

# YOUNG LIONS EXPLORING AFRICA



Thabex  
Exploration  
Limited

2000

ANNUAL REPORT 2000

THABEX EXPLORATION LIMITED



*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.*

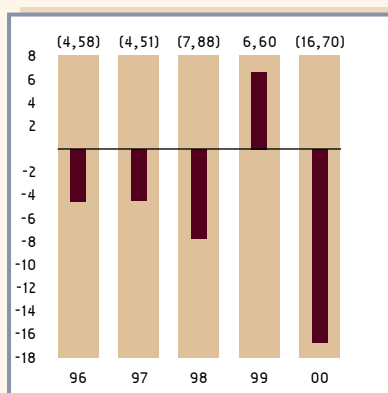
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## MISSION STATEMENT

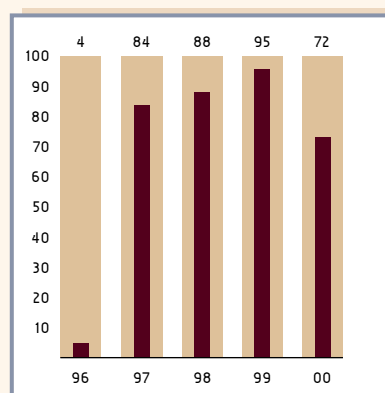
EXPLORE, SEARCH AND TURN TO ACCOUNT MINERAL PROJECTS IN SOUTH AND SOUTHERN AFRICA, USING PROFESSIONAL TEAMS, TO BENEFIT SHAREHOLDERS, EMPLOYEES AND THE PEOPLES OF THE REGION.

## SALIENT FEATURES

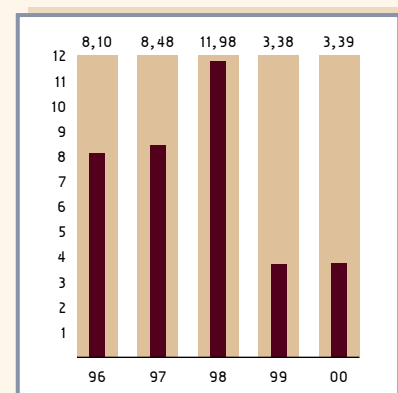
	COMPANY		GROUP	
	2000 R	1999 R	2000 R	1999 R
Number of shares at year-end	<b>14 788 597</b>	13 538 597	<b>14 788 597</b>	13 538 597
Net asset value per share (cents)	<b>89,57</b>	97,22	<b>72,03</b>	94,82
(Loss)/Earnings per share (cents)	<b>(1,21)</b>	7,40	<b>(16,70)</b>	6,60
Dividends per share (cents)	—	—	—	—



EARNINGS/(LOSS) PER SHARE (CENTS)



NET ASSET VALUE (CENTS)



MARKET CAPITALISATION (RM)

## CHAIRMAN'S REVIEW



### DEAR SHAREHOLDER

*During the year your company effectively returned to its roots when Thabex's tender for the Potgietersrus Town and Townlands' prospecting rights was finally awarded. Although Thabex is re-evaluating the potential of these rights, the company remains firmly committed to turning to account its diamond interests.*

Thabex's 40% held associate, Pioneer Minerals (Pty) Ltd ("Pioneer"), was actively involved in the prospecting and exploration of its diamondiferous properties ("Pioneer Properties") along the Orange River in the Northern Cape Province.

Exploration of the Pioneer Properties consisted of:

- Regional photo-geological studies using satellite imagery
- Geological mapping
- Pitting in selected areas
- Percussion drilling on potential gravel-bearing areas
- Bulk sampling of gravel deposits identified as potentially diamondiferous

The exploration work was very successful and has allowed the identification of the most prospective areas which, in line with government policy, resulted in the abandoning of 18 753 hectares or 68% of the original 27 447 hectare area over which prospecting permits were granted to Pioneer.

Pioneer produced 186,78 carats using the services of a contractor. The average price achieved was US\$522 per carat and the average size of diamonds recovered was 1,81 carats per stone. The average grade achieved was 0,44 carats per 100 tonne. These results are considered significant and Pioneer is planning a further detailed drilling programme and trial mining phase.

Thabex continues to operate in a declining mining exploration sector in South Africa and planned to acquire a diamond exploration company in Botswana. However, the company was unable to obtain the necessary approval from the SA Reserve Bank ("SARB") and abandoned the project. In order to generate cash flow your company has entered into joint ventures with Pure Diamonds Trading, based in London and Taurus International, based in Mauritius. The main aim of these joint ventures is for Pure Diamonds Ltd ("Pure Diamonds"), a wholly-owned subsidiary of Thabex, to enter the diamond trade by selling quality diamonds. The company has established an e-commerce presence and plans to expand this business into Europe and the USA.

Thabex has also entered into a joint venture with empowerment partner Khunologo Diamonds (Pty) Ltd to explore certain diamondiferous gravel areas along the Vaal River in the Christiana district of the North West Province.

On 15 November 1999, the Transitional Local Council of Greater Potgietersrus notified your company that its tender for the prospecting rights of the Potgietersrus Town and Townlands was successful. LTA Process Engineering (Pty) Ltd ("LTA-Process") conducted and completed a feasibility study during 1992. Your board has approached the Industrial Development Corporation ("IDC") to assist in the re-evaluation of the project and to possibly conduct a new feasibility study. The effect of significant increases in metal prices and new extraction technology on the viability of the project will be investigated.

During the period under review Thabex acquired a 50% interest in Pilanesberg Gold Holdings (Pty) Ltd ("Pilanesberg Gold"). Your company has entered into a joint venture with empowerment partner, Kgomo Gold Investments (holding 50% of Pilanesberg Gold), to trade in gold, platinum and silver bullion and bullion coins. Pilanesberg Gold is also investigating alluvial gold deposits in the North West and Mpumalanga Provinces.

Your company supports the introduction of the South African Code for Reporting of Mineral Resources and Mineral Reserves ("SAMREC Code") for mining resources companies and the inclusion thereof in the Rules and Regulations of the Johannesburg Stock Exchange ("the JSE"). In view of the expected changes in the Mineral Rights laws of South Africa, the SAMREC Code is of significance as it has not only established the minimum reporting requirements for mineral resources and reserves in general, but also commodity-specific reporting requirements for diamonds and coal.

My sincere thanks and appreciation to the board members and the employees of the company for their support and dedication to build Thabex into a recognised player in the mining and exploration sector.

M Welthagen  
CHAIRMAN AND CHIEF EXECUTIVE

24 May 2000

## DIRECTORATE & ADMINISTRATION

### DIRECTORS

**M WELTHAGEN** (*Chairman and Chief Executive*)

*MEng (Mining) MPhil (Mineral Economics)*

*BComm Hons (Economics)*

**JL BOSCH** (*Executive*) *MSc (Geology)*

**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)*

### AUDITORS

*KPMG Inc*

*KPMG Forum 427 Hilda Street*

*Hatfield Pretoria 0083*

### BANKERS

*First National Bank of South Africa Limited*

*(Registration number 71/09695/06)*

*Commissioner Street Branch*

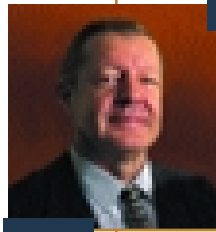
*87 Commissioner Street*

*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*

*BCLR House*

*18 West Street*

*Houghton*

*Johannesburg 2198*

### 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)*

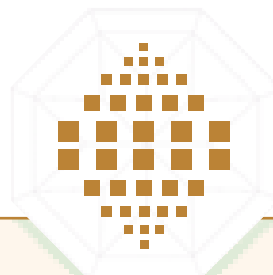
*51 Austin Street Northcliff Johannesburg 2195*

### WEBSITE ADDRESS

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

### E-MAIL ADDRESS

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








## GROUP STRUCTURE

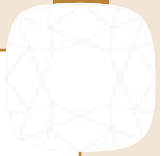
	<b>Thabex Exploration Limited</b>
67,3%	Diamex JV (Pty) Ltd
50%	Pilanesberg Gold Holdings (Pty) Ltd
40%	Pioneer Minerals (Pty) Ltd
100%	Platinexco (Pty) Ltd
100%	Pure Diamonds Ltd
100%	Thaba Egoli Mining and Exploration Ltd

## LOCATION OF EXPLORATION PROJECTS

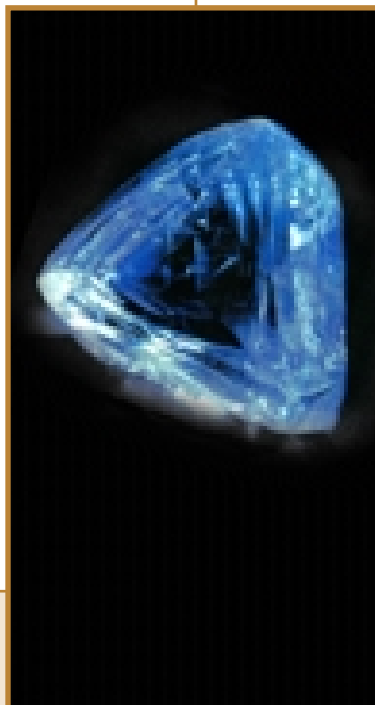


 Sea diamond deposits  
  Alluvial diamond deposits  
  Kimberlite pipe  
  Kimberlite fissure  
  Thabex exploration projects

## EXPLORATION PORTFOLIO



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



## REVIEW OF EXPLORATION PROJECTS

*The following projects are being explored, investigated and evaluated on a dynamic basis.*

*The company's exploration activities remain focused on the exploration and the turning to account of high-quality diamond projects. Thabex is also engaged in the marketing of polished diamonds. The company is furthermore investigating the potential of establishing a Platinum-Nickel-Copper mining operation on the Potgietersrus Townlands.*

### DIAMONDS

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

Pure Diamonds has entered into joint venture arrangements with Pure Diamonds Trading based in London and Taurus International based in Mauritius to develop markets for high-quality diamonds. This company has also established an e-commerce presence ([www.purediamonds.co.uk](http://www.purediamonds.co.uk)) to assist in the marketing of polished diamonds. Your board expects a positive cash flow to be generated from these activities during the next financial year. The acquisition of Pioneer was not effected and accordingly, Pioneer remains a 40% associate of Thabex.

#### *Taung Diamond Mines Ltd (Taung Diamonds) (Pure Diamonds - 50%)*

This company has a 10% interest in Cinprop 0002 (Pty) Ltd ("Cinprop"), which is engaged in exploration over an area covering 1 700 hectares in the Taung district of the North West Province. Cinprop is planning a comprehensive exploration programme once all regulatory approvals have been obtained.

On 13 May 1999 Taung Diamonds entered into a joint venture with empowerment partner Khunologo Diamonds (Pty) Ltd ("Khunologo") in terms of which Khunologo was issued 4 million shares in Taung Diamonds or 50% of the issued ordinary shares. Taung Diamonds was granted a prospecting permit (PP6/2000) to explore an area of about 140 hectares on the farm Christiana

Town and Townlands 325HO in the district of Christiana in the North West Province. Exploration to date consisted of pitting on a 100 m by 100 m grid to establish the presence and thickness of diamondiferous gravels over the area. After analysing the pitting results, further prospecting will be done, by way of bulk sampling with a mobile 10 foot rotary pan, in the identified area of potential diamond-bearing gravel.

#### *Diamex JV (Pty) Ltd (Thabex - 67,3%)*

This company acts as manager and operator of Thabex's diamond exploration activities on the above area in the Christiana district.

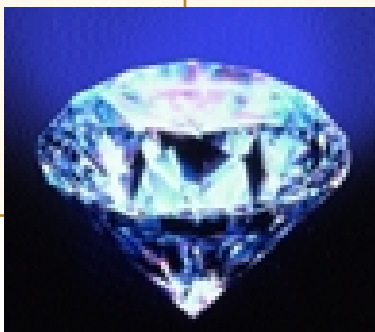
#### *Pioneer Minerals (Pty) Ltd ("Pioneer") (Thabex - 40%)*

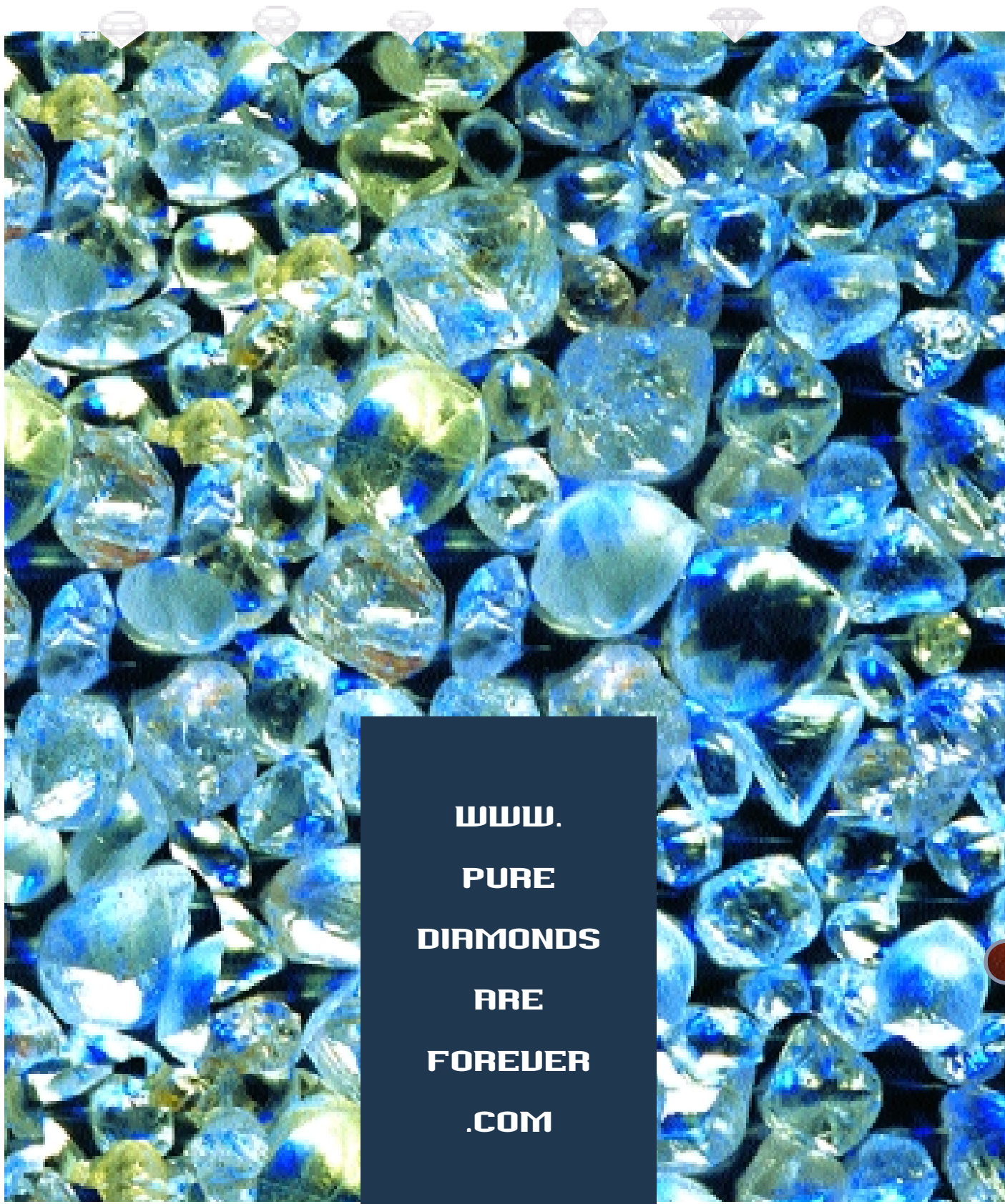
Pioneer is engaged in an active exploration programme along the Orange River in the Northern Cape Province to find economically-viable alluvial diamond deposits. After the company conducted regional geological studies, Pioneer submitted prospecting applications to the Department of Mineral and Energy during the period July to November 1997. A total of 27 447 hectares were originally applied for and granted. Since the first prospecting permit was issued to the company in September 1998, agreements with farm owners for the right to use the surface of the land for prospecting purposes were concluded after lengthy negotiations. The agreements also included due compensation to the owners for any damage caused to the surface during the prospecting process. A total of eleven agreements were concluded with individual farm owners.

Exploration and prospecting of the areas commenced immediately after approval was received and consisted to date of the following:

- Regional photo-geological studies utilising satellite imagery
- Geological mapping using aerial photographs and orthophoto's where available
- Pitting in selected areas to determine the extent of the gravel deposits covered by sand
- Wide-spaced percussion drilling on potential gravel-bearing areas
- Bulk sampling of potential diamondiferous gravel deposits

The work programme by Pioneer enabled it, in line with government policy, to identify the most prospective areas, resulting in Pioneer abandoning 18 753 hectares or 68% of the area it originally applied for.





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.COM**

## DIAMONDS

The exploration programme focused mainly on substantial gravel deposits identified on the farm Remhoogte 152 along the Orange River near Prieska in the Northern Cape Province.

The following properties held under prospecting permits have been investigated by Pioneer:

Permit no	Farm	Size (ha)
PP 29/98	Remainder and Portion 1 of Remhoogte 152	3 228,4951
PP 16/98	Remainder of Portion 2 of Holsloot 47	946,0015
PP 15/98	Portion 1 of Blaauwboschdraai 141	134,4605
PP 28/98	Remainder and Portion 3 of Viegulands Put 39	440,3896
PP 43/98	Remainder of Portion 1 and Portion 2 of Nieuwejaarskraal 40	641,0955
PP 3/99	Remainder of Portions 1 and 7 and Portions 28 and 31 of Muis Hoek 34	3 164,5095
P48/99	Saxon drift 20 Portions 7 to 13 and 23	782,0793
<b>Total</b>		<b>9 337,0310</b>

During the year Pioneer drilled 112 percussion boreholes (980 metres). Bulk sampling was done on the Remhoogte deposit. A total of 42 496 tonnes of Rooikoppie gravel and a small amount of primary gravel were processed yielding 186,47 carats at an average size of 1,81 carats per stone. The average

grade achieved was 0,44 carats per 100 tonnes. The results are significant enough for Pioneer to consider further bulk sampling and trial mining. Pioneer is planning a detailed follow-up percussion drilling programme of approximately 3 000 meters (50 x 50 metres) to more closely define the potential diamondiferous gravel deposits. At present the inferred diamond resource remains undetermined as the drill spacing in the first drilling programme was carried out on a grid of 200 x 200 metres and 100 x 100 metres in selected areas, which is too wide to report estimated tonnages reliably. The estimated cost of the follow-up programme is R500 000 and Thabex would contribute pro rata in shareholding in Pioneer by way of the issue of Thabex ordinary shares for cash at the time the final budget has been approved by the board of Pioneer.

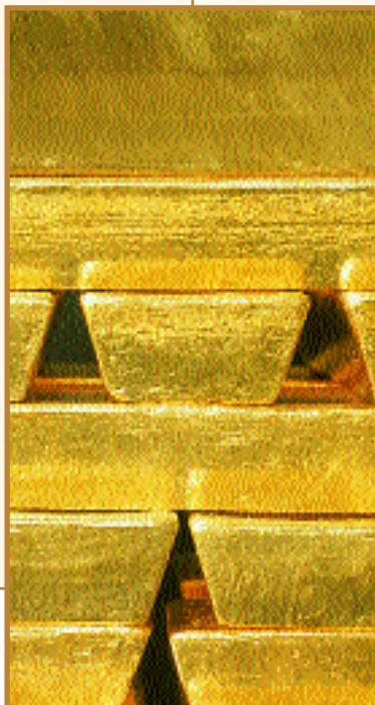
*Map inside back cover*

## GOLD

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

Thabex acquired a 50% shareholding in Pilanesberg Gold to form a joint venture with empowerment partner, Kgomo Gold Investments. This group holds 50% of the equity of the company. The main aim of Pilanesberg Gold is to trade in gold, platinum and silver bullion and bullion coins. Pilanesberg is also engaged in identifying exploration areas for alluvial gold deposits in the North West and Mpumalanga Provinces.

The Mozambique gold projects investigated by Thabex in the Namputa and Manica Provinces were abandoned.



## PLATINUM

### *Platinexco (Pty) Ltd (Thabex – 100%)*

The Transitional Local Council of Greater Potgietersrus ("the Local Council") informed Thabex on 15 November 1999, that the company's tender (11/1997) for the prospecting rights on the farm Potgietersrus Town and Townlands 44KS covering an area of 960 hectares, was successful.

A prospecting agreement was concluded between Thabex and the Local Council on 1 December 1999. In terms of the agreement Thabex has an option to acquire the mineral rights from the Local Council at a minimum price of R25 000 per hectare escalating with the consumer price index. The option can be exercised at any time during the next five years. Option fees are R20 per hectare for the first year increasing to R30 per hectare in the fifth year. Thabex will also have to pay the Local Council an annual royalty of 5% on turnover should mining operations commence.

The prospecting agreement also provides for a first right of refusal to Thabex to negotiate on the same terms with the Local Council over the remaining portions of the Potgietersrus Town and Townlands measuring approximately 3 000 hectares.

During the period 1989 to 1992 Thabex explored the above property extensively and LTA Process conducted a full feasibility study. Steffen, Robertson and Kirsten Inc was subcontracted by LTA Process to investigate the following:

- surface water and ground water potential
- geotechnical aspects, mine design and orebody modelling.

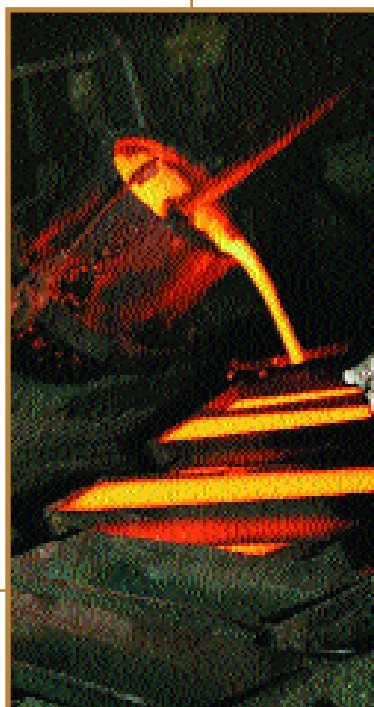
The Council for Mineral Technology ("Mintek") was also engaged by LTA Process to conduct metallurgical testwork. Geological consultants, Rocklabs cc, directed a comprehensive drilling programme, the main database of the feasibility study. A total of 15 331 metres of drilling was done, comprising 31 cored boreholes (5 532 metres) and 96 percussion boreholes (9 799 metres).

The feasibility study established the following open-castable ore reserves in the southern portion of the property:

<b>Proven ore reserves</b>	<b>Million tonnes</b>	<b>Grade (equivalent Ni %)</b>	<b>Grade (equivalent Pt g/t)</b>
0,4% equivalent Ni cut-off	7,33	0,43	3,57
0,25% equivalent Ni cut-off	23,69	0,30	2,48

LTA Process concluded that, based on the proven reserves, the grades of the relevant base metals and PGM metals and the price of nickel of about R21 000 per tonne nickel, at the time, the project is marginal. It was further stated that should the price of nickel exceed R30 000 per tonne, the project would be viable.

At present the 27-month forward price of nickel is approximately R53 000 per tonne and the spot price in excess of R71 000 per tonne. Although metal prices are cyclical, prices have improved sufficiently to warrant a re-evaluation of the feasibility study to consider all parameters, which could influence the viability of this substantial asset of Thabex. Furthermore, the oxidised zone of the ore body was not included in the LTA Process feasibility and was considered as waste. At present the large platinum producers are successfully blending the oxidised zone into their mill feeds.



Thabex has approached the IDC to assist in this re-evaluation, which will also include an investigation into the more recent recovery technologies. The IDC recommended that two critical aspects first be clarified, prior to commencing a new feasibility. These are, firstly, to establish from the Department of Mineral and Energy whether it will in principle approve mining development near a residential area and secondly, whether the Department of Water Affairs can provide sufficient water from the area for the proposed plant.

Thabex plans to complete a re-evaluation of the feasibility during the next financial year. The company is also actively engaged in negotiating a joint venture, subject to a positive feasibility, to develop the project.

## BASE MINERALS

Whereas Thabex mainly focuses on diamonds and platinum as indicated above, the company also maintains an interest in the following base mineral projects, albeit at a lower level of priority:

### 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. Drill-indicated ore reserves 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.

Work on this project is limited to further geological modelling and assessment of previous results. Thabex will shortly finalise a decision on proceeding with the project.

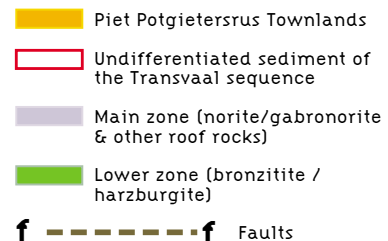
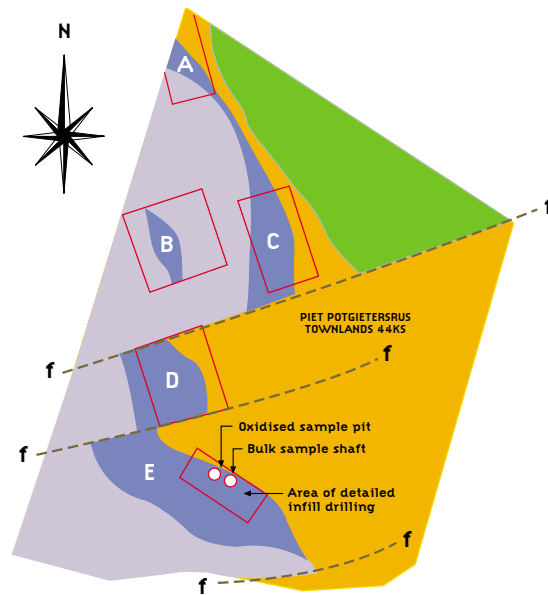
### Riviera Project (Pioneer – 100%)

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.

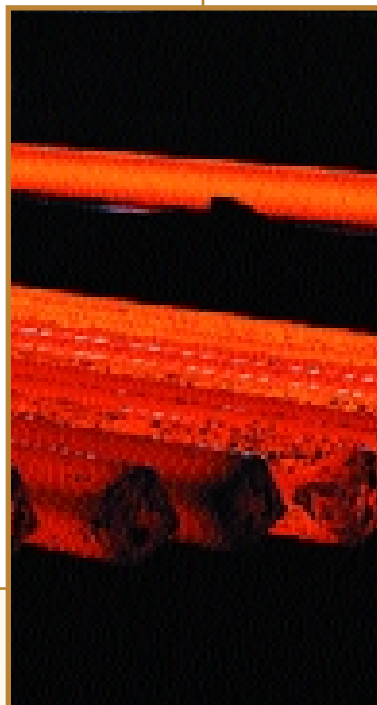
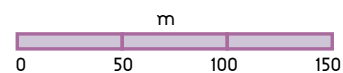
Pioneer is evaluating the viability of the project which is sensitive to the Tungsten price. A decision to continue with the project is imminent.

### Potgietersrus Platreef Project: Surface geology



#### EVALUATION DRILLING AREAS

- A Far North
- B Northwest
- C Northeast
- D Central
- E Southwest



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## DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

*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 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 29 February 2000 set out on pages 14 to 23 were approved by the directors on 24 May 2000 and are signed on their behalf by*

*M Welthagen*  
**CHAIRMAN AND CHIEF EXECUTIVE**

*24 May 2000*

## 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 29 FEBRUARY 2000

*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 23 for the year ended 29 February 2000. 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 issued by the South African Institute of Chartered Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

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

### *Audit opinion*

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and of the group at 29 February 2000 and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting practice issued by the Accounting Practices Board of the South African Institute of Chartered Accountants, and in the manner required by the Companies Act.

KPMG Inc

PRETORIA

24 May 2000

## DIRECTORS' REPORT

THE DIRECTORS HAVE THE PLEASURE IN PRESENTING THEIR REPORT FOR THE YEAR ENDED 29 FEBRUARY 2000

**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).

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 29 February 2000, the following shareholders were the only members holding 5% or more of the ordinary issued share capital of the company:

- Saminco Ltd: 4 885 656 or 33,04%
- Standard Bank Nominees Tvl (Pty) Ltd: 4 322 389 or 29,23%

### Directors' interests

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

M Welthagen has an 18,04% indirect interest in the company via The Marius Welthagen Trust's 54,59% direct interest in Saminco Ltd. AP Roux indirectly held 170 000 ordinary shares or 1,15% in the share capital of Thabex.

As at the date of this report Saminco has acquired a further 150 000 Thabex ordinary shares or 1,01% of the issued share capital of the company, at an average price of 25 cents per share. After the acquisition Saminco held 34,05% of the ordinary issued share capital of Thabex and M Welthagen's indirect interest increased to 18,59%.

### Share capital

The authorised share capital of the company is 100 000 000 ordinary shares of 10 cents each (1999: 30 000 000).

On 9 April 1999, 1 000 000 and 250 000 ordinary shares 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 29 February 2000 the issued share capital of the company comprised 14 788 597 (1999: 13 538 597) ordinary shares of 10 cents each.

### Dividends

No dividends are proposed in respect of the 2000 financial year (1999: R 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 secretary to Thabex. This company is also a share-dealing company and during the year ended 29 February 2000 acquired in aggregate 69 100 ordinary shares or 0,47% in the share capital of Thabex at an average price of 27 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.

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

### Options, mineral and participation rights

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

### Issue of non-convertible debentures

During the period under review the company issued 400 000 unsecured non-convertible redeemable B-debentures of 1 cent each at a premium of R999,99 each at a coupon rate of 18% per annum (1999: 50 000 unsecured non-convertible redeemable 15,3% debentures of R1 each at a premium of R1 018). The funds raised from the issue of the B-debentures were advanced to Blue Springs Investments (Pty) Ltd ("Blue Springs") at 18,04% per annum. The payment of interest on both the debenture issues is conditional on Blue Springs paying the interest on the loan advanced by the company.

## SUBSIDIARIES AND INVESTMENTS

	Issued share capital	Effective interest %	Shares at cost R	Current account R
<b>Subsidiaries</b>				
Diamex JV (Pty) Ltd (Registration number 97/14096/07)	10 000	67,3	67 600	1 904 820
Pilanesberg Gold Holdings (Pty) Ltd (Registration number 87/00711/07)	9 400	50	46 550	(39 737)
Platinexco (Pty) Ltd (Registration number 88/02343/07)	2 500	100	110 993	105 293
Pure Diamonds Ltd (Registration number 98/08449/06)	50 010 000	100	500 100	41 491
Thaba Ego!i Mining & Exploration Limited (Registration number 94/08806/06)	27 000 000	100	8 400 000	1 693 074
			<b>9 125 243</b>	<b>3 704 941</b>
<b>Associated company</b>				
Pioneer Minerals (Pty) Ltd (Registration number 91/06123/07) (Note 10)	16 700	40	110 640	896 000
			<b>9 235 883</b>	<b>4 600 941</b>

Thabex has secured the capital redemption amount on both debenture issues by cessions of sinking fund insurance policies in favour of Blue Springs from Sage Life to Thabex. The reason for the issue of the B-debentures was to enable Thabex to receive an upfront interest payment of R608 587 (1999: R500 000 from the 15,3% debenture issue).

During December 1999 the SARB commenced an investigation into third party transactions relating to the above debentures which could result in the legality of the transaction being brought into question. 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 advice of the company's sponsoring broker at the time. The agreements consisted of a debenture trust deed, a subscription agreement and a loan agreement for both the 15,3% debentures and the 18% B-debentures respectively. The 15,3% debenture transaction was introduced to Thabex by BOE Securities (Pty) Ltd and the 18% B-debenture transaction by PSG Securities Ltd. All initial agreements have been prepared by Edward Nathan Friedland Inc and included an opinion from

this firm of attorneys regarding the powers of Thabex's directors to create the B-debentures. All agreements were submitted to and approved by the JSE and the SARB. The directors of Thabex fully believe that both the debenture issue transactions are in order.

### Directorate and administration

The directors in office at the date of this report are set out on page 3. In accordance with Article 93 of the company's Articles of Association, Prof DL Reid will retire from office at the annual general meeting to be held on 26 July 2000, but being eligible, offers himself for re-election.

M Welthagen  
CHIEF EXECUTIVE

24 May 2000

## INCOME STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Note	COMPANY		GROUP	
		2000 R	1999 R	2000 R	1999 R
Turnover		–	–	–	1 327 564
Operating (loss)/income	2	(3 077)	1 332 598	(413 300)	1 219 876
Provision for write-down of interest in associated company		(174 799)	(331 331)	(174 799)	(331 331)
Loss attributable to outside shareholders		–	–	–	4 900
Write-off of lapsed prospecting options		–	–	(1 859 512)	–
Net (loss)/income for the year		(177 876)	1 001 267	(2 447 611)	893 445
Accumulated loss at beginning of year		(4 836 682)	(5 837 949)	(5 161 072)	(6 054 517)
At end of year		(5 014 558)	(4 836 682)	(7 608 683)	(5 161 072)
Weighted average number of shares in issue during the year		14 655 400	13 538 597	14 655 400	13 538 597
Headline (loss)/earnings per share (cents)		(0,02)	9,84	(2,82)	9,01
(Loss)/Earnings per share (cents)		(1,21)	7,40	(16,70)	6,60

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Share capital R	Share premium R	Accumulated loss R	Total R
<b>Company</b>				
Balance at 28 February 1998	1 353 860	16 644 732	(5 837 949)	12 160 643
Net income for the year	–	–	1 001 267	1 001 267
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
<b>Group</b>				
Balance at 28 February 1998	1 353 860	16 644 732	(6 054 517)	11 944 075
Net income for the year	–	–	893 445	893 445
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

## BALANCE SHEETS

AT 29 FEBRUARY 2000

	Note	COMPANY		GROUP	
		2000 R	1999 R	2000 R	1999 R
<b>Assets</b>					
Fixed assets	3	33 911	45 824	1 045 559	1 378 839
Options, mineral and participation rights	4	—	—	8 731 409	10 585 048
Interest in subsidiaries	5	12 830 184	11 938 179	—	—
Interest in associated companies	6	287 698	412 497	787 698	412 497
Goodwill		—	—	66 328	—
Current assets		243 792	843 055	352 552	877 715
Stock		150 000	—	150 000	—
Trading investments		—	—	48 000	—
Accounts receivable		40 208	83 454	96 392	112 339
Cash balances		53 584	759 601	58 160	765 376
<b>Total assets</b>		<b>13 395 585</b>	<b>13 239 555</b>	<b>10 983 546</b>	<b>13 254 099</b>
<b>Equity and liabilities</b>					
Share capital	7	1 478 860	1 353 860	1 478 860	1 353 860
Share premium	8	16 781 850	16 644 732	16 781 850	16 644 732
Accumulated loss		(5 014 558)	(4 836 682)	(7 608 683)	(5 161 072)
Ordinary shareholders' funds		13 246 152	13 161 910	10 652 027	12 837 520
Outside shareholders' interest		—	—	39 122	—
Long-term liabilities	9	—	—	—	—
Current liabilities					
Accounts payable		149 433	77 645	292 397	416 579
<b>Total equity and liabilities</b>		<b>13 395 585</b>	<b>13 239 555</b>	<b>10 983 546</b>	<b>13 254 099</b>
Net asset value per share (cents)		89,57	97,22	72,03	94,82

## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	COMPANY		GROUP	
	2000 R	1999 R	2000 R	1999 R
<b>Cash utilised in operating activities</b>				
Cash (utilised in)/generated by operations (note 1)	(141 164)	152 511	(230 020)	(496 816)
Cash (utilised in)/generated from working capital (note 2)	(34 966)	(235 583)	(225 338)	1 200
	(176 130)	(83 072)	(455 358)	(495 616)
<b>Cash (expended in)/generated from investing activities</b>				
Acquisition of fixed assets	–	–	–	(2 076 992)
Acquisition of options, mineral and participation rights	–	–	(5 873)	(39 314)
Increase in investment in subsidiaries	(1 242 005)	(2 167 919)	(412 500)	–
Increase in interest in associated companies	(50 000)	(475 000)	(550 000)	(475 000)
Proceeds on disposal of fixed assets	–	–	–	335 800
Acquisition of subsidiary (note 3)	–	–	(87 472)	–
Proceeds on disposal of subsidiary	500 000	3 000 000	500 000	3 000 000
	(792 005)	357 081	(555 845)	744 494
<b>Cash effects of financing activities</b>				
Proceeds from issue of shares	125 000	–	125 000	–
Net share premium on issue of shares	137 118	–	137 118	–
Capital introduced by minority shareholders	–	–	40 922	–
Cash balances of subsidiary acquired	–	–	947	–
Bank overdraft of subsidiary disposed of	–	–	–	93 633
Decrease in long-term liabilities	–	–	–	(117 402)
	262 118	–	303 987	(23 769)
<b>(Decrease)/Increase in cash resources</b>	<b>(706 017)</b>	<b>274 009</b>	<b>(707 216)</b>	<b>225 109</b>
Cash at beginning of year	759 601	485 592	765 376	540 267
Cash at end of year	53 584	759 601	58 160	765 376

## NOTES TO THE CASH FLOW STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	COMPANY		GROUP	
	2000 R	1999 R	2000 R	1999 R
<b>1 Cash (utilised in)/generated by operations</b>				
Operating (loss)/income for the year	(3 077)	1 332 598	(413 300)	1 219 876
Adjusted for –				
Depreciation of fixed assets	11 913	11 913	333 280	308 437
Loss on disposal of fixed assets	–	–	–	38 117
Surplus on disposal of subsidiary	(150 000)	(1 192 000)	(150 000)	(2 063 246)
	(141 164)	152 511	(230 020)	(496 816)
<b>2 Cash (utilised in)/generated from working capital</b>				
Decreases/(Increases) in working capital				
Stock	(150 000)	–	(150 000)	168 975
Accounts receivable	43 246	(44 536)	55 684	(34 776)
Accounts payable	71 788	(191 047)	(131 022)	(132 999)
	(34 966)	(235 583)	(225 338)	1 200
<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 29 FEBRUARY 2000

### 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	
	2000 R	1999 R	2000 R	1999 R
<b>2 Operating (loss)/income is arrived at after taking into account</b>				
Interest received	(620 572)	(535 447)	(620 637)	(535 778)
Surplus on disposal of subsidiary	(150 000)	(1 192 000)	(150 000)	(2 063 246)
Auditors' remuneration	41 720	26 000	57 050	45 920
– Audit fees	26 970	26 000	42 090	45 780
– Underprovision previous year	14 750	–	14 960	140
Depreciation of fixed assets Rate per annum 20%				
– Plant and equipment	11 913	11 913	333 280	308 437
Directors' emoluments				
– for services as directors	175 000	32 000	–	–
Interest paid				
– Bank overdraft	383	4 683	823	26 775
Loss on disposal of fixed assets	–	–	–	38 117
Secretarial fees	40 282	42 658	40 282	42 658
<b>3 Fixed assets</b>				
Plant and equipment				
At cost	59 567	59 567	1 441 399	1 441 399
Accumulated depreciation	25 656	13 743	395 840	62 560
Net book value	33 911	45 824	1 045 559	1 378 839
Opening balance	45 824	57 737	1 378 839	1 002 819
Additions	–	–	–	2 076 992
Disposals	–	–	–	(1 392 535)
Depreciation	(11 913)	(11 913)	(333 280)	(308 437)
Closing balance	33 911	45 824	1 045 559	1 378 839

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

2000	1999	COMPANY		GROUP	
		2000 R	1999 R	R	R
<b>4 Options, mineral and participation rights</b> (annexure 1)					
At cost or valuation		–	–	8 731 409	10 585 048
<b>5 Interest in subsidiaries</b>					
Shares at cost		9 125 243	8 516 193		
Subsidiaries net indebtedness		3 704 941	3 421 986		
		12 830 184	11 938 179		
<b>6 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		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		896 000	846 000	896 000	846 000
Less: Provision for write-down of investment		(608 302)	(433 503)	(608 302)	(433 503)
		287 698	412 497	287 698	412 497
Summary of financial information of Pioneer Minerals (Proprietary) Limited					
Share capital and share premium	(148 640)				
Accumulated loss	756 942				
Shareholders' deficit	608 302				
Long-term liability	(896 000)				
	(287 698)				
Fixed assets	34 760				
Mineral option rights	203 360				
Net current assets	49 578				
	287 698				
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	–
Summary of financial information of Taung Diamond Mines Limited					
Share capital and share premium	(1 070 007)				
Accumulated loss	39 093				
Shareholders' funds	(1 030 914)				
Long-term liability	(26 693)				
	(1 057 607)				
Investment	1 030 000				
Net current assets	27 607				
	1 057 607				
Total interest in associated companies		287 698	412 497	787 698	412 497

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	COMPANY		GROUP	
	2000	1999	2000	1999
	R	R	R	R
<b>7 Share capital</b>				
Authorised				
100 000 000 ordinary shares of 10 cents each (1999: 30 000 000 ordinary shares of 10 cents each)	10 000 000	3 000 000	10 000 000	3 000 000
Issued				
14 788 597 ordinary shares of 10 cents each (1999: 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.	1 478 860	1 353 860	1 478 860	1 353 860
<b>8 Share premium</b>				
Balance at beginning of year	16 644 732	16 644 732	16 644 732	16 644 732
Arising on issue of shares	187 500	–	187 500	–
	16 832 232	16 644 732	16 832 232	16 644 732
Share issue and listing expenses written off	(50 382)	–	(50 382)	–
Balance at end of year	16 781 850	16 644 732	16 781 850	16 644 732
<b>9 Long-term liabilities</b>				
<i>Debentures issued (unsecured non-convertible)</i>				
<i>15,3% debenture (JSE Code – TBKD)</i>				
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
<i>18% B-debenture (JSE Code – TBD1)</i>				
400 000 000 at R0,01 at a premium of R999,99	400 000 000	–	400 000 000	–
	450 000 000	50 000 000	450 000 000	50 000 000
Deduct amount advanced to Blue Springs	(450 000 000)	(50 000 000)	(450 000 000)	(50 000 000)
	–	–	–	–

- The debentures are unsecured, non-convertible, and redeemable on 31 August 2048 and 2 November 2049 respectively.
- 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.
- The company has agreed to accept an upfront interest payment of R608 587 (1999: R500 000) from the borrower being the net interest differential due capitalised over the period of the loan.
- 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 1999 amounted to R20 076 170 which is as a result of Blue Springs being in arrears with interest of the same amount due and payable on their loan.
- 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.

### 10 Taxation

The company has a computed loss of R5 472 804 (1999: R5 367 424) which is available for set-off against future taxable income.

## ANNEXURE ONE

FOR THE YEAR ENDED 29 FEBRUARY 2000

### OPTIONS, MINERAL AND PARTICIPATION RIGHTS

	2000 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
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	216 712
<b>3 Diamex JV (Proprietary) Limited</b>	
Development costs capitalised	65 872
	<b>8 731 409</b>

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twelfth annual general meeting of members of Thabex Exploration Limited will be held on the 2nd Floor, KPMG Forum, 427 Hilda Street, Hatfield, Pretoria on Wednesday, 26 July 2000, at 10:00 for the following business:

- 1 To receive, consider and adopt the annual financial statements of the company for the year ended 29 February 2000.
- 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 ten cents 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 purchase of 50% of the issued share capital of Pilanesberg Gold Holdings (Pty) Ltd from the Marius Welthagen Trust at cost for R46 550.

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 24 May 2000

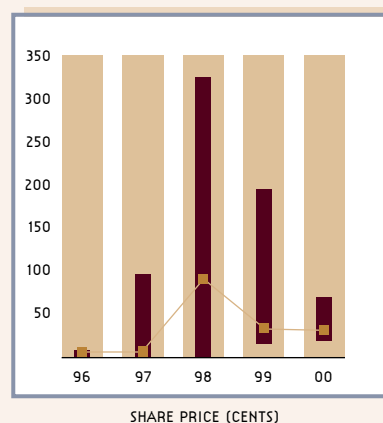
## SHAREHOLDERS' DIARY

Annual General Meeting	26 July 2000
Interim report	30 November 2000
Annual report 2000	30 May 2001

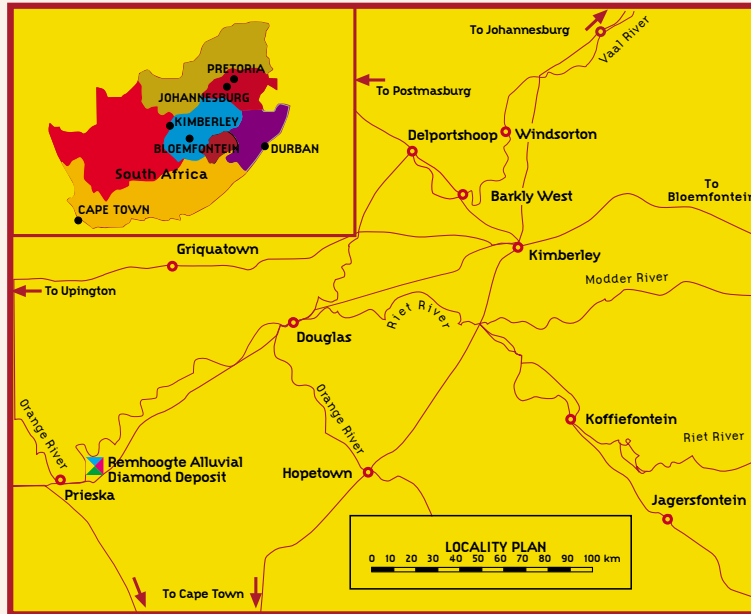
## SHAREHOLDERS' ANALYSIS

Classifications	No of holders	% of current holders	No of units issued	% of capital
	Individuals	374	82,926	1 547 682
Limited companies	8	1,774	5 042 728	34,099
Nominee companies or trusts	45	9,978	6 895 224	46,625
Growth funds/unit trusts	1	0,222	2 000	0,014
Pty companies	15	3,326	941 694	6,368
Close corporations (BK)	7	1,552	159 269	1,077
Trustee of a trust	1	0,222	200 000	1,352
<b>Grand totals</b>	<b>451</b>	<b>100,00</b>	<b>14 788 597</b>	<b>100,00</b>

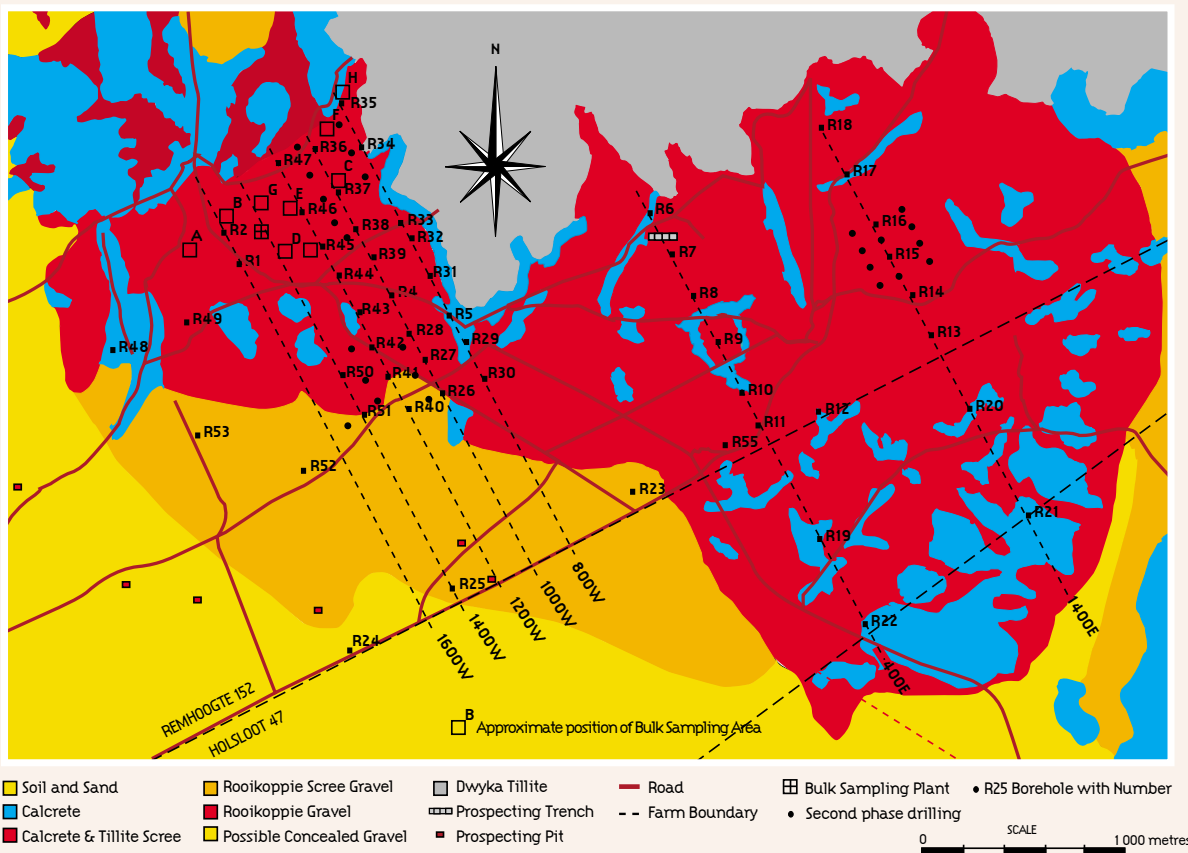
■ High/Low  
■ Close



## REMHOOGTE ALLUVIAL DIAMOND DEPOSIT



### GEOLOGY AND LOCALITY



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