

## UPDATE - MONASTERY AND KOLO KIMBERLITE PROJECTS

### Monastery Kimberlite Project

The Monastery Kimberlite pipe was discovered during the late 1880's and active mining commenced during 1895. Mining was suspended during the Anglo Boer War. Intermittant attempts were made to recommence mining operations up to 1965, when Mr SR Gasson commenced prospecting operations. He signed an option agreement with Rand Mines Ltd to finance a prospecting program on the property. The Rand Mines prospecting results were reported by Mr TK Whitelock in August 1970. During 1978, the Octha Group entered into an agreement to capitalise the mine and to commence mining operations on a larger scale. The Octha Group sold its interest in the mine to an Australian listed company, at the time. During the period 1980 and 1983 the Monastery Mine produced about 16 000 carats. The mine was put on care and maintenance during 1983, when the diamond market experienced its first major correction since the Second World War. The property is known for exceptional quality large diamonds and the largest rough diamond recorded was a very high quality 244ct diamond recovered in October 1972. Thabex's wholly owned subsidiary, Tradepost 121 (Pty) Ltd, acquired the Monastery Mine (Pty) Ltd, holder of the prospecting permit of the Monastery Kimberlite project, on 14 April 2008.

Further to the announcement on SENS on 25 February 2010, relating to the acquisition of Monastery Holdings (Pty) Ltd, the holder of all the Plant and Equipment on the Monastery Mine area, Thabex has engaged DRA South Africa to assist in the assessment of the available plant and equipment at the Monastery Kimberlite Project. The assessment is being undertaken in order to determine what the reconfiguration and optimisation of the present 100 tons per hour ("tph") Dense Medium Separator ("DMS") plant (with a bottom cut-off screen size of 1.5mm) would cost, as well as, the period of implementation for the possible recommencement of mining operations.

On 5 March 2010 the Prospecting Permit of Monastery Mine (Pty) Ltd on the Remainder of the farm Monastery 237 was renewed. Limited scale reprocessing of the tailings and crushed kimberlite through a 10 Foot Rotary Gravity Pan plant has commenced.

The Diamond Resource of the Monastery Kimberlite project, up to a depth of 100m, is a Measured Diamond Resource of 2.15 million tons at an estimated average grade of 25 carats per hundred tons ("cpht").

### Kolo Kimberlite Project

On 12 December 2008 Angel Diamonds (Pty) Ltd ("Angel"), a 60.67% subsidiary of Thabex, submitted an application for a Mining Lease over the area covered by Prospecting License No 002 of measuring 5,53 km<sup>2</sup> in size in the district of Mafeteng. A cluster of diamondiferous kimberlite pipes and fissures occur in the area, including the Kolo kimberlite pipe.

To date the Mining Lease applied for has not been granted and the main reason for the delay has been the finalisation of the Environmental Impact Assessment ("EIA") study. The Commissioner of Mines required that the removal of an ancestral graveyard on an oxidised portion of the Kolo kimberlite pipe had to be completed prior to the approval of the Mining Lease application. A reburial in terms of the local customs and procedures was completed on 22 August 2009 and this very sensitive and delicate removal process was finalised during the first week of January 2010. A provisional Environmental Clearance was granted by the Department of Environment on 7 April 2010. It is expected that negotiations with the Mining Board of Lesotho will commence shortly.

The Diamond Resource up to a depth of 100m is a Measured Diamond Resource of 2.7 million tons at an estimated average grade of 14.1 ctp. On granting of the Mining Lease Angel is planning to commence production with a DMS plant at a minimum rate of 50tph.

Due to the delay in the granting the Mining Lease for the Kolo Kimberlite Project, the Company has reprioritised its production plans by commencing the processing of tailings and crushed kimberlite ore at the Monastery Mine.

Marius Welthagen, P.Eng. (Int), MEng (Mining), MPhil (Mineral Economics), Hons BCom (Economics), MECSA, MSAIMM, FGSSA, was responsible for compiling this update report. As Chief Executive of Thabex he has sufficient experience relevant to the style of mineralisation, type of deposit under consideration, activities undertaken, evaluation and valuation thereof to qualify as a Competent Person in terms of the SAMREC Code and Competent Valuator in terms of the SAMVAL Code.

All updates on the Monastery and Kolo Kimberlite Projects are available on the Company's website [www.thabex.com](http://www.thabex.com)

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Sponsor  
PSG Capital (Pty) Limited