

# ANNUAL REPORT

1999



DIAMONDS  
GOLD  
PLATINUM  
BASE MINERALS

YOUNG LIONS EXPLORING SOUTHERN AFRICA



## PROFILE

**T**habex 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.

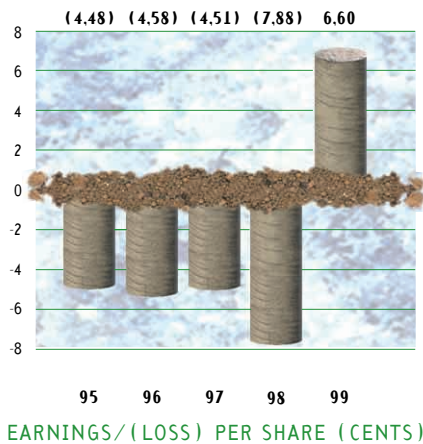
**Thabex also explores for gold, platinum and base minerals.**

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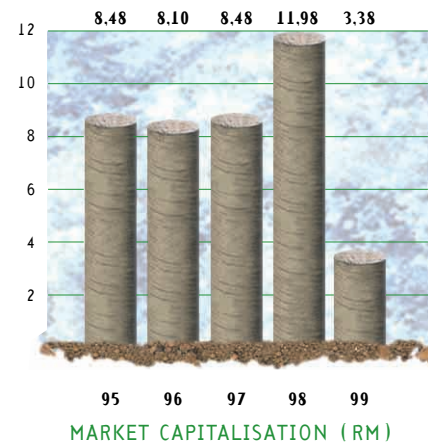
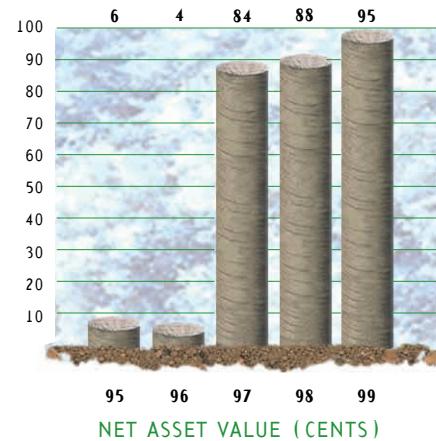
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## MISSION STATEMENT

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	
	1999 R	1998 R	1999 R	1998 R
Number of shares at year-end	13 538 597	13 538 597	13 538 597	13 538 597
Net asset value per share (cents)	97.22	89.82	94.82	88.22
Earnings/(loss) per share (cents)	7.40	(6.75)	6.60	(7.88)
Dividends per share (cents)	-	-	-	-





## CHAIRMAN'S REVIEW

### Dear Shareholder

Your company has performed exceptionally during the past year and achieved profitability for the first time since its incorporation on 6 June 1988. It is even more important to note that this achievement has occurred during one of the worst years of economic turmoil resulting in a secular low in commodity prices.

The Douglas Project was successfully turned to account at total capital cost for the recovery plant of R1.3 million. The mine was brought into production within three months of listing of Thabex on the Johannesburg Stock Exchange ("the JSE"), by way of a private placement on 20 November 1997.

During the period 1 March 1998 to 22 October 1998 a total of 462.35 carats were produced at an average size of 1.29 carats per stone and sold for an average price of US\$478 per carat. The contractor on site was unable to achieve full production at the rate of 50 000 tonnes of ore per month mined and the joint venture agreement with the contractor was cancelled on 30 September 1998.

Your board approached various financial institutions in order to effect a rights offer to acquire earthmoving equipment to continue to mine at an increased tonnage of 50 000 per month. Thabex was advised that market conditions were not favourable for a rights offer. Your board appointed a new contractor with an option to acquire the operation for R3 million. The mine was sold on 29 January 1999.

Your company has proved that it is capable of turning to account one of its smaller projects, the Douglas Project. The ore reserves of 3.66 million tonnes of diamondiferous gravels grading at 1.1 carats per 100 tonne, was proved by exploration trenching, percussion drilling, bulk sampling and trial mining at a rate of 30 000 tonnes per month. At present the mine is being operated by the new owners at the design capacity of 50 000 tonnes per month.

During the year applications for prospecting permits over an area of approximately 28 000 hectares ("the Pioneer Properties") along the Orange River by 40% held associate, Pioneer Minerals (Pty) Ltd ("Pioneer") were approved by the Minister of Mineral and Energy. Pioneer is now actively exploring these properties.

The rationale for the sale of the Douglas Project was for Thabex to concentrate its activities, through wholly owned subsidiary Pure Diamonds (Pty) Ltd, on the much larger inferred resource on the Pioneer properties estimated at more than 150 million tonnes, grading between 0.7 to 1 carats per 100 tonnes.

On 29 October 1998 it was announced that the agreement with Pure Gold Minerals Inc of Canada was terminated. The agreement was subject to the suspensive condition that it had to be approved by all relative regulatory and government bodies. The SA Reserve Bank did not approve the transaction. Due to the weak market conditions at the time Thabex was unable to renegotiate the agreement.

Your board remains committed to focus on the company's activities on the exploration and mining of:

- high quality diamonds
- found in shallow deposits amenable to
- low cost mining.

Your company is very cognisant of being a good corporate citizen and plans to become the leading "rainbow chip" company in the mining and exploration sector of the JSE list. Thabex has further strengthened its relationship with the Northern Cape Development Trust in order to provide training and skills for the disadvantaged communities of the region.

All other projects in gold, platinum and base minerals are being investigated on an on-going basis and are limited to literature surveys and desktop studies.

I wish to thank all employees and the other board members for their support and commitment towards the success of Thabex during the past year.

**M Welthagen**

Chairman and Chief Executive

14 May 1999



## DIRECTORATE AND ADMINISTRATION



Left to right: M Welthagen (Chairman & Chief Executive), AP Roux, JR Rapoo, Prof DL Reid, JL Bosch

### DIRECTORS

**M Welthagen** (Chairman and Chief Executive)  
MEng (Mining) MPhil (Mineral Economics)  
BComm Hons (Economics)

**JL Bosch** (Executive)  
MSc (Geology)

**JR Rapoo** (Non-executive)  
BComm (Accounting) Hons BCompt

**Prof DL Reid** (Non-executive)  
DPhil (Geochemistry) MSc (Geology) BSc Hons (Geology)

**AP Roux** (Non-executive)  
BAgric

### AUDITORS

KPMG  
KPMG Forum 427 Hilda Street  
Hatfield Pretoria 0083

### BANKERS

First National Bank of South Africa Limited  
(Registration number 71/09695/06)  
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

### STOCKBROKERS

PSG Securities Limited  
Member of the Johannesburg Stock Exchange  
(Registration number 96/00509/06)  
6th Floor First National House  
11 Diagonal Street Johannesburg 2001

### LAWYERS

Brink Cohen Le Roux & Roodt Inc  
(Registration number 93/04501/21) South Wing PPS Building  
6 Anerley Road Parktown Johannesburg 2193

### TRANSFER SECRETARIES

Mercantile Registrars Limited  
(Registration number 87/00519/06)  
11 Diagonal Street Johannesburg 2001

### SECRETARIES

SA Mineral Investments (Pty) Limited  
(Registration number 81/04619/07)  
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)

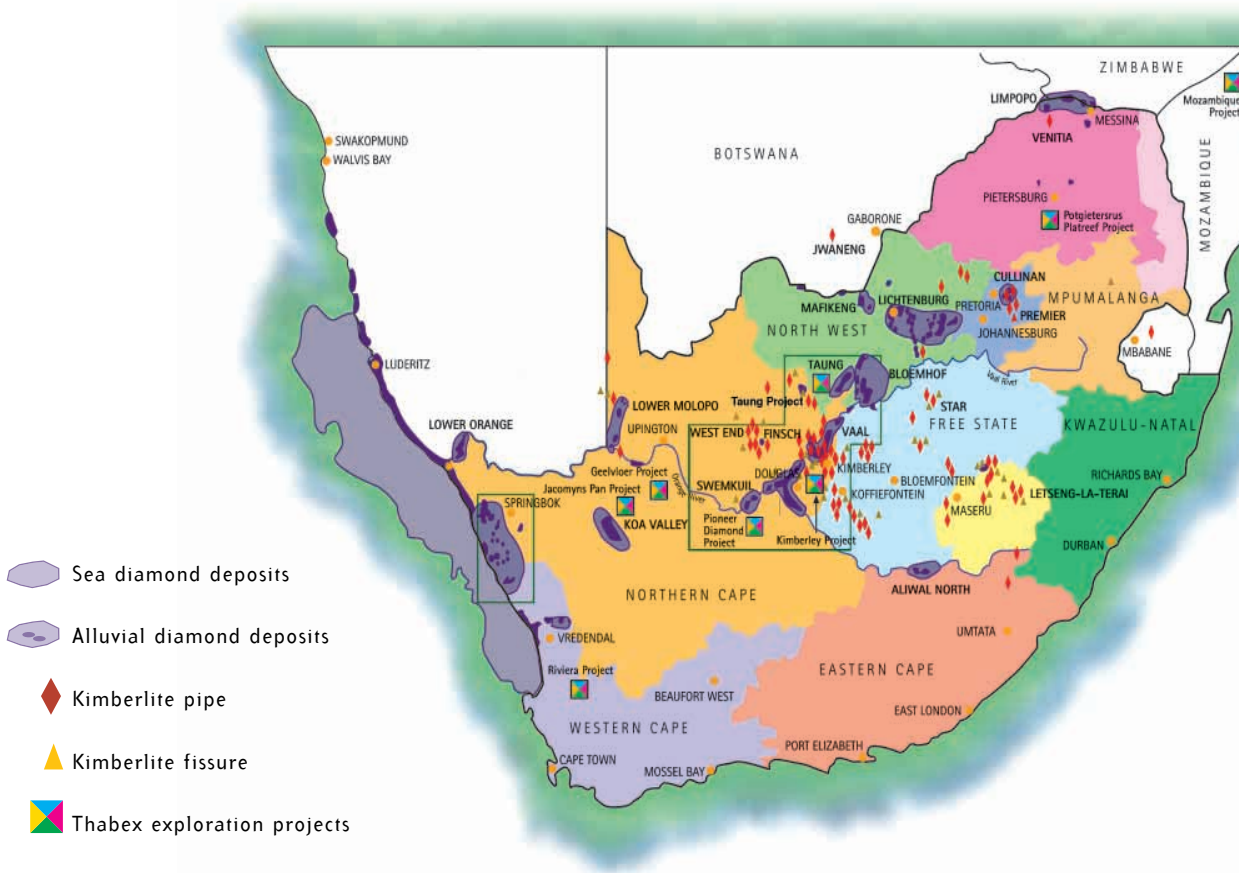




## GROUP STRUCTURE

	<b>Thabex Exploration Limited</b>
51%	Diamex JV (Pty) Ltd
100%	Platinexco (Pty) Ltd
100%	Thaba Egoli Mining and Exploration Ltd
40%	Pioneer Minerals (Pty) Ltd
100%	Pure Diamonds (Pty) Ltd

## LOCATION OF EXPLORATION PROJECTS



## EXPLORATION PORTFOLIO

<b>Diamonds</b>	<b>Pure Diamonds</b>	Pioneer Diamond Projects
		Taung Diamond Projects
<b>Gold</b>		Mozambique Project
<b>Platinum</b>		Potgietersrus Platreef Project
		Platinexco Project
<b>Base minerals</b>		Riviera Project Tungsten-Molybdenum-Rare Earths
		Geelvloer Project Lead-Zinc-Copper-Silver-Gold
		Jacomyns Pan Project Nickel-Copper-PGE





## REVIEW OF EXPLORATION PROJECTS

THE FOLLOWING PROJECTS ARE BEING EXPLORED,  
INVESTIGATED AND EVALUATED ON A DYNAMIC BASIS:

Thabex's exploration activities

are focused on the

exploration and

mining of high

quality diamonds. The projects

exploring for gold, platinum

and base minerals remain

limited to literature surveys,

geological investigations

and desktop studies.



## DIAMONDS

During the period under review Thabex disposed of its entire shareholding in Douglas Mining & Exploration (Pty) Ltd for R3 million. The settlement of the amount was paid in cash (R2 million) and in mining and recovery equipment (R1 million). The Kimberley Office project and the Komaggas projects were abandoned.

### PURE DIAMONDS (PTY) LTD ("PURE") (THABEX - 100%)

On 30 April 1999 Pure acquired Thabex's 40% equity in Pioneer Minerals (Pty) Ltd ("Pioneer") at cost for R110 639 and the cession of Thabex's loan account of R846 000. Pure will be the vehicle through which Thabex intends to turn to account its diamond interests.

### PIONEER MINERALS (PTY) LTD (PURE - 40%)

On 31 March 1999 Thabex completed its funding obligation towards Pioneer's exploration programme in the amount of R840 000. The company has an option to acquire a further 60% in Pioneer for R2 million and the issue of 1 500 000 ordinary shares in the issued capital of Thabex. The option expiry date is 30 June 1999.

### DOUGLAS-PRIESKA DIAMOND PROJECT

Since May 1997 Pioneer has been actively exploring for alluvial diamonds associated with terrace gravel deposits occurring along the Orange River drainage valley. The reasons for focusing Pioneer's diamond exploration activities on these alluvial deposits are:

- Diamonds found are generally large in size and of exceptional quality. A stone of 210 carats was recently recovered from a small-scale mining operation located along the Orange River between Douglas and Prieska and sold for US\$6.2 million. It is expected that the demand and prices for these large stones of high quality will continue to be strong.



- Indications are that large tonnages of gravels are present and that the deposits are amenable to low cost opencast mining. Overburden stripping ratios rarely exceed 1:1.

Diamondiferous gravels occur as extensive alluvial terrace deposits flanking the Orange River Valley. Gravels are found on a planar surface with bedrock comprising Ventersdorp lava (Precambrian) and Dwyka tillite and shale (Carboniferous). These gravels were deposited between Late Tertiary and Quaternary times. Gravels form deposits of considerable thickness, often in excess of 7 metres and consist of rapidly aggraded or dumped material, ranging in size from large boulders to sand. The clasts are compacted and frequently cemented with secondary lime to form calcretized cobble and boulder deposits.

In situ the gravels show poor evidence of stratification with only occasional arenaceous zones. The whole accumulation of material appear to be devoid of any obvious size gradation of the component clasts upwards through the succession. This is probably due to the rapid deposition and the high velocity of the river. Clasts consist mainly of Ventersdorp lava with minor banded iron formation, quartzite, quartz, granite, jasper and chalcedone.

The diamond grades in these alluvial deposits vary from 0.7 to 1.2 carats per 100 tonnes gravel. Lower recovery grades are usually associated with highly calcretized gravels. Diamonds are of excellent quality and are sold for average prices ranging from US\$500 to US\$700 per carat.

Applications for prospecting permits covering a total area of 28 100 hectares have been submitted to the Department of Minerals and Energy. The following permits have been issued to the company:

Permit No	Farm	Size (ha)
PP 29/98	Remainder and Portion 1 of Remhoogte 152	5 380.9950
PP 16/98	Remainder of Portion 2 of Holsloot 47	3 015.2789
PP 15/98	Portion 1 of Blaauwboschdraai 141	2 141.3283
PP 28/98	Remainder and Portion 3 of Viegulands Put 39	3 647.6943
PP 43/98	Remainder of Portion 1 and Portion 2 of Niewejaarskraal 40	1 320.6517
PP 3/99	Remainder of Portions 1 and 7 and Portions 28 and 31 of Muis Hoek 34	3 164.5095
<b>Total</b>		<b>18 670.4577</b>

Prospecting Permit PP 29/98 covers the well-known Remhoogte alluvial diamond diggings where Rooikoppie gravels have been extensively mined. Past records indicate that more than 6 414 carats have been produced on this property. The deposit covers a 520 hectare area and extends south on to the adjoining farm Holsloot 47.





A preliminary estimate of the potential size of the gravel deposits held under these prospecting permits is as follows:

	<b>Lower Terrace million tonnes</b>	<b>Upper Terrace million tonnes</b>	<b>Rooikoppie million tonnes</b>
Remhoogte 152	30.00	58.00	14.50
Holsloot 47	-	28.00	7.00
Blaauwboschdraai 141	-	10.00	2.00
Viegulands Put 39	-	9.00	2.25
Muis Hoek 34	60.00	-	-
<b>Total</b>	<b>90.00</b>	<b>105.00</b>	<b>25.75</b>

Average grades of similar deposits are in the range 0.7 to 1.0 carats per 100 tonnes. Diamonds from this area are of high quality and are sold for prices averaging US\$700 per carat.

Pioneer Minerals holds a 50% interest in an application for a prospecting permit covering portions 7, 8 and 9 of the farm Nieuwejaarskraal 40 in the Douglas-Prieska diamond project area.

## CURRENT EXPLORATION

Work is mainly conducted from Pioneers' Kimberley office and is directed at maintaining the current mineral rights holdings and in securing additional prospecting rights over selected target areas. Negotiations for surface and mineral rights are in progress with a number of farm owners.

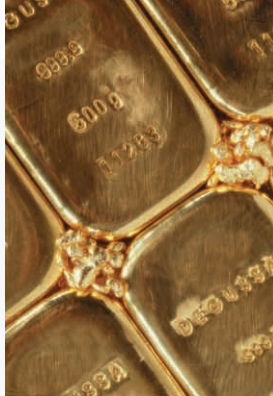
Geological investigations are in progress to evaluate the gravel deposits that occur in areas covered by the prospecting permits. The aim of this work is to accurately outline gravel deposits and to identify geological features that could be associated with zones of higher grades. The work consists mainly of detailed geological mapping together with photo-geological interpretation of satellite imagery and enlarged aerial photography.

The result of these investigations were the abandoning of a total of 4 434 hectares of the area covered by the prospecting permits already granted.

## FUTURE PLANS

The further investigation of these diamond deposits will require extensive programmes of systematic percussion drilling, bulk sampling and trial mining.





Bulk sampling could be conducted with a mobile 14 foot rotary pan plant together with screening unit, magnetic separator and a diamond sorting section. Such a plant will process about 25 000 tonnes of gravel per month. If successful the recovery plant could be expanded by installing additional mobile 14 foot pan units.

Strong evidence that high quality diamonds could be produced at low costs from these alluvial deposits indicate that the Douglas-Prieska project has excellent potential to develop into a major diamond mining operation.

Pioneer is now seeking additional funding to undertake the proposed drilling and to finance the initial costs of the bulk sampling and trial mining programmes.

### TAUNG DIAMOND MINES LTD ("TAUNG DIAMONDS") (THABEX - 75%)

On 9 April 1999 Thabex acquired 75% of the issued share capital of Taung Diamonds for R250 000 against the issue of 1 000 000 ordinary shares in Thabex of 10 cents each at a premium of 15 cents per share. Taung Diamonds has a 10% interest in an area covering 1 700 hectares in the Taung district of the North West Province. Exploration and trial mining on the paleo river system of the Harts River indicate a large potential reserve of more than 20 million tonnes of diamondiferous gravels at a grade of 1 - 2 carats per 100 tonnes.

### DIAMEX JV (PTY) LTD ("DIAMEX") (THABEX - 68.3%)

Diamex cancelled its agreement with the mining contractor of the Douglas Project on 30 September 1998 and acquired mining and recovery equipment from Thabex to the value of R1 million. Diamex will remain the operator for Thabex's diamond exploration activities. On 9 April 1999, Thabex acquired a further 16.3% in the issued share capital of Diamex for R62 500. The purchase price was settled by the issue of 250 000 ordinary shares in Thabex at 10 cents each at a premium of 15 cents per share. It is planned to utilise Diamex's equipment to explore and conduct bulk samples under contract to Taung Diamonds. The Northern Cape Development Trust has a 5% interest in Diamex.

## GOLD

### MOZAMBIQUE PROJECT (THABEX - 60%)

An exploration licence over an area covering 17 000 ha in the Nampula district of the Zambezia Province of Mozambique was granted to Minas Gerais Diamante LDA ("MGD") during June 1998. MGD has conducted a limited exploration programme over the area with positive results. MGD will now approach possible JV partners to fund a detailed exploration programme.



## PLATINUM

### POTGIETERSRUS PLATREEF PROJECT

**Platinum-Nickel-Copper** The process for awarding the open tender for this project remains under dispute and has been referred to the Office of the Premier of the Northern Province for review. Thabex submitted the highest tender and Sandton-based Mokopane Mining (Pty) Ltd, 42% held by Platexco Inc of Canada based in Toronto, submitted the lowest tender.

### PLATINEXCO (PTY) LTD (THABEX - 100%)

The company is engaged in the search for grass-roots platinum exploration projects.

## BASE MINERALS

During the period under review base mineral prices declined to their lowest levels in 18 years and Pioneer in consultation with Thabex abandoned the Marydale and Nuwefontein projects. It is expected that a slow recovery for base mineral prices will occur during the next year. Pioneer has an office in the town of Marydale containing a large database of exploration information about the Northern Cape Province and Namibia and is well placed to target new exploration areas should base metal prices warrant it.



### 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, leptite, amphibolite and calc-silicates. Drill indicated ore reserves are estimated at 8 million tonnes grading 0.6% Pb, 0.8% Ca, 2.4% Zn, 24 g/t Ag and 0.8 g/t Au.

Work on this project is limited to further geological modelling and assessment of previous results.

### RIVIERA PROJECT (PIONEER - 100%)

**Tungsten-Molybdenum-Rare Earths** The property, situated about 129 km north of Cape Town, was discovered and investigated by Union Carbide and Anglo American during the period 1975 - 1988. More than 19 000 m of drilling has defined a mineralised ore body. Anglo American has estimated an opencast reserve of 46 million tonnes grading 0.216% WO<sub>3</sub> and 0.02% Mo.

The agreement with Geo-Explore (Pty) Ltd lapsed during the period under review and Pioneer is actively engaged to find a joint venture partner for the project.

### JACOMYNS PAN PROJECT (THABEX - 100%)

**Nickel-Copper-Platinum** Low grade nickel-copper mineralisation is present in a zone hosted in chlorite-biotite-tremolite schist.

Previous drilling indicated reserves of 6.42 million tonnes oxide ore grading 0.19% Ni and 0.13% Cu, and 107.76 million tonnes sulphide ore grading 0.25% Ni and 0.17% Cu.

During the year work on the project remained limited to geological interpretations of previous drilling and negotiations with the owners of the mineral rights with the view of extending the option to acquire these rights for a further five years.

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## DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

THE DIRECTORS ARE RESPONSIBLE FOR MONITORING THE PREPARATION OF AND THE INTEGRITY OF THE FINANCIAL STATEMENTS AND RELATED INFORMATION INCLUDED IN THIS ANNUAL REPORT

Your directors report that the group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and are implemented by trained, skilled personnel. Nothing has come to the attention of your directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review. The auditors concur with the above statement by the directors.

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 1999 set out on pages 14 to 23 were approved by the directors on 14 May 1999 and are signed on their behalf by:

**M Welthagen**  
Chairman and Chief Executive

14 May 1999

## 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 business 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 1999

TO THE MEMBERS OF THABEX EXPLORATION LIMITED

**W**e have audited the annual financial statements and group annual financial statements of Thabex Exploration Limited set out on pages 14 to 23 for the year ended 28 February 1999. 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 1999 and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting practice, and in the manner required by the Companies Act.



**Registered Accountants and Auditors**

Pretoria

14 May 1999





## DIRECTORS' REPORT

THE DIRECTORS HAVE THE PLEASURE IN PRESENTING THEIR REPORT

FOR THE YEAR ENDED 28 FEBRUARY 1999

**NATURE OF BUSINESS** THABEX EXPLORATION LIMITED ("THABEX") (REGISTRATION NUMBER 88/00763/06) IS A MINING AND EXPLORATION COMPANY LISTED ON THE JOHANNESBURG STOCK EXCHANGE IN THE "MINING RESOURCES - MINING EXPLORATION" SECTOR OF THE LIST UNDER THE ABBREVIATED NAME "THABEX" (JSE CODE - TBX).

**T**habex 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 (Pty) Ltd.

The company has a diverse portfolio of mineral rights and options to mineral rights. The portfolio is diverse in:

- Geological assurance and geological certainty;
- Stage of feasibility assessment; and
- Economic viability.

### SUBSTANTIAL SHAREHOLDERS

According to the register of members of the company at 28 February 1999, the following shareholders were the only members holding 5% or more of the ordinary issued share capital of the company:

- Saminco Ltd: 4 735 656 or 34.98%.
- Alizarin Investments Ltd: 2 806 689 or 20.73%.
- Indo-China Nominees (Pty) Ltd: 1 209 900 or 8.94%, and
- Kobie Spangenberg Family Trust: 990 000 or 7.31%.

### DIRECTOR'S INTERESTS

The directors have a direct interest of 1 000 ordinary shares each in the share capital of the company.

M Welthagen has a 19.10% indirect interest in the company via The Marius Welthagen Trust's 54.59% direct interest in Saminco Ltd.

No material change in these figures has occurred since year-end to the date of this report.

### SHARE CAPITAL

The authorised share capital of the company, is 30 000 000 ordinary shares of 10 cents each. On 15 March 1999 the authorised share capital was increased to 100 000 000 ordinary shares of 10 cents each.

As at 28 February 1999, the issued share capital of the company comprised 13 538 597 (1998: 13 538 597) ordinary shares of 10 cents each.

On 9 April 1999, 1 000 000 and 250 000 ordinary shares in the issued share capital of Thabex of 10 cents each at a premium of 15 cents per share were issued to Green Planet Investments Ltd for the acquisition of 75% of the issued share capital of Taung Diamond Mines Ltd and 16.3% of the issued share capital of Diamex JV (Pty) Ltd, respectively.

As at the date of this report, the issued share capital of the company comprised 14 788 597 ordinary shares of 10 cents each.

### DIVIDENDS

No dividends are proposed in respect of the 1999 financial year (1998: R nil).

### MANAGEMENT

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

### OPTIONS, MINERAL AND PARTICIPATION RIGHTS

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

## SUBSIDIARIES AND INVESTMENTS

Subsidiaries	Issued share capital	Effective interest %	Shares at cost R	Current account R
Diamex JV (Pty) Ltd (Registration number 97/14096/07)	10 000	51	5 100	1 647 995
Platinexo (Pty) Ltd (Registration number 88/02343/07)	2 500	100	110 993	97 583
Pure Diamonds (Pty) Ltd (Registration number 98/08449/07)	100	100	100	-
Thaba Egoli Mining & Exploration Limited (Registration number 94/08806/06)	2 700 000	100	8 400 000	1 676 408
			<b>8 516 193</b>	<b>3 421 986</b>
<b>Associated company</b>				
Pioneer Minerals (Pty) Ltd (Registration number 91/06123/07) (Note 10)	16 700	40	110 640	846 000
			<b>8 626 833</b>	<b>4 267 986</b>

### ISSUE OF NON-CONVERTIBLE DEBENTURES

During the year the company issued and listed 50 000 unsecured non-convertible redeemable debentures of R1 each at premium of R1 018 each at a coupon rate of 15.3% per annum. The funds raised from the issue were advanced to Blue Springs Investments (Pty) Ltd ("Blue Springs") at 15.6% per annum. The payment of interest on the debentures is conditional on Blue Springs paying the interest on the loan advanced. Thabex has secured the eventual redemption of the capital amount of the debentures with a cession of a sinking fund insurance policy in favour of Blue Springs from Sage Life. The reason for the issue of the debentures was to enable Thabex to receive an upfront interest payment of R500 000.

### 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, M Welthagen will retire

from office at the annual general meeting to be held on 30 June 1999, but being eligible, offers himself for re-election.

The following change in the directorate took place:

JL Bosch (appointed 3 February 1999).

### YEAR 2000 COMPLIANCE

Year 2000 compliance was established during December 1998.

All computer systems have been tested and certified Year 2000 compliant by the suppliers.



**M Welthagen**  
Chief Executive

14 May 1999





# INCOME STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

	Note	COMPANY		GROUP	
		1999 R	1998 R	1999 R	1998 R
Turnover		-	-	<b>1 327 564</b>	-
Operating income (loss)	2	<b>1 332 598</b>	(606 057)	<b>1 219 876</b>	(744 336)
Provision for write-down of interest in associated company		<b>(331 331)</b>	(212 812)	<b>(331 331)</b>	(212 812)
Loss attributable to outside shareholders		-	-	<b>4 900</b>	-
Write-off of lapsed prospecting options		-	(3 000)	-	(3 000)
Net income (loss) for the year		<b>1 001 267</b>	(821 869)	<b>893 445</b>	(960 148)
Accumulated loss					
At beginning of year		<b>(5 837 949)</b>	(5 016 080)	<b>(6 054 517)</b>	(5 094 369)
At end of year		<b>(4 836 682)</b>	(5 837 949)	<b>(5 161 072)</b>	(6 054 517)
Weighted average number of shares					
in issue during the year		<b>13 538 597</b>	12 182 873	<b>13 538 597</b>	12 182 873
Headline earnings (loss) per share (cents)		<b>9.84</b>	(4.97)	<b>9.01</b>	(6.11)
Earnings (loss) per share (cents)		<b>7.40</b>	(6.75)	<b>6.60</b>	(7.88)

# BALANCE SHEETS

AT 28 FEBRUARY 1999

	Note	COMPANY		GROUP	
		1999 R	1998 R	1999 R	1998 R
<b>Capital employed</b>					
Share capital	3	1 353 860	1 353 860	1 353 860	1 353 860
Share premium	4	16 644 732	16 644 732	16 644 732	16 644 732
Accumulated loss		(4 836 682)	(5 837 949)	(5 161 072)	(6 054 517)
Ordinary shareholders' funds		13 161 910	12 160 643	12 837 520	11 944 075
Outside shareholders' interest		-	-	-	4 900
Long-term liabilities	5	-	-	-	117 402
		13 161 910	12 160 643	12 837 520	12 066 377
<b>Employment of capital</b>					
Fixed assets	6	45 824	57 737	1 378 839	1 002 819
Options, mineral and participation rights	7	-	-	10 585 048	10 545 734
Interest in subsidiaries	8	11 938 179	11 578 260	-	-
Interest in associated company	9	412 497	268 828	412 497	268 828
Net current assets		765 410	255 818	461 136	248 996
Current assets		843 055	524 510	877 715	806 074
Stock		-	-	-	168 975
Accounts receivable		83 454	38 918	112 339	96 832
Cash balances		759 601	485 592	765 376	540 267
Current liabilities					
Accounts payable		77 645	268 692	416 579	557 078
		13 161 910	12 160 643	12 837 520	12 066 377
Net asset value per share ( cents )		97.22	89.82	94.82	88.22





## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

	COMPANY		GROUP	
	1999 R	1998 R	1999 R	1998 R
<b>Cash utilised in operating activities</b>				
Cash (utilised in) generated by operations (note 1)	152 511	(604 227)	(496 816)	(676 413)
Cash (utilised in) generated from working capital (note 2)	(235 583)	(80 894)	1 200	(149 102)
	(83 072)	(685 121)	(495 616)	(825 515)
<b>Cash generated from (expended in) investing activities</b>				
Acquisition of fixed assets	-	(59 567)	(2 076 992)	(1 005 703)
Acquisition of options, mineral and participation rights	-	(3 000)	(39 314)	(1 715 405)
Increase in investment in subsidiaries	(2 167 919)	(3 018 260)	-	-
Increase in interest in associated company	(475 000)	(481 640)	(475 000)	(481 640)
Proceeds on disposal of fixed assets	-	-	335 800	-
Proceeds on disposal of listed investments	-	-	-	2 900
Proceeds on disposal of subsidiary (note 3)	3 000 000	-	3 000 000	-
	357 081	(3 562 467)	744 494	(3 199 848)
<b>Cash effects of financing activities</b>				
Proceeds from issue of shares	-	377 535	-	377 535
Net share premium on issue of shares	-	4 280 123	-	4 280 123
Capital introduced by minority shareholders	-	-	-	4 900
Bank overdraft of subsidiary disposed of	-	-	93 633	-
Decrease in long-term liabilities	-	(80 000)	(117 402)	(259 288)
	-	4 577 658	(23 769)	4 403 270
<b>Increase in cash resources</b>	<b>274 009</b>	<b>330 070</b>	<b>225 109</b>	<b>377 907</b>
Cash at beginning of year	485 592	155 522	540 267	162 360
Cash at end of year	759 601	485 592	765 376	540 267

# NOTES TO THE CASH FLOW STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

	COMPANY		GROUP	
	1999 R	1998 R	1999 R	1998 R
<b>1 Cash (utilised in) generated by operations</b>				
Operating income (loss) for the year	1 332 598	(606 057)	1 219 876	(744 336)
<i>Adjusted for -</i>				
Depreciation of fixed assets	11 913	1 830	308 437	68 776
Loss on disposal of fixed assets	-	-	38 117	-
Surplus on disposal of subsidiary	(1 192 000)	-	(2 063 246)	-
Surplus on disposal of listed investments	-	-	-	(853)
	<b>152 511</b>	<b>(604 227)</b>	<b>(496 816)</b>	<b>(676 413)</b>
<b>2 Cash (utilised in) generated from working capital</b>				
<i>Decreases (increases) in working capital</i>				
Stock	-	-	168 975	(153 175)
Accounts receivable	(44 536)	(25 468)	(34 776)	(73 951)
Accounts payable	(191 047)	(55 426)	(132 999)	78 024
	<b>(235 583)</b>	<b>(80 894)</b>	<b>1 200</b>	<b>(149 102)</b>
<b>3 Surplus on disposal of subsidiary</b>				
<i>Net assets disposed of -</i>				
Fixed assets	-	-	1 018 618	-
Accounts receivable	-	-	19 269	-
Bank overdrafts	-	-	(93 633)	-
Accounts payable	-	-	(7 500)	-
	-	-	<b>936 754</b>	-
Proceeds	-	-	(3 000 000)	-
Surplus	-	-	<b>(2 063 246)</b>	-





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

## 1 Accounting policies

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent with those applied in the previous financial year.

### 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 arising on consolidation is recognised as an asset.

### 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.

### Fixed assets and depreciation

Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets.

### 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.

### Land development and exploration expenditure

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

### Turnover

Turnover comprises diamond sales to customers exclusive of value added tax.

	COMPANY		GROUP		
	1999 R	1998 R	1999 R	1998 R	
<b>2 Operating income (loss) is arrived at after taking into account</b>					
Interest received	(535 447)	(58 570)	(535 778)	(58 727)	
Surplus on disposal of subsidiary	(1 192 000)		(2 063 246)	-	
Surplus on disposal of listed investments	-	-	-	(853)	
Auditors' remuneration	26 000	24 500	45 920	28 300	
- Audit fees	26 000	16 500	45 780	23 000	
- Underprovision previous year	-	8 000	140	5 300	
Depreciation of fixed assets	Rate per annum				
- Plant and equipment	20%	11 913	1 830	308 437	68 776
Directors' emoluments					
- for services as directors		32 000	36 000	-	
Interest paid					
- Bank overdraft		4 683	422	26 775	2 270
Loss on disposal of fixed assets		-	-	38 117	-
Secretarial fees		42 658	19 344	42 658	22 104

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

	COMPANY		GROUP	
	1999 R	1998 R	1999 R	1998 R
<b>3 Share capital</b>				
Authorised 30 000 000 ordinary shares of 10 cents each (1998: 30 000 000 ordinary shares of 10 cents each)	3 000 000	3 000 000	3 000 000	3 000 000
Issued 13 538 597 ordinary shares of 10 cents each (1998: 13 538 597 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.	1 353 860	1 353 860	1 353 860	1 353 860
<b>4 Share premium</b>				
Balance at beginning of year	16 644 732	12 364 609	16 644 732	12 364 609
Arising on issue of shares	-	5 302 155	-	5 302 155
Share issue and listing expenses written off	16 644 732	17 666 764 (1 022 032)	16 644 732	17 666 764 (1 022 032)
Balance at end of year	16 644 732	16 644 732	16 644 732	16 644 732
<b>5 Long-term liabilities</b>				
SA Mineral Investments (Proprietary) Limited			-	117 402
<b>Debenture issue unsecured non-redeemable 15,3% debentures</b>				
50 000 at R1,00	50 000	-	50 000	-
Debenture premium (50 000 at R1 018)	50 900 000	-	50 900 000	-
Deduct debenture issue expenses	50 950 000 950 000	-	50 950 000 950 000	-
Deduct amount advanced to Blue Springs	50 000 000 (50 000 000)	-	50 000 000 (50 000 000)	-
	-	-	-	-

- The debentures are unsecured non-redeemable, subject to interest at a rate of 15.3% per annum, and redeemable on 31 August 2048. The interest payable is conditional on the receipt by the company of the interest due to it on its loan of R50 000 000 to Blue Springs.
- The funds raised from the issue of the debentures have been advanced to Blue Springs as an unsecured loan subject to interest at 15.6% and repayable on 31 August 2048.
- The company has agreed to accept an upfront single interest payment of R500 000 from the borrower being the net interest due capitalised over the period of the loan.
- The borrower has deposited an amount of R46 141 with an institution which it is estimated will have a maturity value on 31 August 2048 equal to the capital amount owing by the borrower.





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

	COMPANY		GROUP	
	1999 R	1998 R	1999 R	1998 R
<b>6 Fixed assets</b>				
Plant and equipment				
At cost	59 567	59 567	1 441 399	1 112 851
Accumulated depreciation	13 743	1 830	62 560	110 032
Net book value	45 824	57 737	1 378 839	1 002 819
Opening balance	57 737	-	1 002 819	65 892
Additions	-	59 567	2 076 992	1 005 703
Disposals	-	-	(1 392 535)	-
Depreciation	(11 913)	(1 830)	(308 437)	(68 776)
Closing balance	45 824	57 737	1 378 839	1 002 819
<b>7 Options, mineral and participation rights (annexure 1)</b>				
At cost	-	-	10 585 048	10 545 734
<b>8 Interest in subsidiaries</b>				
Shares at cost	8 516 193	8 596 093		
Subsidiaries net indebtedness	3 421 986	2 982 167		
	11 938 179	11 578 260		
<b>9 Interest in associated company</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	110 640	110 640	110 640	110 640
Less: Provision for write-down of investment	(110 640)	(110 640)	(110 640)	(110 640)
	-	-	-	-
Loan to associated company	846 000	371 000	846 000	371 000
Less: Provision for write-down of investment	(433 503)	(102 172)	(433 503)	(102 172)
	412 497	268 828	412 497	268 828
Summary of financial information of Pioneer Minerals (Proprietary) Limited				
Share capital and share premium	(148 640)			
Accumulated loss	582 143			
Shareholders' deficit	433 503			
Long-term liability	(846 000)			
	(412 497)			
Fixed assets	36 490			
Mineral option rights	138 360			
Net current assets	237 647			
	412 497			

**10 Taxation**

The company has a computed loss of R5 367 424 (1998: R5 521 725) which is available for set-off against future taxable income.

# ANNEXURE ONE

FOR THE YEAR ENDED 28 FEBRUARY 1999

OPTIONS, MINERAL AND PARTICIPATION RIGHTS	
	1999 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 Jacomyns Pan Project</b>	
At cost	<b>1 859 512</b>
Comprising:	
Remaining extent of Jacomyns Pan 176 measuring 13 676.9345 hectares situated in the Kenhardt District.	
Portion 2 (Glen Connan) of Jacomyns Pan 176 measuring 144.8795 hectares and remaining extent of Hartebeest Pan 175 measuring 619.4568 hectares, both situated in the Kenhardt District.	
<b>1.2 Geelvloer Project</b>	
At cost	<b>8 448 825</b>
Comprising:	
Remainder of Adjoining Geelvloer 197 measuring 3 041.5989 hectares situated in the Kenhardt District.	
Remaining portion of portion 4 of Bry Paal 134 measuring 5 314.2790 hectares situated in the Kenhardt District.	
Remainder of portion 4 (Kraandraai Wes) of Adjoining Geelvloer 197 measuring 1 465.0638 hectares situated in the Kenhardt District.	
Portion 7 (a portion of portion 5) of Bry Paal 134 measuring 884.9350 hectares situated in the Kenhardt District.	
T'Uubeep 158 measuring 2 759.0161 hectares situated in the Kenhardt District.	
Portion 6 of portion 4 (Kraandraai Wes) of Adjoining Geelvloer 197 measuring 1 569.7330 hectares situated in the Kenhardt District.	
<b>2 Platinoxco (Proprietary) Limited</b>	
Exploration costs capitalised	<b>210 839</b>
<b>3 Diamex JV (Proprietary) Limited</b>	
Development costs capitalised	<b>65 872</b>
	<b>10 585 048</b>



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eleventh annual general meeting of members of Thabex Exploration Limited will be held at 2nd Floor, KPMG Forum, 427 Hilda Street, Hatfield, Pretoria on Wednesday, 30 June 1999, at 10:00 for the following business:

- 1 To receive, consider and adopt the annual financial statements of the company for the year ended 28 February 1999.
- 2 To elect directors in accordance with the provisions of the company's articles of association.
- 3 To determine, in terms of articles 88 and 89 of the articles of association, the directors' remuneration.
- 4 To renew the general authority of the directors to allot and issue, subject to the provisions of the Companies Act, the remaining shares in the authorised but unissued share capital of the company.
- 5 In terms of the requirements of the Johannesburg Stock Exchange ("the JSE"), the directors be given the specific authority to issue ordinary shares of one cent each for cash as and when suitable situations arise, subject to the following limitations:
  - 5.1 that this authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting;
  - 5.2 that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of shares of that class in issue prior to the issues;
  - 5.3 that issues in the aggregate in any one year will not exceed 10% of the number of shares of any class of the company's issued share capital, including instruments which are compulsorily convertible into shares of that class, provided further that such issues shall not in aggregate in any three-year period exceed 15% of the company's issued share capital of that class, including instruments which are compulsorily convertible into shares of that class; and
  - 5.4 that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the average closing price of the shares in question, as determined over the 30 days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of the instruments.
- 6 Approve the issue of 1 250 000 ordinary shares in the issued share capital of Thabex of 10 cents each at a premium of 15 cents per share to Green Planet Investments Ltd. The issue of Thabex ordinary shares is for the acquisition of 75% in the issued share capital of Taung Diamond Mines Limited and 16.3% in the issued share capital of Diamex JV (Pty) Ltd for R250 000 and R62 500, respectively.

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

By order of the Board

**SA Mineral Investments (Pty) Ltd**  
Secretaries

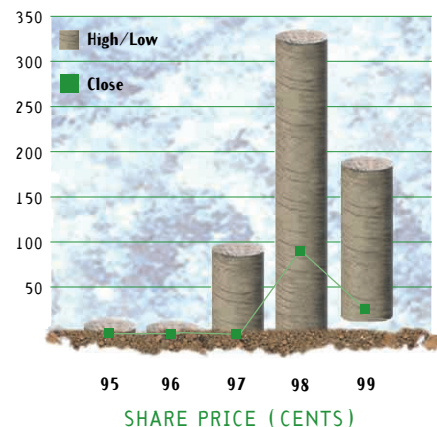
Pretoria 14 May 1999

## SHAREHOLDERS' DIARY

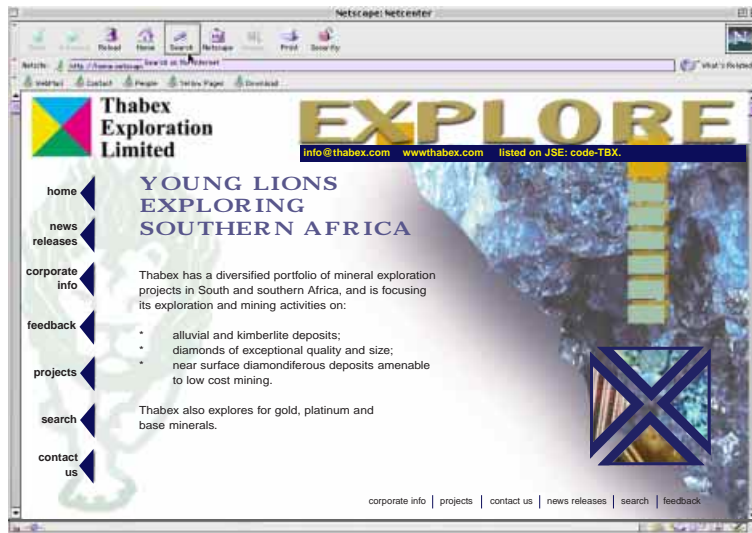
Annual general meeting	30 June 1999
Interim report	30 October 1999
Annual report 1999	28 May 2000

## SHAREHOLDERS' ANALYSIS

Classifications	No of holders	% of current holders	No of units	% of issued capital
Individuals	404	81.781	1 281 839	9.468
Limited companies	7	1.417	4 971 427	36.720
Nominee companies or trusts	54	10.931	3 901 828	28.820
Growth funds/unit trusts	2	0.405	21 150	0.156
Pty companies (Edms)	16	3.239	112 394	0.830
Close corporations (BK)	8	1.619	159 270	1.176
Trustee of a trust	1	0.202	200 000	1.477
Investment companies	2	0.405	2 890 689	21.352
<b>Grand totals</b>	<b>494</b>	<b>100.00</b>	<b>13 538 597</b>	<b>100.00</b>



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