-
Less: Provision for writedown of investment	<b>(1 728 327)</b>	-	-	-
	<b>7 396 916</b>	9 125 243	-	-
Subsidiaries' net indebtedness	<b>3 729 893</b>	3 704 941	-	-
Less: Provision for writedown of loan to subsidiary	<b>(1 904 720)</b>	-	-	-
	<b>1 825 173</b>	3 704 941	-	-
Total interest in subsidiaries	<b>9 222 089</b>	12 830 184	-	-
<b>5 Interest in associated companies</b>				
Thabex Exploration Limited has a 40% share in Pioneer Minerals (Proprietary) Limited, an unlisted company, whose principal business is that of prospectors for ores and minerals, to mine and accordingly to purchase or acquire mineral rights.				
Carrying value of investment:				
Shares at cost	<b>110 640</b>	110 640	<b>110 640</b>	110 640
Less: Provision for writedown of investment	<b>(110 640)</b>	(110 640)	<b>(110 640)</b>	(110 640)
	-	-	-	-
Loan to associated company	<b>896 000</b>	896 000	<b>896 000</b>	896 000
Less: Provision for writedown of investment	<b>(896 000)</b>	(608 302)	<b>(896 000)</b>	(608 302)
	-	287 698	-	287 698
Summary of financial information of Pioneer Minerals (Proprietary) Limited				
Share capital and share premium	<b>(148 640)</b>			
Accumulated loss	<b>880 942</b>			
Shareholders' deficit	<b>732 302</b>			
Long-term liabilities	<b>(1 029 372)</b>			
	<b>(297 070)</b>			
Fixed assets	<b>802</b>			
Mineral option rights	<b>293 360</b>			
Net current assets	<b>2 908</b>			
	<b>297 070</b>			

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001

	COMPANY		GROUP	
	2001	2000	2001	2000
	R	R	R	R
<b>5 Interest in associated companies (continued)</b>				
Pure Diamonds Limited has a 37,5% share in Taung Diamond Mines Limited, an unlisted company, whose principal business is that of mining and exploration in all its aspects.				
Carrying value of investment:				
Shares at cost	-	-	500 000	500 000
Summary of financial information of Taung Diamond Mines Limited				
Share capital and share premium	(1 070 007)			
Accumulated loss	44 383			
Shareholders' funds	(1 025 624)			
Long-term liability	(27 143)			
	(1 052 767)			
Investment	1 030 000			
Net current assets	22 767			
	1 052 767			
Total interest in associated companies	-	287 698	500 000	787 698
<b>6 Share capital</b>				
Authorised				
100 000 000 ordinary shares of 10 cents each	10 000 000	10 000 000	10 000 000	10 000 000
(2000: 100 000 000 ordinary shares of 10 cents each)				
Issued				
17 006 887 ordinary shares of 10 cents each	1 700 689	1 478 860	1 700 689	1 478 860
(2000: 14 788 597 ordinary shares of 10 cents each)				
The unissued share capital is under the control of the directors, subject to the Companies Act and the rules, requirements and regulations of the JSE, until the next annual general meeting.				
<b>7 Share premium</b>				
Balance at beginning of year	16 781 850	16 644 732	16 781 850	16 644 732
Arising on issue of shares	443 658	187 500	443 658	187 500
	17 225 508	16 832 232	17 225 508	16 832 232
Share issue and listing expenses written off	(22 767)	(50 382)	(22 767)	(50 382)
Balance at end of year	17 202 741	16 781 850	17 202 741	16 781 850
<b>8 Long-term liabilities</b>				
<b>Debentures issued (unsecured non-convertible)</b>				
<b>15,3% debenture (JSE Code – TBXD)</b>				
50 000 at R1,00 at a premium of R1 018	50 950 000	50 950 000	50 950 000	50 950 000
Deduct debenture issue expenses	(950 000)	(950 000)	(950 000)	(950 000)
	50 000 000	50 000 000	50 000 000	50 000 000
<b>18% B-debenture (JSE Code – TBD1)</b>				
400 000 000 at R0,01 at a premium of R999,99	400 000 000	400 000 000	400 000 000	400 000 000
	450 000 000	450 000 000	450 000 000	450 000 000
Deduct amount advanced to Blue Springs	(450 000 000)	(450 000 000)	(450 000 000)	(450 000 000)
	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001



## 8 Long-term liabilities (continued)

- a) The debentures are unsecured, non-convertible, and redeemable on 31 August 2048 and 2 November 2049 respectively.
- b) The funds raised from the issue of the 15,3% debentures have been advanced to Blue Springs as an unsecured loan subject to interest at 15,6% and repayable on 31 August 2048. The funds raised from the issue of the 18% B-debentures were also advanced to Blue Springs at 18,04% and repayable on 2 November 2049.
- c) The Company has agreed to accept upfront interest payments totalling R1 108 587 (2000: R608 587 and 1999: R500 000) from the borrower being the net interest differential due capitalised over the period of the loan.
- d) Interest is payable quarterly and is conditional on the receipt by the Company of the interest due to it on its loan of R450 000 000 to Blue Springs. At year-end the unpaid interest on debentures declared and payable up to 31 December 2000 amounted to R113 139 671,37 which is as a result of Blue Springs being in arrears with interest of the same amount due and payable on their loan.
- e) The borrower has deposited an amount of R46 141 and R369 128 with an institution which it is estimated will have a maturity value on 31 August 2048 and 2 November 2049 equal to the capital amount owing by the borrower for the 15,3% and 18% debenture issues respectively.

	COMPANY		GROUP	
	2001	2000	2001	2000
Note	R	R	R	R
<b>9 Operating loss is arrived at after taking into account</b>				
Interest received	<b>(5 816)</b>	(620 572)	<b>(5 829)</b>	(620 637)
Surplus on disposal of subsidiary	-	(150 000)	-	(150 000)
Auditors' remuneration	<b>48 900</b>	41 720	<b>64 490</b>	57 050
- Audit fees	<b>30 000</b>	26 970	<b>43 260</b>	42 090
- Underprovision previous year	<b>18 900</b>	14 750	<b>21 230</b>	14 960
Depreciation of fixed assets Rate per annum 20%				
- Plant and equipment	<b>11 953</b>	11 913	<b>333 149</b>	333 280
Directors' emoluments				
- for services as directors	<b>138 855</b>	175 000	-	-
Impairment of fixed assets	-	-	<b>618 704</b>	-
Interest paid				
- Bank overdraft	<b>1 478</b>	383	<b>1 558</b>	823
Secretarial fees	<b>74 923</b>	40 282	<b>74 923</b>	40 282
<b>10 Loss per share</b>				
<b>The calculations of loss and headline loss per share are as follows:</b>				
Loss	<b>(4 403 482)</b>	(177 876)	<b>(1 809 357)</b>	(2 447 611)
Headline loss	<b>(482 737)</b>	(3 077)	<b>(1 455 331)</b>	(413 300)
Weighted average ordinary shares in issue	<b>14 958 767</b>	14 655 400	<b>14 958 767</b>	14 655 400
Loss per share (cents)	<b>(29,44)</b>	(1,21)	<b>(12,10)</b>	(16,70)
Headline loss per share (cents)	<b>(3,23)</b>	(0,02)	<b>(9,73)</b>	(2,82)
<b>Reconciliation between loss and headline loss</b>				
Net loss attributable to ordinary shareholders	<b>(4 403 482)</b>	(177 876)	<b>(1 809 357)</b>	(2 447 611)
Adjustments for:				
Provision for writedown of interest in associated company	<b>287 698</b>	174 799	<b>287 698</b>	174 799
Provision for writedown of loan to subsidiary	<b>1 904 720</b>	-	-	-
Provision for writedown of goodwill	-	-	<b>66 328</b>	-
Provision for writedown of investment in subsidiaries	<b>1 728 327</b>	-	-	-
Write-off of lapsed prospecting options	-	-	-	1 859 512
Headline loss	<b>(482 737)</b>	(3 077)	<b>(1 455 331)</b>	(413 300)
<b>11 Taxation</b>				
The Company has a computed loss of R5 887 411 (2000: Assessed R5 472 804) which is available for set-off against future taxable income.				

# ANNEXURE ONE

FOR THE YEAR ENDED 28 FEBRUARY 2001

## OPTIONS: MINERAL AND PARTICIPATION RIGHTS

	2001	2000
	R	R
<b>1 Thaba Egoli Mining &amp; Exploration Limited</b>		
The group has concluded agreements with the owners of the mineral rights over the following properties whereby all rights and obligations under the original prospecting and option contracts relating to these properties have been ceded to the group.		
<b>1.1 Geelvloer Project</b>		
At valuation	8 448 825	8 448 825
Comprising:		
Remainder of Adjoining Geelvloer 197 measuring 3 041,5989 hectares situated in the Kenhardt District.		
<b>2 Platinexco (Proprietary) Limited</b>		
Exploration costs capitalised	243 833	216 712
<b>3 Diamex JV (Proprietary) Limited</b>		
Development costs capitalised	65 872	65 872
	<b>8 758 530</b>	<b>8 731 409</b>

## SHAREHOLDERS' DIARY

Annual General Meeting	25 July 2001
Interim report	28 November 2001
Annual report 2002 financial year	30 May 2002

## SHAREHOLDER ANALYSIS

Classifications	No of holders	% of current holders	No of units	% of issued capital
Individuals	393	83,617	2 718 860	15,987
Limited companies	7	1,489	3 287 728	19,332
Nominee companies or trusts	47	10,000	7 056 232	41,490
Growth funds/unit trusts	1	0,212	2 000	0,012
Pty companies	14	2,979	1 374 428	8,082
Close corporations	6	1,277	149 349	0,878
Trustee of a trust	1	0,213	200 000	1,176
Foreign company	1	0,213	2 218 290	13,043
<b>Grand totals</b>	<b>470</b>	<b>100,00</b>	<b>17 006 887</b>	<b>100,00</b>

# SUMMARY OF MINERAL RESERVES AND MINERAL RESOURCES



Holding company	Attributable to			Area of interest	Mineral type	Permit no	Area Ha	Mineral Resources							
	Thabex	Pure Diamonds	Taung					Boreholes		Inferred		Indicated		Measured	
								Percussion	Diamond	Million tonnes	Grade	Million tonnes	Grade	Million tonnes	Grade
Pure Diamonds Limited	100%				Diamond trading										
Taung Diamond Mines Limited		37,50%		Vaal River	Alluvial diamonds	PP6/2000 Lapsed	140								
Cinprop 0002 (Pty) Limited			10%	Harts River	Alluvial diamonds	TP26/2000	1 700								
Diamex JV (Pty) Limited	67,30%				Mining Company										
Pioneer Minerals (Pty) Limited	40%			Remainder and Portion 1 of Remhoogte 152	Alluvial diamonds	PP29/98	3 228	274		40,6	0,44 ct/100t				
				Remainder of Portion 2 of Halsloot 47	Alluvial diamonds	PP16/98	946								
				Remainder and Portion 3 of Viegulands Put 39	Alluvial diamonds	PP28/98	440	18							
				Remainder of Portion 1 and Portion 2 of Nieuwejaarskraal 40	Alluvial diamonds	PP43/98	641								
				Saxendrift 20 Portions 7 to 13 and 23	Alluvial diamonds	PP48/99	782								
Pilanesberg Gold Holdings (Pty) Limited	50%				Gold trading										
Platinexco (Pty) Limited*	100%			Potgietersrust Town and Townlands 44 KS	Platinum Group Metals, Nickel, Copper, Cobalt	PP19/2000	1 276	96	31			23,69	0,30% equivalent Ni (2,48 g/t equivalent Pt)		
Geelvloer Project	95%			Adjoining Geelvloer 179	Zinc, Copper, Lead, Silver, Gold	Cession of Mineral Rights	3 041		28			8,00	2,4% Zn, 0,8% Cu, 0,6% Pb, 24 g/t Ag, 0,8 g/t Au		

\*The measured resources of Platinexco have been determined by a feasibility completed during 1992, these resources have been classified as indicated resources until a new feasibility has been compiled.



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