



("Thabex" or "the Company" or "the Group")
 Registration No 1988/000763/06
 (Incorporated in the Republic of South Africa)
 JSE share code: TBX
 ISIN Code: ZAE000013686
 Young Lions Exploring Africa

**SUMMARISED AUDITED GROUP RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2011 AND
 NOTICE OF ANNUAL GENERAL MEETING**

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION

	Notes	As at 28 February 2011 Audited R'000	As at 28 February 2010 Audited R'000
Assets			
Non-current assets		17 476	18 448
Plant and equipment		3 237	4 209
Exploration and evaluation assets		14 239	14 239
Current assets		1 601	2 088
Inventories		666	1 516
Short-term trading investments		24	33
Trade and other receivables		855	486
Cash and cash equivalents		56	53
Total assets		19 077	20 536
Equity and liabilities			
Capital and reserves			
Share capital		2399	2 399
Share premium		27 975	27 975
Accumulated loss		(23 477)	(21 493)
Total equity attributable to the equity holders of the parent		6 897	8 881
Non-controlling shareholders' interest		2 026	2 431
Total equity		8 923	11 312
Non-current liabilities		1 937	1 937
Loans and borrowings		1 937	1 937
Current liabilities		8 217	7 287
Bank overdraft		196	-
Trade and other payables		3 501	3 442
Short-term loans	2	4 045	3 370
Taxation payable		475	475
Total equity and liabilities		19 077	20 536

		Year ended 28 February 2011 Audited	Year ended 28 February 2010 Audited
SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Revenue		409	421
Cost of sales		(333)	(293)
Gross profit		76	128
Other income		544	4 490
Administrative expenses		(1 163)	(2 579)
Other expenses		(3 067)	(5 715)
Operating loss		(3 610)	(3 676)
Finance income		3	463
Finance expenses		(26)	(6)
Loss before taxation		(3 633)	(3 219)
Taxation		-	285
Loss for the year		(3 633)	(2 934)
Other comprehensive income			

Net change in fair value of available for sale financial assets	-	82
Net change in fair value of available for sale financial assets reclassified to profit or loss	-	(82)
Other comprehensive income for the year	-	-
Loss/total comprehensive loss for the year	(3 633)	(2 934)
Attributable to:		
Equity holders of the parent	(3 017)	(1 431)
Non-controlling shareholders' interest	(616)	(1 503)
Basic loss per share (cents)	3	(1.26)
Diluted loss per share (cents)	3	(1.26)
	Year ended	Year ended
	28 February 2011	28 February 2010
	Audited	Audited

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash outflow from operating activities	(1 447)	(7 931)
Net cash inflow from investing activities	9	4 003
Net cash inflow from financing activities	1 244	3 933
Increase in cash and cash equivalents	(194)	5
Cash at beginning of year	53	48
Cash at end of year	(141)	53

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Share Capital	2 399	2 399
Issue of ordinary shares	-	120
Share capital at the beginning of the period	2 399	2 279
Share Premium	27 975	27 975
Share premium on issue of ordinary shares	-	720
Share issue expenses	-	(5)
Share premium at the beginning of the period	27 975	27 260
Accumulated loss at end of the period	(23 477)	(21 492)
Loss and total comprehensive loss for the year	(3 017)	(1 431)
Changes in ownership interests in subsidiaries that do not result in a loss of control	1 032	-
Accumulated loss at the beginning of the period	(21 492)	(20 061)
Total equity attributable to the equity holders of the parent	6 897	8 882
Non-controlling shareholders' interest at end of the period	2 026	2 430
Loss and total comprehensive loss for the period	(616)	(1 503)
Changes in ownership interests in subsidiaries that do not result in a loss of control	1	212
Non-controlling shareholders' interest at beginning of the period	2 430	-
Total equity	8 923	11 312
	Year ended	Year ended
	28 February 2011	28 February 2010
	Audited	Audited

SEGMENTAL ANALYSIS

Total segment assets		
Thabex Limited	15 656	16 377
Tradeport 121 (Pty) Limited - Monastery Mine	7 173	4 791
Salt River Resources (Pty) Limited	7 367	7 356
Angel Diamonds (Pty) Limited	2 030	1 824
Minnex Exploration (Pty) Limited	751	4 712
Reportable assets	32 977	35 060
Assets not allocated to segments	57	110
Consolidation adjustments and inter-company eliminations	(13 957)	(14 634)
Total assets	19 077	20 536
Total segment liabilities		
Thabex Limited	7 234	6 708
Tradeport 121 (Pty) Limited - Monastery Mine	3 161	2 349
Salt River Resources (Pty) Limited	8 641	159
Angel Diamonds (Pty) Limited	2 657	413

Minnex Exploration (Pty) Limited	830	564
Reportable liabilities	22 524	10 193
Liabilities not allocated to segments	3 088	134
Consolidation adjustments and inter-company eliminations	(15 458)	(1 103)
Total liabilities	10 154	9 224
External revenue		
Thabex Limited	372	421
Tradepost 121 (Pty) Limited	37	-
Total external revenue	409	421
Finance income		
Thabex Limited	2	353
Salt River Resources (Pty) Limited	1	3
Minnex Exploration (Pty) Limited	-	107
	3	463
Finance expense		
Thabex Limited	8	5
Angel Diamonds (Pty) Limited	18	1
	26	6
Segment (loss)/profit		
Thabex Limited	(1 248)	(1 972)
Tradepost 121 (Pty) Limited - Monastery Mine	(1 094)	(530)
Salt River Resources (Pty) Limited	153	(661)
Angel Diamonds (Pty) Limited	(1 330)	(3 820)
Minnex Exploration (Pty) Limited	(54)	(18)
Reportable loss	(3 573)	(7 001)
Other subsidiaries	(245)	(342)
Consolidation adjustments and inter-company eliminations	185	4 124
Loss before taxation	(3 633)	(3 219)

Notes:

1. Effect of disposal of 0.82% in Salt River Resources (Proprietary) Limited ("SRR"), 8.00% in Tradepost 121 (Proprietary) Limited and 3.00% in Monastery Holdings (Proprietary) Limited has been recognised directly in equity.
2. The short term loan advanced by Dr JA Cruise, a related party (Non-executive Chairman of SRR a subsidiary of Thabex), who has undertaken not to request repayment until such date that the Group's current assets reasonably exceed its current liabilities.
3. On 23 April 2010 the Company's shares were sub-divided from 1 to 10 as per the Special resolution approved on 19 February 2010. The weighted average number of shares in issue at 28 February 2011 is 239 868 870 (2010: 227 901 747).

Review of results

Operating loss

The Group incurred a loss for the year of R3.63 million (2010: loss of R2.93 million). The headline loss per share changed from 2.21 cents for the year ended 28 February 2010 to a headline loss of 1.26 cents per share for the year ended 28 February 2011. The net asset value per share of the Group decreased from 4.72 cents per share at 28 February 2010 to 2.88 cents per share as at 28 February 2011.

Headline loss per share

	Year ended 28 February 2011 Audited	Year ended 28 February 2010 Audited
Headline loss per share (cents)	(1.26)	(2.21)
Diluted headline loss per share (cents)	(1.26)	(2.21)
RECONCILIATION OF HEADLINE LOSS	R'000	R'000
Reconciliation between loss and headline loss		
Loss attributable to ordinary shareholders	(3 017)	(1 431)
Loss on disposal of plant and equipment	-	45
Profit on disposal of interest in subsidiary	-	(3 647)
Headline loss	(3 017)	(5 033)

Net asset value per share

Number of shares in issue	239 868 870	239 868 870
Net asset value per share (cents)	2.88	4.72
Net tangible asset value per share (cents)	(3.06)	(1.22)

Going concern

The Group incurred a net loss of R3.63 million (2010: loss of R2.93 million) for the year ended 28 February 2011. At that date, the Group's current liabilities exceeded its current assets by R6.61 million (2010: current liabilities exceeded current assets by R5.20 million) (see note 2 above).

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

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

Contingent liabilities

In the annual financial statements for the year ended 28 February 2010, the Group reported a contingent liability of R5.81 million against possible legal action from Mantle Diamonds Limited ("Mantle Diamonds") for expenditure incurred by that company for their own account and risk on the Kolo Kimberlite project in Angel Diamonds (Proprietary) Limited ("Angel Diamonds"). Thabex's board do not consider there to be a likelihood of success by Mantle Diamonds should they institute a claim especially as Mantle Diamonds did not oppose the liquidation application of Angel Diamonds. This however remains a contingent liability to Angel Diamonds in the annual financial statements for the year ended 28 February 2011.

Basis of preparation

These Group financial results for the year ended 28 February 2011 constitute a summary (prepared in accordance with the JSE Listings Requirements, the South African Companies Act (Act 61 of 1973) as amended, and the recognition and measurement requirements of International Financial Reporting Standards and the presentation and disclosure requirements of International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and the AC 500 interpretations as issued by the Accounting Practices Board of the South African Institute of Chartered Accountants) of the Group's audited financial statements. The Group has applied the IFRS's applicable to the year ended on 28 February 2011 and has not early adopted any new or revised standards applicable after that date.

The accounting policies applied by the Group in these summarised consolidated financial statements are consistent with those applied in the previous year, except for the following:

From 1 March 2010 the Group has applied IAS 27 *Consolidated and Separate Financial Statements* (2008) in accounting for changes in ownership interest in subsidiaries without loss of control. The change in accounting policy has been applied prospectively and has had no impact on the prior periods presented. The surpluses on disposal of shares in subsidiaries which do not result in a loss of control were previously credited/charged to the statement of comprehensive income whereas they are now recognised directly in equity in the consolidated annual financial statements.

The amendments also require that losses (including negative 'other comprehensive income' as detailed in the revised IAS 1 (AC 101) *Presentation of Financial Statements* (2007)) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. In the past losses were allocated only until the non-controlling interests had a zero balance. The change in accounting policy was applied prospectively and the impact on earnings per share for the current year is shown above.

Dividends

No dividend has been declared during the year under review (2010: nil).

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements on the basis determined by management.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary group annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, Engagements to Report on Summary Financial Statements.

Denial of Opinion

In our auditor's report dated 20 October 2011, we expressed a disclaimer of opinion on the group annual financial statements of Thabex Limited for the year ended 28 February 2011. The basis for our disclaimer of opinion was due to our inability to obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of going concern assumption in the preparation of the group annual financial statements, as well as regarding the necessity of impairment of a significant exploration and evaluation asset.

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

An exploration and evaluation asset held by the company through its subsidiary, Minnex Exploration Limited, is carried at R4 582 198 in the consolidated statement of financial position at 28 February 2011. We were unable to obtain sufficient appropriate audit evidence about whether the relative prospecting permit has been renewed and whether further exploration expenditure is planned. Consequently, we were unable to determine whether any impairment of this asset is necessary.

The potential interaction and possible cumulative effects of these matters are considered material and pervasive to the financial statements of the company and its subsidiaries reflected in these financial statements".

Disclaimer of Opinion

Because of the significance of the matters discussed in the preceding paragraphs above, it is inappropriate to express an opinion on the summary group annual financial statements of Thabex Limited for the year ended 28 February 2011.

Commentary

Diamonds in the Kingdom of Lesotho

Angel Diamonds submitted an application for a Mining License ("ML") to the Commissioner of Mines in Lesotho on 12 December 2008. The legal matters regarding Angel Diamonds have been reported in detail on SENS. Even though the Liquidation Application on 8 October 2010 by Mr TP Mosebo, a director of Angel Diamonds, was discharged with costs, it has come to the attention of the board that, on the very same day Mr Mosebo applied for liquidation of Angel Diamonds, a new company, Reskol Diamond Mining (Proprietary) Limited ("Reskol") was registered in the Kingdom of Lesotho, with Messrs Mosebo and Engelbrecht as shareholders and directors. Any purported granting of a ML to Reskol is considered as sub judice.

On 3 October 2011 the Company announced on SENS that Thabex and others have successfully obtained an interim interdict in the High Court of Lesotho against, inter alia, Reskol not to remove Angel Diamond's plant and equipment from the Kolo Kimberlite site area.

The most disturbing aspect of the legal route taken by three non-controlling shareholders is the fact that neither these non-controlling shareholders, the provisional liquidators nor the Commissioner of Mines and Geology of Lesotho are able or willing to account for the 1 000 carats produced during the period Mantle Diamonds was involved in the project. Furthermore, it appears that all fiduciary duties owing by Messrs Mosebo and Engelbrecht, as High Court appointed managers of Angel Diamonds to that company, at the time, were flouted by them. The theft of the rough diamonds was reported to the Diamond Theft Squad of the Royal Mounted Police of the Kingdom of Lesotho and also to the Kimberley Process Secretariat.

Diamonds in South Africa

Minnex Exploration (Proprietary) Limited ("Minnex")

Minnex has a 2.5% royalty agreement on turnover with Steyn Diamante CC once alluvial diamond mining commences on the Farm Middelwater about 40km north of Prieska in the Northern Cape Province. As at the date of this report Minnex has not been able to obtain a copy of the renewal of the Prospecting Permit on this farm from Steyn Diamante CC.

Monastery Mine (Proprietary) Limited ("Monastery")

Monastery is situated about 15km south of the town of Marquard in the Free State Province. Prospecting activities have so far consisted of sampling, analysis and metallurgical test. Dry Harts Diamonds has commenced processing the oxidised dump south of the open pit area of the Monastery Kimberlite pipe. Since the commencement of the oxidised dump testing during July 2010 to date, a total of 842 carats rough diamonds have been produced, including the production by Dry Harts Diamonds. The largest rough diamond recovered was a 23.93ct pure diamond and the second largest was a high quality 9.95ct pure diamond. The bottom cut-off screen size on the 14 Foot Gravity Rotary Pan utilised for the processing of the oxidised dump material is 3mm.

Diamonds in Namibia

Minnex Exploration Namibia (Proprietary) Limited ("Minnex Namibia") (an 80% subsidiary of Minnex) Minnex Namibia has applied for an extension of the prospecting rights to the two Exclusive Prospecting License areas during July 2011.

Directorate

The following changes to the board of Thabex occurred during the period under review, up to and including the date of this report, Mr Joseph Ratshedi was appointed as an executive director on 14 May 2010 and Mr CJ Engelbrecht resigned from the board as an executive director on 15 April 2010.

Subsequent events

On 7 November 2010, a non-controlling shareholder of Angel Diamonds, Mr CV du Plessis ("the Applicant") holding 4.33% of the issued share capital, applied for the liquidation of Thabex. The matter was heard on 24 and 26 August 2011 and judgment was reserved. Other than this matter and the information disclosed in the Commentary paragraph above relating to the diamonds in the Kingdom of Lesotho and the Monastery Mine, the board of Thabex is not aware of any material events or circumstances that have occurred between the end of the 2011 financial year and the date of this report, which may have a material impact on the Group.

Future prospects

Although production results from the oxidised dump at Monastery Mine confirms that the number of gem quality rough diamonds in the Monastery Kimberlite are at least 20% as previously reported, further metallurgical testing at Monastery is necessary to ensure the turning to account of this project. SRR is continuing to conduct a pre-feasibility study of the Salt River Base Mineral Project. SRR has not been able to secure funding to complete a Bankable Feasibility Study of its poly-metallic (Cu-Pb-Zn-Ag-Au) project in the Kenhardt district of the Northern Cape Province and is considering several funding options to proceed. Save for the litigation regarding the granting of the Mining License in the Kingdom of Lesotho, no other changes in the mineral information of the Company have occurred during year under review.

Notice of annual general meeting

Notice is hereby given that the annual general meeting of shareholders of Thabex will be held on Wednesday, 23 November 2011 at 10:00 at KPMG Forum, 1226 Schoeman Street, Hatfield,

Pretoria, 0083 to conduct the business stated in the notice of the annual general meeting, which is contained in the annual report.

On behalf of the board

Jeffrey Raymond Rapoo
Chairman

Marius Welthagen
Chief Executive

Johannesburg
20 October 2011

Registered office:

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

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Transfer secretaries: Link Market Services South Africa (Proprietary) Limited

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Directorate: JR Rapoo (Chairman), M Welthagen (CEO)*, Dr JW Kruger[#], M Kamwanga (Financial Director)^{***}, RM Ratched^{*}, Prof DL Reid^{**}, AP Roux

*Executive director, [#]Independent director, ^{**} New Zealand, ^{***}Democratic Republic of the Congo