

THABEX EXPLORATION LIMITED ANNUAL REPORT 2007



MISSION:

Explore, search and turn to account mineral projects in Africa in an environmentally friendly manner, using professional teams, to benefit shareholders, employees and the people of the region.

Salt River Resources Ltd: Drilling and drill core



Rough Diamonds: Related party
Southern Mineral Brokers (Pty) Ltd

Construction at Kolo Kimberlite pipe:
Lesotho

PROFILE:

Thabex has a diversified portfolio of mineral exploration projects in Africa, 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 coal, gold, platinum and base minerals.

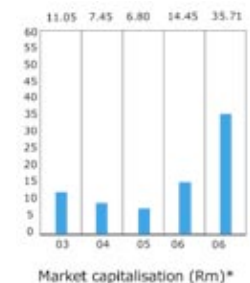
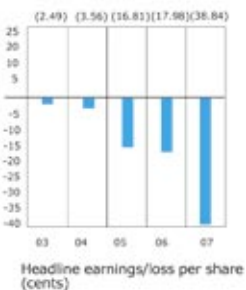
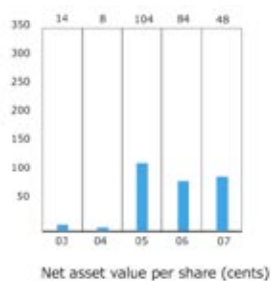
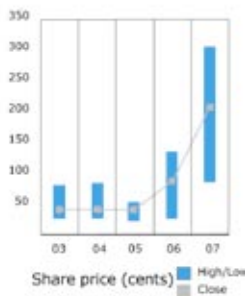
CONTENTS

Salient Features	-	04
Chairman's Review	-	05
Summary of mineral reserves and mineral resources	-	06
Abridged CV's of Thabex directors	-	08
Group Structure	-	09
Location of exploration projects	-	010
Review of exploration projects	-	011
Glossary	-	018
Annual Financial Statements	-	023

SALIENT FEATURES

CHAIRMAN'S REVIEW

	Company		Group	
	2007	2006	2007	2006
Number of shares at year-end	17 006 887	17 006 887	17 006 887	17 006 887
Net asset value per share (cents)	46.96	84.10	90.83	125.19
Net tangible asset value per share (cents)	46.96	84.10	47.99	82.35
Basic loss per share (cents)	(37.14)	(20.01)	(38.84)	(20.34)
Diluted loss per share (cents)	(37.14)	(20.01)	(38.84)	(20.34)
Headline loss per share (cents)	(13.20)	(11.28)	(38.84)	(17.98)
Diluted headline loss per share (cents)	(13.20)	(11.28)	(38.84)	(38.84)
Dividends per share (cents)	-	-	-	-



DEAR SHAREHOLDER

Your company's tenth year as a listed company on the JSE Ltd ("JSE") is expected to be celebrated with great excitement of its achievements and future growth potential.

On 8 August 2007, Thabex shareholders voted in favour of the acquisition of 100% of Minnex Exploration Ltd (Minnex[®]), which company's diamond interests, kimberlite occurrences in northeastern Namibia, alluvial diamonds on the lower Orange River and a consulting royalty on sea diamond exploration on the West Coast, have enhanced Thabex's diamond portfolio. The acquisition of R8m will be settled with the issue of 4 million Thabex ordinary shares at 200 cents per share. The acquisition is also beneficial to Thabex with Dave Cowie, a metallurgist and Managing Director of Minnex, accepting an offer to join the board of the company as executive director.

On the same date shareholders also approved the name change of the company to Thabex Ltd to reflect the company's transition to a producer of diamonds.

The diamond exploration projects of Minnex combined with Thabex's own kimberlite and alluvial diamond projects give the Group a balanced portfolio of diamond projects. Included in the portfolio is the Kolo kimberlite project, held by subsidiary Angel Diamonds (Pty) Ltd ("Angel Diamonds"). Angel Diamonds has commenced commissioning a 20 tonne per hour Dense Medium Separator plant to process approximately 40 000 tonnes on surface. It is expected that the operation will contribute significantly to the earnings of Thabex. Angel Diamonds is also investigating three kimberlite occurrences on its prospecting lease area.

Tradeport 121 (Pty) Ltd has entered into an agreement to acquire a 94% interest in Monastery Mine (Pty) Ltd ("Monastery"), which company has been granted a Prospecting Right over the Monastery kimberlite pipe near the town Marquart in the Free State Province. On completion of a due diligence investigation Thabex shall settle the acquisition with the issue of 1 million Thabex ordinary shares at 250 cents per share. BEE partner, Mistque Blue (Pty) Ltd has a 6% percent interest in Monastery and has an option to acquire a further 20%.

On 11 June 2007 Thabex announced the Measured and Indicated Resources of Salt River Resources Ltd's ("SRR") (formerly Thaba Egoli Mining & Exploration Ltd) a wholly owned subsidiary of Thabex, Base Mineral (Zn, Cu, Pb, Ag and Au) Project. The Resources have been determined in a Competent Persons' Report ("CPR") compiled by Dexter Ferreira in association with mining engineering consultants, Lower Quartile Solutions (Pty) Ltd ("LQS"). As a result SRR has commenced with a pre-feasibility study to determine the capital requirements to turn the project to account.

SRR welcomes Dr John Cruise as non-executive Chairman of SRR. Dr Craig McClung, Exploration Geologist of Thabex, and Dave Cowie have also joined the board of SRR. Their expertise is expected to further enhance SRR's project in the Northern Cape Province. Preliminary results of the pre-feasibility indicate that the SRR Base Mineral project can develop into a mining operation with a production rate of 200 000 tonnes per month at an estimated capital cost of R1,4 billion.

Thabex appointed CSA International Consultants Ltd, an independent consulting firm based in London, to compile a CPR on the SRR project for the purpose of submitting Revised Listing Particulars to the JSE with the intention to issue Thabex share options (to be exercised over a three year period at a strike price to be published in the Revised Listing Particulars Circular) on a 1:1 basis to all Thabex shareholders. Thabex received the CPR dated today and has submitted the same to the JSE for approval. The main reasons for the proposed issue of Thabex options is firstly, to offer all Thabex shareholders to participate in the expansion of the company and secondly, to increase liquidity of Thabex's ordinary shares over the medium term on the JSE.

The company has managed to turn to account almost 40% of the projects in Thabex's portfolio when it listed ten years ago and I congratulate Marius Welthagen, his team and the consultants to the company for achieving such an excellent success rate.

JR Rapoo
Chairman
27 August 2007

* Figures for the respective year-ends as published in the JSE Ltd's Monthly Bulletin

SUMMARY OF MINERAL RESERVES AND MINERAL RESOURCES

Holding Company	Attributable to				Area of Interest	Mineral Type	Permit No	Area		Boreholes		Inferred		Indicated		Measured		Valuation	
	Thabex	Pilanesberg	Minnex	Taung						Ha	Percussion	Diamond	Tonnes	Grade	Tonnes	Grade†	Tonnes	Grade†	NPV Rm
Minnex Eploration Namibia Limited			36%		Namibia	Kimberlite Diamonds	ELP's 3082 & 3083	160 000		-	-	-	-	-	-	-	-	-	
Middelwater Portion 1			86%		Lower Orange River	Alluvial Diamonds	Registered Prospecting Right	4 300		18	-	-	-	-	-	-	-	11.40	
Remaining Ext			86%		Lower Orange River	Alluvial Diamonds	Registered Prospecting Right	-		-	-	-	-	-	-	-	-	-	
Diamond Concession 4a					West Cost	See Diamonjds	5% Royalty	-		-	-	-	-	-	-	-	-	-	
Taung Diamond Mines Ltd	50%				Vaal River	Alluvial Diamonds	Granted Prospecting Right	2 700		-	-	-	-	-	-	-	-	-	
Cinprop 0002 (Pty) Ltd				10%	Harts River	Alluvial Diamonds	Registered Prospecting Right	1700		-	-	-	-	-	-	-	-	-	
Diamex JV (Pty) Ltd	100%				Vaal River	Alluvial Diamonds	-	-		-	-	-	-	-	-	-	-	-	
Pilanesberg Gold Holdings (Pty) Ltd		49%			Uganda	Gold Trading Joint Venture Mafuga Forest	EPL 103	37 800		-	-	-	-	-	-	-	-	-	
Protero Investment Holdings (Pty) Ltd	8%				Pofadder Northern Cape Province	Zinc, Copper, Lead	Granted Prospecting Rights	19 000		-	-	-	-	-	-	-	-	-	
Salt River Base Mineral Project	100%				Kenhardt Northern Cape Province	Zinc, Copper, Lead, Silver, Gold	Granted Prospecting Rights	12 035		27	58		14.13	1.78% Zn 0.66% Cu 0.35% Pb 18.9g/t Ag 0.69g/t Au	9.97	1.83 % Zn 0.46% Cu 0.55% Pb 21.4g/t Ag 0.45g/t Au	2 641.00		
Salt River West	100%				Kenhardt Northern Cape Province	Zinc, Copper, Lead, Silver, Gold	Accepted Prospecting Rights	34 008		3	9		-	-	-	-	-	-	
TOTAL																		2 652.40	

* The measured resources of Salt River Resources have been determined by a LQS during April 2007,

†All grades reported at a cut-off of 1.0% Zn

THABEX EXPLORATION LIMITED ANNUAL REPORT

Abridged CV's of Thabex directors



Jeffrey Rapoo (10 years on the board of Thabex)(Non-executive Chairman) (BCom (Accounting), (B Compt Hons) is at present the Executive - Finance at North West Transport Investments (Pty) Ltd and formerly acting managing director at the Mpumalanga Development Corporation of the Mpumalanga Province and is also a director of Saminco Limited. Mr Rapoo has considerable experience in the field of project development and financial administration. During July 2003 he was appointed to the board of Royal Bafokeng Resources Ltd as a non-executive director.

Marius Welthagen (14 years on the board of Thabex)(Chief Executive) has 25 years of mining experience. Mr Welthagen is a qualified mining engineer and specialised in mineral economics (MEng (Mining), MPhil Mineral Economics, BCom Hons (Economics)). He was employed at Kloof Gold Mine, Greenside Coal Mine in the Gold Fields Group as Mining Engineer, at the Minerals Bureau of South Africa as mineral economist and as a gold and platinum analyst for a leading stockbroker on the JSE. He is also chairman of Saminco Limited, a mining investment company. He was a founder member of SA Chrome and Alloys Ltd (formerly SouthWits Ltd) and Samroc Ltd (Formerly MangaChem Ltd).

Leopold Bosch (7 years on the board of Thabex)(Non-executive Director) studied at the Potchefstroom University where he obtained his MSc Geology (cum laude) during 1963 with a thesis on kimberlite occurrences in the Barkly West district of the Northern Cape province. After spending some years as field geologist and mineralogist, he was appointed as geologist with the Industrial Development Corporation of South Africa Limited in 1968, and was involved in numerous geological investigations and projects. He has consulted to Thabex since October 1997 and joined the Board in March 1999. On 1 October 2003 he was appointed Executive Manager of the Geological Society of South Africa.

David Reid (8 years on the board of Thabex)(Non-executive Director) has been with the University of Cape Town since 1972 and is currently an Associate Professor in the department of geological sciences. He has been a member of the Geological Society of South Africa since 1973 and has twice been awarded their Jubilee Medal in recognition for published research in South African geology and geochemistry. David Reid has published, lectured and consulted widely on topics related to economic geology and geochemistry, with particular emphasis on mineralisation in Namaqualand, Bushmanland, Namibia and the Bushveld Complex.

Anton Roux (10 years on board the of Thabex)(Non-executive Director) is a deciduous fruit producer on the family farm, La Colline, in the Franschoek Valley in the Western Cape Province and is a director of Saminco Limited. He has been associated with the group since 1981 as director of SA Mineral Investments (Pty) Ltd. He is a graduate of the University of Stellenbosch holding a B Agric degree.

GROUP STRUCTURE

ANGEL DIAMONDS (PTY) LTD	80 %
DIAMEX JV (PTY) LTD	100 %
PILANESBERG GOLD HOLDINGS (PTY) LTD	100 %
MINNEX EXPLORATION LTD	100 %
TAUNG DIAMOND MINES (PTY) LTD	50 %
SALT RIVER RESOURCES LTD*	100 %
TRADEPOST 121 (PTY) LTD	100 %

EXPLORATION PORTFOLIO

DIAMONDS

- ANGEL DIAMONDS (PTY) LTD - Diamond Projects (Lesotho)
- MINNEX EXPLORATION LTD - Kimberlite (Namibia)
- TAUNG DIAMOND MINES LTD- Diamond Projects (North West)
- TRADEPOST 121 (PTY) LTD - Monastery Mine (Free State)

GOLD

- PILANESBERG - Gold Projects (Uganda)

PLATINUM

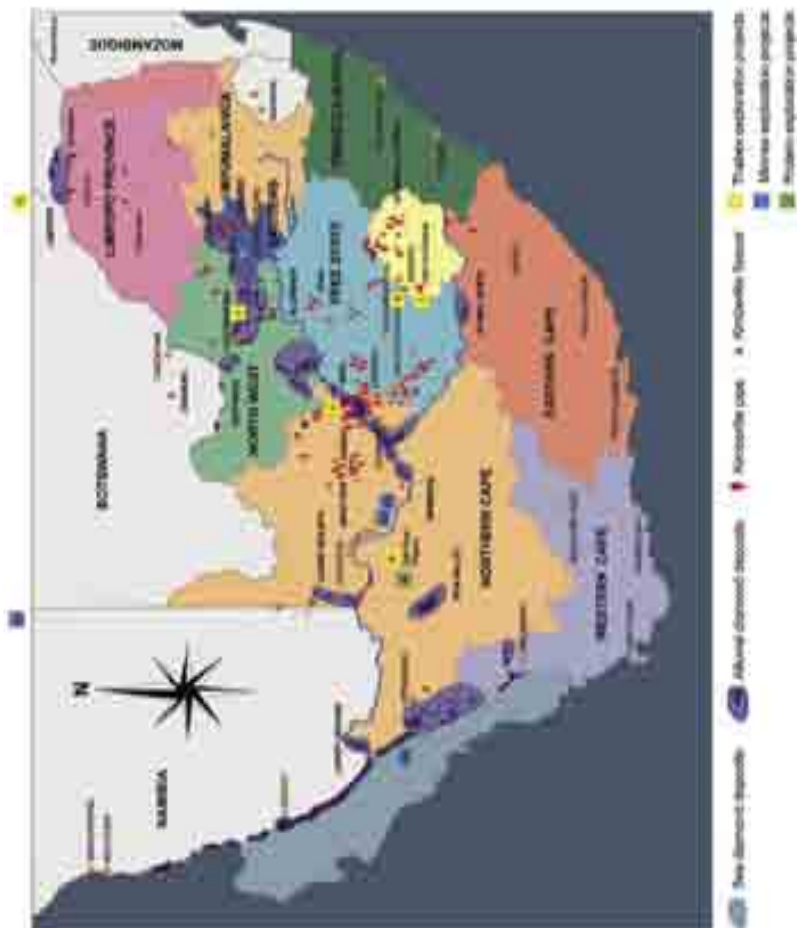
- UGANDA - -Platinum Projects (Abandoned)

BASE MINERALS

- SALT RIVER BASE Mineral Project - Zinc, Copper, Lead, Silver, Gold

*Formerly Thaba Egoli Mining & Exploration Ltd see page 30

LOCATION OF EXPLORATION PROJECTS IN SOUTHERN AFRICA



REVIEW OF EXPLORATION PROJECTS

The following projects are being explored
investigated and evaluated

1. Angel Diamonds (Pty) Ltd ("Angel")

Work on the Kolo kimberlite pipe has steadily continued throughout the year with completion of road repairs along a 4,23km section of gravel road to the prospect site in order to move the plant and heavy equipment. All necessary plant and heavy equipment have been moved to the site.

Dry commissioning of stockpiled material is planned to commence during September, with production anticipated to begin as early as the end of September 2007. The anticipated earnings brought about by production are expected to significantly contribute to Thabex's earnings profile during the fourth quarter of the current financial year 2007.

2. Monastery Mine (Pty) Ltd

The board members of Tradepost decided to dedicate the company's resources to the exploration of kimberlitic and alluvial diamond properties and opportunities in Tanzania and southern Africa as a whole. As announced on the JSE's SENS system on 30 May 2007, as a result of this strategy Tradepost has entered into an agreement to acquire Monastery Mine (Pty) Ltd.

3. Diamex JV (Pty) Ltd ("Diamex")

To date Diamex has mobilised all necessary equipment to test the diamondiferous alluvial gravels stockpiled on the farms Middelwater No. 18 portion R/E and Middelwater No. 18 portion 8. Following testing of the stockpiles on the Middelwater properties, all heavy equipment will be moved to Taung's properties in the Hartswater district of the Northwest Province.

4. Minnex Exploration Ltd ("Minnex")

Minnex was successful in being granted a New Order Prospecting Right for alluvial diamonds over the farms Middelwater No. 18 portion R/E and Middelwater No. 18 portion 8 from the DME. The registration of these licenses is currently pending.

As of 30 July 2007 Namdeb Corporation (Pty) Ltd notified Minnex that they are mobilising to drill a number of geophysical magnetic anomalies in northeastern Namibia with drilling expected to commence in September 2007.

5. Pilanesberg Gold Holdings (Pty) Ltd ("Pilanesberg")

A Heads of Agreement has been signed between Thabex and Uganda based exploration company, Devxplora Ltd ("Devxplora"), to form a 50/50 Joint Venture in Uganda to explore and possibly develop the gold potential of the Mafuga Forest Exploration License (EL 0103).

Recent reconnaissance exploration program on the Mafuga Forest project, which consists of a single exploration license covering an area of 178 km² in southwestern Uganda, is located in the Kigezi goldfield, which appears to form the northern continuation of the Kivu gold province that hosts several world-class gold prospects in the eastern Democratic Republic of Congo (DRC).

Preliminary geological mapping of the property by geologists from Thabex and Devxplora lead to the discovery of four major, mineralized breccia bodies that extend in a north-south direction for several kilometers. As indicated by gold assays, performed at an international accredited laboratory, these trends are the primary hosts to the gold mineralization. Where exposed, the mineralized trends consist of iron- and gossan-stained, brecciated quartzitic rocks, termed "black-matrix-breccias (BMB)". The presence of gold mineralization has also been confirmed by previous stream-sediment sampling programs and historic gold panning in all major drainage basins.

For 2008, we intend carrying out systematic sampling of mineralized outcrop exposures, detailed geologic mapping and geochemical soil sampling over mineralized trends to assist in the delineation of gold mineralization and delineation of drilling targets.

6. Protero (Pty) Ltd ("Protero")

Thabex has declined our right to obtain up to 30% of Protero and has decided to retain their 8% of the available shares.

REVIEW OF EXPLORATION PROJECTS

Continued

7. Taung Diamond Mines Ltd ("Taung Diamonds")

Cinprop 0002 (Pty) Ltd, 10% held by Taung Diamonds, was successful in being granted a Prospecting Right for alluvial diamonds over a portion of the farm Taung Reserves 894 NY from the DME.

After completion of bulk sampling on the farm Middelwater, Diamex's equipment will be mobilised to the above Taung Diamonds area in order to test the diamondiferous alluvial gravels on the property.

8. Thaba Egoli Mining & Exploration Ltd

On 13 August 2007, Thaba Egoli Mining & Exploration Ltd's name was changed to Salt River Resources Ltd ("SRR").

8.1 Exploration program

Exploration mainly comprised geologic re-interpretation of available data and limited diamond core drilling.

8.1.1 Confirmation and continued resource drilling

A diamond drilling campaign began in 2005 and was concluded by the middle of October 2006. The drilling was outsourced and a new secure facility for mineralised core sections was obtained in the town of Pofadder.

In addition to the 2 998m of core drilled in 2005 by SRR, an additional 450m of core was drilled in 2006. Up to diamond drill hole TBX 26, diamond core drill hole was collared with a TNW (60.81 mm internal diameter) casing to a depth of 20m, BQ (36.4 mm internal diameter) rod size up to mineralized interval. A TBW (44 mm internal diameter) rod size was used for drilling the mineralised interval(s) ensuring almost 100% core recovery. The full extent of the diamond core drill holes TBX 27 & 28 were drilled with a TNW rod size.

As reported in 2006, due to the competence of the host rock and the experience of the drilling company, minimal core loss was encountered and no mineralized intersections had to be re-drilled.

Logging and re-logging of the core was outsourced to a Consulting Geologist Dr. CR McClung, who is experienced in numerous types of base metal mineralisation, as well as the geological environment of the Northern Cape Province. He recently completed his PhD thesis on the regional geology of the Bushmanland Sub province, the geologic terrain of the Salt River deposit. During drilling a wooden marker was inserted every drilling run, recording the depth of core loss or gain calculated. Marks were also made on the core of progressive metre depths and core loss or gain recorded.

Zero grade material was inserted in each batch of samples to the laboratory at a frequency of 1 insertion in 20 samples. A reference material of a known grade was inserted at the same frequency as appropriate quality control to ensure that the samples were representative. As an independent control, a duplicate sample, randomly chosen by the laboratory was inserted in each batch.

The services of Mr. CA Venter of CD Venter Land Surveyors, an independent surveyor, were obtained to accurately locate the position of recently and previously drilled diamond and percussion drill holes for Mineral Resource estimation by the appointed Competent Person.

The assay data appear to be well within industry and project norms. Considering the quality control of sampling data the geochemical values are conservative. The specific gravity measurements were within 1% precision limit.

In addition to individual sample assays, composite assay analyses for diamond drill holes TBX 26 and 27, as well as the Upper and Lower Sulphide Zones of drill holes TBX 6 to 26 where completed. As illustrated in Table 2, the assay results for the Upper Sulphide Zone are significantly higher than those for the Lower Sulphide Zone and are comparable to the mineralised section in drill holes TBX 26 and 27.

REVIEW OF EXPLORATION PROJECTS

Continued

Table 1: Composite assay values for mineralised zones (intersection widths)

Borehole Number	Mineralised Zone	Depth m	Width m	Cu %	Pb %	Zn %	Ag g/t	Au g/t
TBX 18	Upper	130.16	3.17	1.32	0.58	3.27	37	2.39
	Middle	135.21	1.13	0.24	0.03	0.26	<1	0.06
TBX 19	Upper	97.14	1.74	0.52	0.52	2.62	15	0.30
	Middle	98.88	4.24	0.32	0.17	0.63	7	0.17
	Lower	103.12	0.92	0.77	0.30	1.29	11	0.23
TBX 20	Upper	52.40	1.76	0.43	0.34	1.39	10	0.12
	Lower	59.34	3.10	0.82	0.48	2.02	35	0.25
TBX 21	Lower	67.10	0.98	0.21	0.47	1.65	10	0.19
	Upper	82.70	0.95	0.17	0.18	1.97	11	0.21
	Middle	84.57	1.14	0.12	0.06	0.33	4	0.56
TBX 22	Lower	90.32	2.23	0.31	0.03	1.18	3	0.14
	Lower	96.09	1.07	0.33	0.18	1.13	8	0.20
	Upper	73.72	1.30	0.28	0.60	1.97	12	0.16
TBX 23	Upper	78.98	2.92	0.32	0.59	2.93	15	0.14
	Lower	95.41	1.10	0.25	0.88	3.87	31	0.38
TBX 24	Upper	46.86	2.50	0.50	0.31	3.22	13	0.26
	Lower	57.60	2.31	0.20	0.08	1.41	16	0.10
TBX 25	Upper	82.25	2.84	0.51	0.01	0.03	3	0.46
	Upper	91.30	1.71	0.48	0.33	1.51	19	0.09
TBX 26	Upper	42.69	1.87	0.31	0.51	2.79	18	0.14
	Lower	110.28	1.94	0.45	1.09	2.19	26	0.47
	Lower	118.91	2.34	0.93	0.37	1.31	31	0.63
	Lower	123.89	0.91	0.10	0.08	0.62	4	0.03

REVIEW OF EXPLORATION PROJECTS

Continued

Table 2: Composite assay values for mineralized zones (intersection width).

Borehole Number	Mineralised Zone	Depth m	Width m	Cu %	Pb %	Zn %	Ag g/t	Au g/t
TBX 6-26	Upper	-	-	0.51	0.48	2.14	19	0.56
TBX 6-26	Lower	-	-	0.38	0.31	1.24	16	0.18
TBX 27 & 28	Upper & Lower	30.65	16.1	0.38	0.74	2.49	NA	NA

NA - not analyzed

8.1.2 Drilling locations

In addition to the 23 drill holes drilled in 2005, an additional 5 drill holes were completed. The primary aims of this drilling program was to establish a Measured Mineral Resource of about 8-9 Mt, as well as collect enough mineralized material for a preliminary metallurgical test.

8.1.3 Geological modelling**8.1.3.1 Styles of mineralization**

Base-metal sulphide mineralization of the Salt River deposit is largely restricted to the Massive Sulphide Horizon and Footwall Greywacke Unit of the Lower Biotite Gneiss; however, minor amounts of base-metal sulphide mineralization are locally observed in the Lower Hanging wall Greywacke Unit and rarely in the Middle Calc-silicate Unit (see Fig. 2). Four distinct styles of mineralization have been identified, they are: 1) semi-massive to massive, 2) mineralized biotite-chlorite schist, 3) stringer mineralization in Mg-rich altered rocks and 4) mineralized calc-silicate rocks. The semi-massive to massive style of mineralization is characterized by a very fine- to fine-grained, semi-massive to massive, durchbewegung-textured pyritic horizon. In contrast, mineralized biotite-chlorite schist is characterized by disseminations to stringers of semi-massive pyrite and chalcopyrite with lesser amounts of sphalerite and galena in foliated and contorted biotite-chlorite schist interbedded with Mg-rich altered rocks. Analogous to the latter, stringer mineralization in Mg-rich altered rocks consists of disseminations to stringers of semi-massive pyrite and chalcopyrite with lesser amounts of sphalerite and galena in a foliated quartz, cordierite, phlogopite and amphibolite-rich rock unit; this type of alteration is aerially restricted to the higher-grade portion of the deposit. Although restricted to a few intersections, mineralized calc-silicate rocks consist

of silicified and/or brecciated calc-silicate rocks of the Middle Calc-silicate Unit cross-cut by veins of pyrite, chalcopyrite and sphalerite.

8.1.3.2 Sulphide horizons

As alluded to above, sulphide mineralization is largely restricted to three sulphide horizons, termed Upper, Middle and Lower Sulphide Zones. The Upper Sulphide Zone (USZ) is characterized by a capping of semi-massive to massive sulphide with stringer mineralization in Mg-rich altered rocks becoming less conspicuous downwards. In contrast, the Lower Sulphide Zone (LSZ) comprises semi-massive to stringers of sulphide in biotite-chlorite schist and Mg-rich altered rocks with unmineralised Mg-rich altered rocks directly overlying the mineralized schist. In the higher-grade portion of the deposit, a third zone is developed between the USZ and LSZ. Termed the Middle Sulphide Zone (MSZ), it consists of sulphide stringers in Mg-rich altered rocks.

8.1.3.3 Geological model

Detailed local and regional-scale geologic and stratigraphic evaluations of the Salt River deposit suggest that the host rocks to the Salt River deposit (i.e. Geelvooer Sequence) were deposited in a tectonically active east-northeast trending trough or half-graben. The presence of intraformational conglomerates in the Geelvooer Sequence is interpreted as evidence for deposition in an actively subsiding depositional environment. Analogously, the presence of thick laterally extensive calc-silicate rocks to the west-northwest and mixed shallow subaqueous volcanic rocks and calc-silicate rocks to the east-southeast further support deposition in a structurally-controlled secondary or tertiary basins. The ubiquitous presence of bimodal volcanic, volcanoclastic and volcanogenic rocks throughout the

REVIEW OF EXPLORATION PROJECTS

Continued



Schematic cross-section through the Salt River VMS deposit during deposition of the sulphide minerals.

Geelvooer Sequence, close spatial association with the granodiorite-tonalite intrusives of the T'Oubep Suite to the northeast and similar U-Pb zircon ages for the Geelvooer Sequence and T'Oubep Suite indicate that volcanism and sedimentation occurred contemporaneously in a back-arc basin.

In addition to the above stated, the close spatial association between sulfides, volcanic rocks and Mg-rich footwall alteration, as well as the widespread occurrence of chalcopyrite disease in sphalerite, suggest that the Salt River deposit was formed in association with submarine volcanic activity, i.e. as a volcanogenic massive sulphide (VMS) or Kuroko-type deposit. Furthermore, the fine grain size of individual sulphide minerals, semi-massive to massive and laterally extensive nature of the Massive Sulphide Horizon (i.e. USZ) indicates that it may have formed through exhalation onto the seafloor. In contrast, the Cu-rich stringer mineralization and abundance of Mg-rich altered rocks in the MSZ and LSZ, suggest that they represent footwall stringer mineralization.

8.1.4 Mineral Resource

On 11 June 2007, Thabex announced an upgrade of the Mineral Resource at the Salt River Base Metal Project to 56.1 Mt (with 14.5 Mt Measured Resource and 41.7 Mt Indicated Resource). The CPR submitted by Lower Quartile Solutions in April 2007 and compiled by DS Ferreira. Using metal prices as at 3 May 2007 (copper US\$7 998/t; lead US\$2 023/t; zinc US\$3 852/t; gold US\$673.25/oz and silver US\$13.18/oz) and a Zn cut-off grade of 1.0%, a total Mineral Resource of 24.1 Mt was calculated at an in situ grade of 1.80% Zn, 0.58% Cu, 0.43% Pb, 19.89

g/t Ag and 0.59 g/t Au (about 1.82% Cu equivalent). Mr. Ferreira, a senior geostatistician with over 15 years experience in mineral project evaluation and valuation throughout South America and Africa, is a member of the SACNASP (No 400048/03) and qualifies as an "Expert", "Competent Person" and "Qualified Person" as defined in National Instrument 43-101, the SAMREC Code and the JORC Code.

8.2 Mineralogical work

Following Thabex's decision to gain a modern understanding of the Salt River deposit, support for a student project at the world-class Paleoproterozoic Mineralization Research Group, University of Johannesburg was undertaken. To date, the student has conducted a detailed mineralogical analysis of the mineralized horizons, which indicates that all sulphide mineralization is dominated by pyrite with subordinate concentrations of economic sulfides.

8.3 Metallurgical work

A second metallurgical bench scale flotation test conducted by an independent metallurgical laboratory, SGS Lakefields Research Africa (Pty) Ltd, confirm the findings of the first test that showed that the base minerals are easily concentrated by conventional flotation processes.

8.4 Pre-feasibility

At present Thabex is conducting a pre-feasibility study on the Salt River project to determine the additional funding requirement to complete a bankable feasibility study.

REVIEW OF EXPLORATION PROJECTS

Continued

8.5 Other mineralized occurrences

In addition to the farm Adjoining Geelvloer No. 198 portion R/E, Thaba Egoli's applications for base and precious mineral exploration of the farms Graafwater No. 197 and Adjoining Geelvloer No. 198 portion 8 have been granted by the DME. West of the Salt River polymetallic sulphide deposit, similar types of mineralization have been identified on the farm Graafwater No. 197, where previous drilling intersected sulphide mineralization grading 3.43% Zn, 0.55% Cu, 0.28% Pb, 21g/t Ag and 0.37g/t Au. Likewise, disseminated pyrite and pyrrhotite (iron sulphide) mineralization has been identified with elevated base metal values in some samples.

In addition to the polymetallic sulphide mineralization on the farm Adjoining Geelvloer No. 198 portion R/E, copper mineralization in a massive magnetic-chlorite rock has also been identified. Limited drilling by previous exploration companies identified sub-economic base metal mineralization over 15m. Further exploration of this occurrence is currently being considered.

9. Abarawaki Investments (Pty) Ltd ("Abarawaki")

The board members decided to dispose of all of Thabex's 40% interests at cost. The board members of Thabex did not feel it was prudent to become involved in lengthy litigations between Anglo Operations Ltd and the DME relating to some applications for new order prospecting rights applied for by Abarawaki and accepted by the DME (Case 10536/2006).

Framework for classifying tonnage and grade estimates reflecting different degrees of geoscientific confidence and technical and economic evaluation as defined by the SAMREC Code



GLOSSARY

Definitions and terms

"Assay" - To determine the mineral content;

"ct" - carat;

"cpht" - carat per hundred tonne;

"Competent Person" - A person who, is registered with any one of SACNASP, ECSA, PLATO, or any other statutory South African or international body that is recognised by SAMREC and, has a minimum of five years experience to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking, as defined under the SAMREC Code for reporting of mineral resources and reserves;

"Cut-off grade" - The grade at which the ore body is mined with no profit or loss, ie breakeven grade;

"deposits" - A continuous mass of material of sufficient mineral content to warrant investigation;

"depletion" - The decrease in the quantity of ore in a deposit or property resulting from extraction or production;

"dilution" - Waste which is mixed with ore in the mining process;

"discount rate" - A rate of return used to convert a future monetary sum into present value;

"DME" - Department of Minerals and Energy;

"DMS" - Dense medium separation recovery equipment;

"EPL" - Exclusive Prospecting Licence;

"estimation" - Quantitative judgement of value (eg. grade, costs, revenue);

"exploration" - Exploration encompassing prospecting, mapping, geological surveys, percussion drilling and other work employed in the search for diamond mineralisation;

"dip" - The angle that a structural surface makes with the horizontal, measured perpendicular to the strike of the structure;

"faulting" - The process of fracturing that produces a displacement of rock;

"footwall" - The underlying side of a fault or orebody;

"Feasibility study" - A comprehensive engineering estimate of all costs, revenues, equipment requirements and production levels likely to be achieved if a mine is developed. The study is used to define the technical and economic viability of a project and to support the search for project financing;

"in situ" - Within the unbroken rock or in place;

"Indicated Mineral Resource" - That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed;

"Inferred Mineral Resource" - That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence

and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability;

"Measured Mineral Resource" - A Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

"metallurgical plant" - The comminution of ore, although the term has come to also cover the broad range of machinery inside the treatment plant where the mineral is separated from the ore;

"mineable" - The portion of the mineralised deposit for which extraction is technically and economically feasible;

"Minerals Act" - The Minerals Act No 50 of 1991, as amended;

"Mineral Reserve" - The economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is estimated with a lower level of confidence than a Proved Mineral Reserve. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified;

"Mineral Resource" - The concentration [or occurrence] of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral Resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated and Measured categories;

"Measured Resource" - That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity;

"mineralisation" - The presence of a target mineral in a mass of host rock;

"New Minerals Act" - The Minerals and Petroleum Resources Development Act (No 28 of 2002);

"open cast mine" - A mining operation that is operating on surface and does not make use of shafts to mine the ore;

"ore" - A mixture of mineralised material from which at least one of the contained minerals can be mined and processed at an economic profit;

"outcrop" - The truncation of a stratigraphic unit or ore body on surface;

GLOSSARY

Continued

GLOSSARY

Continued

"pay limit" - The breakeven grade at which the ore body can be mined without a profit or loss, calculated using forecast commodity prices, working costs and recovery factors;

"present value" - The value, as of a specified date, of future economic benefits and or proceeds from sale, calculated using an appropriate discount rate; of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified;

"production" - The day-to-day activities (including extraction and processing prior to sale) directed to obtaining saleable product from the mineral resource on a commercial scale;

"prospecting permit" - An authorisation issued by the department of Minerals and Energy in terms of section 6 of the Minerals Act 50 of 1991 to the holder of a mineral right or to a person who has obtained a consent from the mineral rights holder to prospect, allowing such person to prospect on the land to which the permit relates;

"Proved Mineral Reserve" - The economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified;

"recovery grade" - The actual grade of ore realised after the mining and treatment process;

"reef" - A mineralised horizon containing economic levels of metal;

"refining" - The final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes;

"rehabilitation" - The process of restoring mined land to a condition approximating its original state;

"stripping ratio" - The amount of overburden to ore mined;

"strike" - The direction in which a horizontal line can be drawn on a plane;

"sub outcrop" - The unconformable truncation of one stratigraphic unit against another below the ground;

Units

g - a gram;

g/t - gram per tonne;

ha - a hectare;

kg - a kilogram;

km - a kilometre;

m - a metre;

"ounce" or "oz" one troy ounce (1 troy ounce equals 31,1035 grams);

% - Percentage;

lb - a pound;

R - South African Rand;

"tonne" or "t" - one tonne is equal to 1 000 kilograms (a metric ton);

US\$ - United States dollar;

Abbreviations

"Capex" - Capital expenditure;

"CPI" - Consumer Price Index for South Africa;

"CP" - Competent Person;

"CPR" - Competent Persons' Report

"DCF" - Discounted Cash Flow;

"EMPR" - Environmental Management Programme, a document setting out Thaba Egoli Mining & Explorations Ltd's plans to rehabilitate the surface of land disturbed during prospecting operations, as required by the New Minerals Act;

"LOM" - Life of mine, the estimated period of production;

"LQS" - Lower Quartile Solutions (Pty) Ltd, (Registration number 1999/03229/07) Unit 120, 1st Floor, Phase 4, Momentum Business Park, 563, Main Road, Midrand, 1685;

"IRR" - Internal Rate of Return. A discount rate at which the present value of the future cash flows of the investment equals the cost of investment;

"Mt" - million tonnes;

"Mintek" - Council for Mineral Technology, 200 Hans Strijdom Drive, Randburg, 2125;

"NPV" - Net present value;

"SACNASP" - The South African Council for Natural Scientific Professions;

"SAMREC" - The South African Mineral Resource Committee;

"SAMREC Code" - The South African Code for Reporting Mineral Resources and Mineral Reserves;

"SG" - specific gravity;

"tpa" - tonnes per annum; and

"tpm" - tonnes per month.

Chemical symbols

Au - Gold;

Ag - Silver;

Cd - Cadmium;

Co - Cobalt;

Cu - Copper;

Ni - Nickel;

Pb - Lead; and

Zn - Zinc.

GLOSSARY

Continued



CONTENTS OF THE ANNUAL FINANCIAL STATEMENTS

Thabex Exploration Limited

Annual Report for the year ended 28 February 2007

Directors' responsibility for the annual financial statements	-	024
Corporate governance statement	-	025
Secretaries' statement	-	026
Conversion to STRATE	-	026
SAMREC Code	-	027
Report of the independent auditors	-	028
Directors' report	-	029
Balance sheet	-	032
Income statements	-	033
Statements of changes in equity	-	034
Cash flow statements	-	035
Notes to the Annual financial statements	-	036
Directors' interest	-	058
Shareholders' Analysis	-	059
Shareholders' Diary	-	059
Notice of the annual general meeting	-	060
Form of proxy (tear out)	-	063
Directorate and Administration	-	066



DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2007

Directors' responsibility statement

The company's directors are responsible for the preparation and fair presentation of the group annual financial statements and separate parent annual financial statements, comprising the balance sheets at 28 February 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

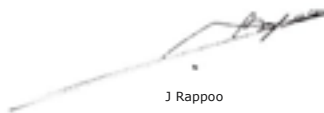
The auditor is responsible for reporting on whether the group annual financial statements and separate parent annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements were approved by the board of directors on 27 August 2007 and signed on their behalf by



M Welthagen
Chief Executive Officer



J Rappoo
Chairman

CORPORATE GOVERNANCE STATEMENT

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

BOARD OF DIRECTORS

The board presently consists of one executive and four non-executive directors who ensure 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. The board of directors and management follow the unitary structure; meet on a quarterly basis to review the operational performance of the Group, strategic issues and stakeholder reporting. The board is responsible for the management of the company and its subsidiaries. The Company's chairman is JR Rapoo and as a non-executive ensures division of responsibility, in compliance with JSE Listing Requirements, between the Chairman and the Executive responsible for the running of the Group's business (the Chief Executive Officer).

The following principles are adhered to with regard to the board of directors:

- All decisions and conclusions in discharging the duties and responsibilities of directors are clearly recorded in the minutes of the meetings.
- The directors are entitled to take independent professional advice if necessary, at the Company's expense.
- All directors have access to the advice and services of the Company Secretary.
- Directors are timeously supplied with information and have unrestricted access to all company information, records, documents and property.

CORPORATE GOVERNANCE STATEMENT

The board has delegated certain of its duties, as further set out below. Directors were briefed on the requirements of the Code of Corporate Practice and Conduct during the year under the review.

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 by management.

INSIDER TRADING

All directors have been informed about the new JSE Listing Requirements regarding closed periods for trading in Thabex shares, prior to the publication of the Annual Financial Statements and the Interim Results, respectively.

CORPORATE GOVERNANCE STATEMENT

Continued

RISK MANAGEMENT AND INSURANCE

The objective of the company's risk management policy established by the board is to minimize its business risk by safeguarding company assets and income earning capacity. The procedures adopted in compliance with this policy are augmented by the procurement of insurance for those events that are beyond the control of management.

CODE OF ETHICS

All employees, officers and directors of Thabex and its subsidiaries are required to maintain the highest ethical standards ensuring business practices are conducted in a manner beyond reproach.

GENERAL

The board of directors as a group forms the technical and audit committees and the non-executive directors form the human resources committee.

Attendance register to board meetings.

Name of directors	2006			2007
	29 May	29 August	25 October	07 February
JR Rapoo	A	P	P	P
JL Bosch	P	A	A	A
Dr DL Reid	A	A	A	A
AP Roux	A	A	A	A
M Welthagen	P	P	P	P

A - ABSENT | P - PRESENT

SECRETARIES' STATEMENT

In terms of the Companies Act 1973, we hereby certify that the company has lodged, with the Registrar of Companies, all such returns as are required of a public company in terms of the Act, and that all such returns are true, correct and up to date.

SA Mineral Investments (Pty) Ltd
Secretaries
27 August 2007

CONVERSION TO STRATE

Strate is an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, which will be managed by Strate Limited (registration number 1998/022242/06). As at 28 February 2007 91.61% (2006: 91.5%%) of Thabex's ordinary shares were dematerialised.

CORPORATE GOVERNANCE STATEMENT

Continued

SAMREC CODE

Whilst the annual report has been prepared for the benefit of the shareholders, sufficient information is disclosed for any interested party to make an informed judgment about the merits of the Group's exploration projects.

The requirements of the new JSE Listing Requirements have also been met, which incorporate the South African Code for Reporting of Mineral Resources and Mineral Reserves ("SAMREC Code") as defined by the South African Institute of Mining and Metallurgy "SAIMM"). The financial statements itemize detailed exploration information such as individual borehole results, assays and modeling criteria. On pages 6 and 7 a comprehensive analysis of the Group's exploration prospects is tabled.

EMPLOYMENT EQUITY

Thabex recognises the importance of employment equity and has accelerated its effort to appoint Black, Coloured or Asian managers and employees, through recruitment and training. Four new employees have been appointed during the year.

BLACK ECONOMIC EMPOWERMENT

Thabex is 27.59% directly owned by Black Economic Empowered persons.

ENVIRONMENTAL COMPLIANCE

The Group's Environmental Rehabilitation Programs in the Northern Cape for the Salt River Base Mineral Project and for the Taung Diamonds' Hartswater projects have been approved by the Department of Mineral and Energy on 19 September 2006 and 12 December 2006, respectively.

CONVERSION TO STRATE

Strate is an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, which will be managed by Strate Limited (registration number 1998/022242/06). As at 28 February 2007 91.61% (2006: 91.5%%) of Thabex's ordinary shares were dematerialised.

SUSTAINABLE DEVELOPMENT

The Company's future growth will be from the development of Thabex's own exploration projects and acquisitions, such as Minnex Exploration Ltd into mining projects. The acquisition of Minnex, incorporating both new projects and skilled mining professionals, will ensure the long-term growth to Thabex into a fully fledged Junior Mining company.

REPORT OF THE INDEPENDENT AUDITORS

Independent auditor's report to the members
of Thabex Exploration Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the group annual financial statements and the annual financial statements of Thabex Exploration Limited, which comprise the balance sheets at 28 February 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 29 to 57.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Thabex Exploration Limited at 28 February 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.

Registered Auditor



Per Shaun van den Boogaard
Chartered Accountant (SA)
Registered Auditor
Director
27 August 2007

KPMG Forum
1226 Schoeman Street
Hatfield
Pretoria
0028

DIRECTORS' REPORT

Directors have the pleasure in presenting their report
for the year ended 28 February 2007

NATURE OF BUSINESS

Thabex Exploration Limited ("Thabex") (Registration number 1988/000763/06) is a mining and exploration company listed on the JSE Ltd ("JSE") in the "Basic Resources; Mining – Diamonds and Gemstones" sector of the list under the abbreviated name "Thabex" (ISN code: ZAE000013686 JSE code: TBX).

Thabex and its subsidiaries explore for diamonds, coal, gold, platinum and base minerals and Thabex also trades in polished diamonds. The Group's exploration projects are located in Africa. The projects range from grass-roots exploration and green fields projects to drill-defined deposits. The focus of Thabex's future mining and exploration activities is on diamonds through Angel Diamonds (Pty) Ltd, Diamex JV (Pty) Ltd and BEE subsidiary - Taung Diamond Mines Ltd.

SUBSTANTIAL SHAREHOLDERS

According to the register of members of the company at 28 February 2007, the following shareholders were the only members holding 5% or more of the ordinary issued share capital of the company.

	Number of shares held	% of issued Capital
EV Ahmed	4 243 820	24.95
Saminco Ltd	3 221 456	18.94
SA Mineral Investments Ltd	1 779 375	10.46
Kas Depository Trust Company	1 647 089	9.68
Total	10 891 740	64.04

SHARE CAPITAL

The authorised share capital of the company is 100 000 000 (2006: 100 000 000) ordinary shares of 10 cents each).

As at 28 February 2007 the issued share capital of the company comprised 17 006 887 (2006: 17 006 887) ordinary shares of 10 cents each.

DIVIDENDS

No dividends are proposed in respect of the 2007 financial year (2006: nil).

SUBSIDIARIES

Details of the company's subsidiaries are set out in note 4.

DIRECTORS' REPORT

Continued

MANAGEMENT

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

SECRETARIAL SERVICE

SA Mineral Investments (Pty) Limited, a company indirectly controlled by Marius Welthagen, acts as company secretary to Thabex.

MINERAL AND PROSPECTING RIGHTS

Your board has considered the current modifying and risk factors influencing the value of the Group's mineral and prospecting rights. These include the expected medium to long-term increase in rough diamond demand. Significant increases in precious and base metal prices, the legal environment as well as long-term market conditions for these commodities are factors which caused positive changes on the development of the Groups' mining assets. Thabex also successfully explored the Salt River Base Mineral project and established a Measured resource on the property.

SUBSEQUENT EVENTS

On 16 July 2007, Thabex published a Circular to shareholders, relating to the acquisition of 100% of the equity of Minnex with effect from 15 January 2007 for R8 million. The amount will be settled by the issue of 4 million Thabex ordinary shares at 200 cents per share. The acquisition was approved by 100% of all persons present and represented by proxy at the general meeting held on 8 August 2007.

With effect from 10 August 2007, Dave Cowie was appointed as an executive director of the Company. Dave received a National Higher Diploma from Witwatersrand Technikon in 1987 while an Anglo American bursar. He also graduated cum laude from UNISA in 1995 with BSc in Statistics and Operations Research. He commenced his metallurgical career at President Brand Gold Mine in October 1983 as a learner official. Was promoted to Plant Metallurgist in 1987 and was part of the commissioning team at Daggafontein Gold Mine in 1987. He then completed his two year National Service in the Signals Corps. Promoted to Senior Plant Metallurgist in 1990. Joined De Beers in 1991 at the in the Technical Services Division of the Research Laboratory. Primarily involved in the metallurgical auditing of all De Beers group mines. Joined Anglovaal in 1997 as Head of their Mineral Processing Research Department Seconded to Chambishi Metals in Zambia for 3 years. Appointed as Head of Research in 2002. He was involved in the formation of Minnex Exploration (Pty) Ltd in 2003 as an Executive Director and appointed Managing Director in 2005. Minnex Exploration was bought by Thabex Exploration Limited in 2007. Dave has been a member of the SAIMM since 1984.

On 14 August 2007 Thaba Egoli Mining & Exploration Ltd's name was changed to Salt River Resources Ltd. The name change of Thabex Exploration Ltd to Thabex Ltd was approved by shareholders on 8 August 2007. The special resolution for the name change was submitted to CIPRO on 14 August 2007.

Other than mentioned above there are no other events of a material nature that have occurred between the balance sheet date and the date of this report.

DIRECTORS' REPORT

Continued

LITIGATION

The Thabex group is involved in the following litigation and potential litigation –

- Thabex has commenced litigation proceedings against Ibhubesi Investments No 1 (Proprietary) Limited for failing to repay a loan in the amount of R250 000.
- Thabex has been served with a summons by LAW Printing (Proprietary) Limited, for the payment of R16 121.76, the balance outstanding for the printing of the 2006 Annual Report.
- Thabex is currently disputing an account with Pofadder Drilling, a drilling contractor, for the amount of R98 000 and an account of R141 000 for geological services rendered by Daler Investigations cc.
- On 4 June 2007 the High Court of Lesotho ordered that three Court Cases (CIV/APN/354/06, CIV/APN/294/06 and CIV/apn/42/07) relating to a dispute between, inter alia, Senqu Diamonds (Pty) Ltd ("Senqu Diamonds") a Lesotho registered company and the Commissioner of Mines of Lesotho, relating to the issue of Prospecting Lease 002, dated 15 June 2006, to Angel Diamonds be heard simultaneously. At present Angel Diamonds has an interdict against, inter alia, Senqu Diamonds to prevent Senqu from interfering with Angel Diamonds' prospecting activities on the Prospecting Lease area.

Save for the litigation and potential litigation referred to above, there are no material legal or arbitration proceedings of which the directors of Thabex are aware and which may have or have had, from the 1 March 2006 to the date of signature of these annual financial statements, a material effect on the financial position of the Thabex group or influence any of the Thabex group's rights to explore for minerals.

DIRECTORATE AND ADMINISTRATION

The executive director in office at the date of this report is M Welthagen. The non-executive directors were JL Bosch, JR Rapoo (Chairman), AP Roux and Prof DL Reid. 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 Wednesday, 10 October 2007, but being eligible, offers himself for re-election. Details of directors' emoluments are set out in note 20.

Abridged biography of director seeking re-election

Name:	Marius Welthagen
Date of birth:	19 July 1956
Academic qualifications:	MSc Eng (Mining), MPhil (Mineral Economics), Hons BCom Economics
Occupation:	Mining Engineer
Experience:	See abridged CV on page 08
Other current directorships:	Maxzon Fusion (Pty) Ltd Maxzon Investments (Pty) Ltd Miningweb (Pty) Ltd Pure Diamonds Ltd Saminco Ltd SA Mineral Investments (Pty) Ltd (Group Secretaries) Southern Mineral Brokers (Pty) Ltd



M Welthagen
Chief Executive
27 August 2007

BALANCE SHEETS

AT 28 February 2007

	Notes	Company		Group	
		2007	2006	2007	2006
		R	R	R	Restated*
Assets					
Non-Current Assets		3 045 106	1 327 551	10 887 583	8 212 628
Mining assets and equipment	2	2 195 042	603 026	3 601 511	926 556
Exploration and evaluation assets	3	-	-	7 286 072	7 286 072
Interest in subsidiaries	4.1	850 064	724 525	-	-
Interest in associates	4.2	-	-	-	-
Current asset		6 901 112	13 306 949	6 604 489	13 476 367
Inventories	5	1 540 437	1 558 060	1 540 834	1 558 708
Investments	6	903 580	741 001	912 138	782 001
Trade and other receivables	7	3 690 879	2 187 173	3 138 768	2 289 638
Taxation refundable		-	4 285 098	-	4 285 098
Cash and cash equivalents	8	766 216	4 535 617	1 012 749	4 560 922
Total assets		9 946 218	14 634 500	17 492 072	21 688 995
Equity and liabilities					
Capital and reserves					
Share capital	9	1 700 689	1 700 689	1 700 689	1 700 689
Share premium		17 202 741	17 202 741	17 202 741	17 202 741
Treasury shares	10	-	-	-	(240 900)
(Accumulated loss)/retained income		(10 916 748)	(4 601 040)	(3 456 034)	2 628 937
Total equity attributable to the equity holders of the parent		7 986 682	14 302 399	15 447 396	21 291 467
Minority interest		-	-	-	-
Total equity		7 986 682	14 302 399	15 447 396	21 291 467
Current liabilities		1 959 536	332 110	2 044 676	397 528
Trade and other payables	12	1 959 536	332 110	2 044 676	397 528
Total equity and liabilities		9 946 218	14 634 500	17 492 072	21 688 995
Net asset value per share (cents)		46.96	84.10	90.83	125.19
Net tangible asset value per share (cents)		46.96	84.10	47.99	82.35

* See change in accounting policy - note 21

INCOME STATEMENTS

AT 28 February 2007

	Notes	Company		Group	
		2007	2006	2007	2006
		R	R	R	R
Revenue	13	80 388	45 754	80 388	45 754
Cost of sales		(70 923)	(43 297)	(70 923)	(43 297)
Gross profit		9 465	2 457	9 465	2 457
Other operating income		840 175	207 969	472 175	130 544
Administration expenses		(253 110)	(1 580 260)	(2 994 834)	(1 731 390)
Other operating expenses		(7 577 068)	(3 046 650)	(4 759 419)	(2 887 397)
Operating loss before	14	(6 980 538)	(4 416 484)	(7 272 613)	(4 485 786)
Finance income	15	668 538	1 013 872	671 000	1 026 933
Interest paid		(3 708)	-	(3 708)	-
Loss before taxation		(6 315 708)	(3 402 612)	(6 605 321)	(3 458 853)
Taxation	17	-	-	-	-
Loss for the year		(6 315 708)	(3 402 612)	(6 605 321)	(3 458 853)
Attributable to:					
Equity holders of the parent		(6 315 708)	(3 402 612)	(6 605 321)	(3 458 707)
Minority interest		-	-	-	(146)
Basic loss per share (cents)	16	(37.14)	(20.01)	(38.84)	(20.34)
Diluted loss per share (cents)		(37.14)	(20.01)	(38.84)	(20.34)

STATEMENTS OF CHANGES IN EQUITY

At 28 February 2007

Notes	Share Capital R	Share premium R	Treasury Shares R	(Accumulated	Minority Interest R	TOTAL R
				loss)/retained income R		
Company						
Balance at 28 February 2005	1 700 689	17 202 741	-	(1 198 428)	-	17 705 002
Total recognised income and expenditure for the period	-	-	-	(3 402 612)	-	(3 402 612)
Loss for the year	-	-	-	(3 402 612)	-	(3 402 612)
Balance at 28 February 2006	1 700 689	17 202 741	-	(4 601 040)	-	14 302 390
Total recognised income and expenditure for the period	-	-	-	(6 315 708)	-	(6 315 708)
Loss for the year	-	-	-	(6 315 708)	-	(6 315 708)
Balance at 28 February 2007	1 700 689	17 202 741	-	(10 916 748)	-	7 986 682
Group						
Balance at 28 February 2005 (restated)*	1 700 689	17 202 741	-	6 087 644	146	24 991 220
Purchase of company equity by subsidiary	-	-	(240 900)	-	-	(240 900)
Total recognised income and expenditure for the period	-	-	-	(3 458 707)	(146)	(3 458 853)
Loss for the year	-	-	-	(3 458 707)	(146)	(3 458 853)
Balance at 28 February 2006 (restated)*	1 700 689	17 202 741	(240 900)	2 628 937	-	21 291 467
Disposal of company equity by subsidiary	-	-	761 250	-	-	761 250
Transfer to accumulated loss	-	-	(520 350)	-	-	(520 350)
Total recognised income and expenditure for the period	-	-	-	(6 084 971)	-	(6 084 971)
Loss for the year	-	-	-	(6 605 321)	-	(6 605 321)
Surplus on disposal of equity by company	-	-	-	520 350	-	520 350
Balance at 28 February 2007	1 700 689	17 202 741	-	(3 456 034)	-	15 447 396

* See change in accounting policy - note 21

CASH FLOW STATEMENTS

For the year ended 28 February 2007

Notes	Company		Group	
	2007 R	2006 R	2007 R	2006 R
Cash utilised in operating activities				
Cash utilised in operations	19 (2 214 336)	(8 961 044)	(5 959 070)	(10 156 960)
Interest received	464 374	770 135	465 568	772 551
Interest paid	(3 708)	-	(3 708)	-
Taxation refund/(paid)	4 285 098	(4 175 098)	4 285 098	(4 175 098)
Net cash inflow/(outflow) from operating activities	2 531 428	(12 366 007)	(1 212 112)	(13 559 507)
Cash flow from investing activities				
Additions to plant and equipment to expand operations	(1 896 246)	(621 812)	(3 172 015)	(956 201)
Acquisition of subsidiaries, net of cash acquired	-	(400 003)	-	(392 220)
Disposal of subsidiary, net of cash disposed	-	-	-	(1 082)
Treasury shares purchased	-	-	-	(240 900)
Treasury shares sold	-	-	761 250	-
Funding advanced to subsidiaries	(4 445 778)	(1 803 049)	-	-
Cash purchase of additional investments	(165 905)	(156 933)	(179 017)	(190 288)
Cash proceeds from sale of listed investments	207 100	18 000	253 721	18 000
Net cash outflow from operating activities	(6 300 829)	(2 966 797)	(2 336 061)	(1 762 691)
Net decrease in cash and cash equivalents				
Cash and cash equivalents at beginning of year	4 535 617	19 868 421	4 560 922	19 883 120
Cash and cash equivalents at end of year	766 216	4 535 617	1 012 749	4 560 922

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

Accounting policies set out below have been applied consistently to all periods presented in the the company and consolidated annual financial statements:

1. Significant accounting policies:

Thabex Exploration Limited ("the Company") is a company domiciled in the Republic of South Africa. The consolidated financial statements of the Company for the year ended 28 February 2006 comprise the Company and its subsidiaries (together referred to as the "Group") (see page 9). The financial statements were authorised by the directors on 23 August 2006. The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year, except as described in note 21. The accounting policies of the subsidiaries and associates are consistent with those of the holding company.

1.1 Statement of compliance:

The financial statements and Group financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the South African Companies Act.

1.2. Basis of preparation:

The consolidated financial statements and Group financial statements are prepared on the historical cost convention, except that the following assets and liabilities are carried at their fair value: financial instruments held for trading measured at fair value through profit and loss.

The preparation of annual financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carry values of assets and liabilities that are not readily apparent from other sources. actual results may differ from these estimates.

Judgements made by management in application of IFRS that have a significant effect on financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

1.3. Basis of consolidation:

The Group financial statements incorporate the assets, liabilities and results of the operations of the Company and all its subsidiaries.

The results of subsidiaries acquired or disposed of

during a financial year are included from the effective dates of control to the effective dates that control ceases as appropriate.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprises. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associates. Unrealised losses on transactions with associates are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

1.4. Investment in subsidiaries:

Subsidiaries are carried at cost less impairment losses. Subsidiaries are those entities over who's financial and operating policies the group has power to exercise control, so as to obtain benefit from their activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

1.5. Associated companies:

An associate company is one over which the Company has the ability to exercise significant influence, but not control. The Company's share of post-acquisition results of associate companies is incorporated in the financial statements, using the equity method of accounting, from the effective date of significant influence until the effective date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate.

1.6. Mining assets and equipment**1.6.1. Mining assets and equipment:**

Items of mining assets and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of mining assets and equipment at 1 March 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of mining assets and equipment have different useful lives, they are accounted for as separate items (major components) of mining assets and equipment.

The cost of replacing part of an item of mining assets and equipment is recognised in the carrying amount

of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and Group and its cost can be measured reliably. The costs of the day-to-day servicing of mining assets and equipment are recognised in profit or loss incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of mining assets and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years
Furniture and fittings	5 years
Office equipment	5 years
Vehicles	5 years
Plant and equipment	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

1.6.2. Exploration and evaluation expenditure:

The costs of acquiring prospecting rights are capitalised as intangible exploration and evaluation assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist. Upon determination of proven reserves intangible exploration and evaluation assets attributable to those reserves are first assessed for impairment and then reclassified from intangible exploration and evaluation assets to other appropriate categories of non-current assets. Amortisation of these assets commences once these assets are appropriately classified and are in commercial production. Intangible exploration and evaluation assets are assessed for impairment based on the policy provided in note 1.7.

However, additional guidance as provided by IFRS 6 is used to determine indicators of impairment. These include:

- The period to explore granted in terms of the prospecting rights acquired has expired during the period; or will expire in the near future; or is not expected to be renewed;
- Further exploration on the projects is neither budgeted nor planned in the near future;
- A decision was made not to develop a project; and
- There is an indication that the carrying amount of the intangible exploration and evaluation asset is unlikely to be recovered in full from a successful development or sale of the project.

If a project is abandoned the related cost are

expensed in the income statements immediately.

As per IFRS 6 (refer note 2), the Group and Company have elected to keep the current policy to write off expenditure on exploration and evaluation in the year in which it is incurred.

1.6.3. Land:

Land is accounted for at cost and is not depreciated.

1.7. Impairment:**1.7.1 Impairment of non-financial asset:**

The carrying amounts of the Group's assets are, except for inventories (see accounting policy 1.9) and deferred tax assets (see accounting policy 1.14) reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated, the recoverable amount is estimated at each reporting date. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses recognised in respect of cash generating units are allocated first to reduce goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the income statement.

1.7.2. Impairment of financial asset:

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred profit or loss.

A previously recognised impairment loss is reversed

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

if there is an indication that the impairment loss may have reversed, in addition to there being a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. Goodwill impairment losses are not reversed.

1.8. Goodwill:

Goodwill is any excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets acquired. Goodwill is carried at cost less any accumulated impairment losses. The carrying amount of goodwill is tested annually and written down for impairment where considered necessary. Impairments are accounted for through profit and loss. Any excess in interest in the net fair value of identifiable assets, liabilities and contingent liabilities over cost are recognised immediately in profit or loss.

1.9. Inventories:

Inventories comprising polished diamonds, gold and silver bullion are carried at the lower of cost and net realisable value, and are determined using the specific cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

1.10. Provisions:

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.11. Financial instruments:**Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the

asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income is discussed in note 1.14.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 1.7), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Trading investments:

Trading investments are financial instruments held for trading and are classified as current assets and are stated at fair value with the resultant gain and loss recognised in the income statement. Trading investments are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

Trade and other receivables:

Trade and other receivables are stated at amortised cost less impairment losses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

Cash and cash equivalents:

Cash and cash equivalents are measured at fair value.

Financial liabilities:

Financial liabilities are recognised at amortised cost, using the effective interest rate method and derecognised if expire, or discharged or cancelled.

Offset:

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Revenue is measured at fair value of the consideration receivable or received, net of returns and allowances, trade discounts and volume rebates.

1.12. Revenue:

Revenue is measured at the fair value of the consideration receivable/received net of returns and allowances, trade discounts and volume rebates. Revenue comprises diamond and commodity sales exclusive of value-added tax. Revenue from the sale of goods is recognised in the income statement when significant risks and rewards of ownership have transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or continuing management involvement.

1.13. Cash and cash equivalents:

For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in money market instruments, all of which are available for use by the Group, unless otherwise stated and includes any credit facilities.

1.14. Interest and dividend income:

Interest is recognised as it accrues, using the effective interest rate method, taking account of the principal outstanding and the interest rate over the period to maturity, when it is probable that such income will accrue to the Group. Included in investment income are fair value adjustments on investments held for sale. Dividend income is recognised in profit and loss, on the date that the group's right to receive payment is established.

1.15. Tax:

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted or substantively enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount

of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is not provided for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition.

The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes, that arise from the distribution of dividends are recognised at the same time as the liability is in code.

1.16. Segment reporting:

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

1.17. Treasury shares

Any acquisitions of the Group's own equity instruments are not recognised as financial assets irrespective of reason for repurchase. Such shares are classified as treasury shares for consolidation purposes and are deducted directly from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of such treasury shares.

1.18. Employee benefits:

The Company and Group do not provide for employee benefits as there are no such obligations at year end as the Company and Group do not have any defined contribution plans and defined benefit plans.

1.19. Other Income:

Other income comprised management fees and consulting fees and is recorded in when the service is delivered.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

2. Mining assets and equipment**2.1 Plant and equipment as at 28 February 2007**

	Furniture and office equipment	Computers	Vehicles	Exploration equipment	Mining equipment	Total
	R	R	R	R	R	R
Company						
Cost:						
Opening balance	310 554	214 974	249 358	-	-	774 886
Additions	91 503	34 786	131 457	-	1 638 500	1 896 246
Closing balance	402 037	249 760	380 815	-	1 638 500	2 671 132
Accumulated depreciation						
Opening balance	159 403	8 494	3 963	-	-	171 860
Depreciation for the year	91 483	73 289	52 479	-	108 334	304 230
Closing balance	229 531	81 783	56 442	-	108 334	476 090
Carrying value 2006	151 151	206 480	245 395	-	-	603 026
Carrying value 2007	172 506	167 997	324 373	-	1 530 166	2 195 042
Group						
Cost:						
Opening balance	310 554	214 974	249 358	-	337 221	1 112 107
Additions	84 475	41 813	131 457	-	2 914 270	3 172 015
Closing balance	395 029	256 787	380 815	-	3 251 491	4 284 122
Accumulated depreciation						
Opening balance	159 403	8 494	3 963	-	13 691	185 551
Depreciation for the year	70 128	73 289	52 479	-	301 164	497 060
Closing balance	229 531	81 783	56 442	-	314 855	682 611
Carrying value 2006	151 151	206 480	245 395	-	323 530	926 556
Carrying value 2007	165 498	175 004	324 373	-	2 936 636	3 601 511

2. Mining assets and equipment (continued)**2.1 Plant and equipment as at 28 February 2006**

	Furniture and office equipment	Computers	Vehicles	Exploration equipment	Mining equipment	Total
	R	R	R	R	R	R
Company						
Cost:						
Opening balance	153 074	-	-	-	-	153 074
Additions	157 480	214 974	249 358	-	-	621 812
Closing balance	310 654	214 974	249 358	-	-	774 886
Accumulated depreciation						
Opening balance	119 747	-	-	-	-	119 747
Depreciation for the year	39 656	8 494	3 963	-	-	52 113
Closing balance	159 403	8 494	3 963	-	-	171 860
Carrying value 2005	33 327	-	-	-	-	33 327
Carrying value 2006	151 151	206 480	245 395	-	-	603 026
Group						
Cost:						
Opening balance	153 074	-	-	-	2 832	155 906
Additions	157 480	214 974	249 358	-	334 389	956 201
Closing balance	310 554	214 974	249 358	-	337 221	1 112 107
Accumulated depreciation						
Opening balance	119 337	-	-	-	2 432	112 169
Depreciation for the year	39 656	8 494	3 963	-	11 269	63 382
Closing balance	159 403	8 494	3 963	-	13 691	185 551
Carrying value 2005	33 737	-	-	-	-	33 737
Carrying value 2006	151 151	206 480	245 395	-	323 530	926 556

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

	Company		Group	
	2007	2006	2007	2006
	R	R	R	R
3. Exploration and evaluation assets				
Mineral and prospecting rights:				
Opening balance - cost	-	-	7 286 072	7 286 072
Closing balance - cost	-	-	7 286 072	7 286 072

Refer to note 21

4. Interest in subsidiaries and associates

	No of shares	Issued share	Effective	Share at cost		Loan	
		capital	interest	2007	2006	Accounts	
		2007	2006	2007	2006	2007	
		%	%	R	R	R	
Subsidiaries							
Angel Diamonds (Pty) Ltd (Incorporated in Lesotho (Registration number 1992/269))	1 000	80	60	800	600	1 499 717	600
Diamex JX (Pty) Ltd (Registration number 1997/014096/07)	10 000	100	100	67 601	67 601	1 112 988	768 660
Pilanesberg Gold Holdings (Pty) Ltd (Registration number 1987/000711/07)	9 400	100	100	46 551	46 551	21 001	284 950
Taung Diamond Mines Ltd (Registration number 1995/001724/06)	4 000 000	50	50	900 000	900 000	420 484	309 458
Thaba Egoli Mining & Exploration Ltd (Registration number 1994/008806/06)	27 000 000	100	100	8 400 000	8 400 000	4 971 042	2 451 124
Tradepost 121 (Pty) Ltd (Registration number 1997/010926/07)	100	100	100	2	2	23 270	21 372
				9 414 954	9 414 754	8 048 501	3 836 164
Deduct: Impairment losses				(9 368 403)	(9 367 603)	(7 244 988)	(3 175 590)
				46 551	47 151	803 513	660 574
Associate							
Abarawaki Investments (Pty) Ltd (Registration number 2002/02123/07)	100	-	40	-	40	-	(40)
Deduct: Impairment losses				-	-	-	-
				-	40	-	(40)

Impairment losses arose due to doubtful recoveries.

The attributable interest in the aggregate net losses of subsidiaries is R4 068 198 (2006: R1 147 577).

Unless otherwise stated all subsidiaries are incorporated in the Republic of

South Africa and have a year end of 28 February.

The company acquired an additional 20% interest in Angel Diamond for a cash consideration of R200.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

	Company		Group	
	2007	2006	2007	2006
	R	R	R	R
4.1. Interest in subsidiaries				
Cost	9 414 954	9 414 754	-	-
Less: Impairment losses	(9 368 403)	(9 367 603)	-	-
	46 551	47 151	-	-
Subsidiaries' net indebtedness at year end	8 048 501	3 852 964	-	-
Less: Impairment of loans to subsidiaries	(7 244 988)	(3 175 590)	-	-
Net indebtedness	803 513	677 374	-	-
Total interest in subsidiaries	850 064	724 525	-	-
4.2. Interest in associated companies				
Abarawaki Investements (Pty) Ltd				
Carrying value investment:				
Share at cost	-	-	-	40
Proceeds from disposal	-	-	-	(40)
	-	-	-	-
The groups interest in the share capital Abarawaki was disposed of during the current year atr carrying value are R40				
5. Inventories				
Trading inventory - at cost	1 540 437	1 558 060	1 540 834	1 558 708
	1 540 437	1 558 060	1 540 834	1 558 708

Inventories consist of merchandise being polished diamonds.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

	Company		Group	
	2007	2006	2007	2006
	R	R	R	R
6. Current investments				
Finacial assets held for trading				
Sage Sinking Fund policies	629 604	542 175	629 604	542 175
Shares in listed companies	168 000	198 826	168 000	239 826
Shares in unlisted companies	105 976	-	114 534	-
	903 580	741 001	912 138	782 001
Fair value of the Sinking Fund policies is indicated at surrender value at year-end. Fair value of listed investments is established at the current market price on the JSE Securities Exchange South Africa at year-end. Unlisted investments are stated at cost as a reliable valuation is not possible at this stage.				
7. Trade and other receivables				
Trade receivables	923 740	52 440	500 340	52 440
Sundry receivables	477 108	781 221	532 644	884 127
Short term loans	2 290 031	1 353 512	2 105 784	1 353 071
	3 690 879	2 187 173	3 138 768	2 289 638

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

	Company		Group	
	2007	2006	2007	2006
	R	R	R	R
8. Cash and cash equivalents				
Current bank account	18 614	23 546	214 910	37 762
Cash on call and on hand	722 229	4 544 509	742 466	4 525 598
Fixed deposit	-	-	30 000	30 000
Credit facilities	25 373	(32 438)	25 373	(32 438)
Total cash and cash equivalents	766 216	4 535 617	1 012 749	4 560 922
Refer to note 22 for fixed deposit encumbrances.				
9. Share capital				
Authorised				
100 000 000 (2005:100 000 000) ordinary shares of 10 cents each	10 000 000	10 000 000	10 000 000	10 000 000
Issued				
17 006 887 (2005:17 006 887) ordinary shares of 10 cents each	1 700 689	1 700 689	1 700 689	1 700 689
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.				
10. Treasury shares				
Opening balance	-	-	240 900	-
Additions	-	-	-	240 900
Disposals	-	-	(761 250)	-
Transfer to equity	-	-	520 350	-
Closing Balance	-	-	-	240 900
11. Deferred taxation				
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
Undeemed capital expenditure	-	-	1 252 978	388 118
Tax losses	2 172 341	1 320 368	2 892 614	1 463 227
	2 172 341	1 320 368	4 145 592	1 851 345

A Deferred tax asset has not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

	Company		Group	
	2007	2006	2007	2006
	R	R	R	R
12. Trade and other payables				
Accounts payable	1 959 536	322 110	2 044 677	397 528
	1 959 536	322 110	2 044 677	397 528
13. Revenue				
Sale of polished diamonds	80 388	45 754	80 388	45 754
	80 388	45 754	80 388	45 754
14. Operating loss is arrived at after taking into account				
Income				
Management fees received	400 175	210 000	412 175	-
Consulting fees received	440 000	-	60 000	13 000
Expenditure				
Auditors remuneration	307 348	5 900	349 698	13 650
- Audit fees	296 000	5 900	328 100	13 650
- Other services	11 348	-	21 598	-
Over in prior years		114 000		154 000
Depreciation	304 230	52 113	497 060	63 382
Directors' emoluments for managerial services (note 22.1)	359 664	382 667	610 164	400 667
Directors' emoluments for services as director (note 22.2)	125 000	125 000	181 949	125 000
Impairment of goodwill	-	-	-	400 003
Impairment of interest in subsidiaries	4 070 239	1 483 514	-	-
Exploration expenditure	253 110	1 492 580	2 994 834	-
Impairment of trade and other receivables	250 000	-	250 000	-
Secretarial fees	66 754	54 000	90 509	54 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

	Company		Group	
	2007	2006	2007	2006
	R	R	R	R
15. Finance income				
Dividends received	390	-	390	-
Fair value adjustment to unlisted investments	87 429	80 857	87 429	80 858
Fair value adjustment to listed investments	116 345	52 880	117 613	63 525
Interest received	131 346	770 135	132 540	772 550
Interest received from SARS	333 028	110 000	333 028	110 000
	688 538	1 013 872	671 000	1 026 933
The fair value adjustment for unlisted investments relates to the surrender value of the sinking fund policies held by the company.				
16. Basic loss per share				
The calculation of basic loss and headline loss per share are as follows:				
Basic loss for the year	(6 315 708)	(1 910 032)	(6 605 321)	(3 458 853)
Headline loss for the year	(2 245 469)	(426 518)	(6 605 321)	(3 058 850)
Weighted average ordinary shares in issue	17 006 887	17 006 887	17 006 887	17 006 887
Basic loss per share (cents)	(37.14)	(20.01)	(38.84)	(20.34)
Diluted loss per share (cents)	(37.14)	(20.01)	(38.84)	(20.34)
Headline loss per share (cents)	(13.20)	(11.28)	(38.84)	(17.99)
Diluted headline loss per share (cents)	(13.20)	(11.28)	(38.84)	(17.99)
The Group has no share options or preference shares in issue resulting in the diluted loss per share and diluted headline loss per share to be the same as the basic loss per share and headline loss per share.				
Reconciliation between loss and headline loss				
Net loss attributable to ordinary shareholders	(6 315 708)	(6 173 328)	(6 605 321)	(3 458 853)
Adjustments for:				
Goodwill impaired	-	-	-	400 003
Impairment losses in subsidiaries	4 070 239	1 483 514	-	-
Headline loss	(2 245 469)	(426 518)	(6 605 321)	(3 058 850)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

	Company		Group	
	2007	2006	2007	2006
	R	R	R	R
17. Taxation				
South African Normal taxation				
-Current	-	-	-	-
-Deferred	-	-	-	-
	-	-	-	-
The Group has an estimated tax loss of R9 974 531 (2006; R5 155 609).				
The Company has an estimated assessed loss of R7 490 831 (2006: estimated loss R4 662 993) available for offset against future taxable income.				
	2007	2006	2007	2006
	%	%	%	%
Reconciliation of statutory taxation rate				
Taxation rate per income statement	0.00	0.00	0.00	0.00
Non-taxable income	(2.47)	(1.20)	(2.36)	(1.20)
Non-deductible expenses	21.00	28.60	2.20	26.90
Change in standard rate	0.00	1.60	0.00	3.30
Deferred tax asset not raised	10.47	0.00	29.16	0.00
Satutory taxation rate	29.00	29.00	29.00	29.00

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

18. Financial instruments

Exposure to currency, interest rate and credit risk arises in the normal course of the Group's and Company's business.

18.1 Foreign Currency risk

The Group and Company incur currency risk as a result of purchases and sales in foreign currencies. The currencies in which the Group and Company primarily deals are Pounds Sterling and US Dollar. At present the foreign currency risk is not a major component of Thabex's diamond sales. As a result the company does not hedge its foreign currency positions.

18.2 Interest rate risk

The Group and Company generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis.

Re-pricing analysis

The following table identifies the period over which financial instruments that are sensitive to interest rate risk re-price.

	Effective interest rate %	Total R	6 months or less	6-12 months	1-5 years
Cash and cash equivalents -					
Group interest rate %:					
2006	7.7	4 560 922	4 560 922	-	-
2007	6.0	1 021 749	1 021 749	-	-

18.3 Credit risk

No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Reputable financial institutions are used for investing and cash-handling purposes. The carrying amount represents the maximum exposure to credit risk for each financial asset. The group only invests in listed securities and other investments are made with reputable financial institutions.

18.4 Sensitivity analysis

As the Group and Company does not follow a hedging policy it is therefore exposed to permanent changes in foreign and interest rates, which the Group does not consider as a material risk. Should such changes occur it would have the following impact on consolidated earnings:

At 28 February 2007, it is estimated that a general increase of one percentage point in interest rates would increase the Group and Company's profit before tax by approximately R 55 616 (2006: R100 279).

At 28 February 2007, an increase in the R/US\$ exchange rate would not have materially influenced the Group's profit before tax.

18.5 Fair values of financial assets and financial liabilities

The fair values of all financial instruments are substantially identical to carrying amounts reflected in the balance sheet. For this reason no comparative figure is shown.

	Company		Group	
	2007 R	2006 R	2007 R	2006 R
19. Cash utilised in operations				
Loss before taxation	(6 315 708)	(3 402 612)	(6 605 321)	(3 458 853)
Adjusted for:				
Depreciation	304 230	52 113	497 060	63 382
(Profit)/loss on disposal of investments	(93 035)	2 031	(94 303)	2 031
Goodwill impaired	-	-	-	400 003
Impairment of investment in subsidiaries	4 320 239	1 483 514	-	-
Impairment of other receivables	-	-	250 000	-
Provision utilised	-	(2 022 957)	-	(2 011 481)
Finance income	(464 374)	(880 135)	(465 568)	(882 551)
Interest expense	3 708	-	3 708	-
Change in fair value of investments	(110 739)	(133 738)	(110 539)	(144 383)
Operating loss before working capital changes	(2 355 679)	(4 901 784)	(6 524 963)	(6 031 852)
19.1 Changes in working capital				
Inventories	17 623	(970 688)	17 874	(970 688)
Trade and other receivables	(1 503 706)	(2 133 704)	(1 099 130)	(2 130 052)
Trade and other payables	1 627 426	(954 868)	1 647 149	(1 024 368)
Cash utilised in operations	(2 214 336)	(8 961 044)	(9 959 070)	(10 156 960)

19.2 Disposal of associate

On the 1 September 2006 the group disposed of its shareholding in Abarawaki Investments (Pty) Ltd for a consideration of R40.

	Company		Group	
	2007 R	2006 R	2007 R	2006 R
Shares	40	-	-	-
Proceeds	40	-	-	-
Closing balance - cost	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

20. Identities of related parties

The related parties are key personnel and management, subsidiaries and associates. All transactions with related parties are transacted at arms length at market related values:

20.1 Key management personnel

JR Rapoo, the Chairman, holds directorships in the following companies not controlled by Thabex:

Royal Bafokeng Resources Ltd
Bafokeng Investment Syndicate (Pty) Ltd
Bohirima Industrial Holdings (Pty) Ltd
Fabvest Investment Holdings Ltd
Premier Foods Ltd
Saminco Ltd

M Welthagen, the Chief Executive of Thabex Exploration Ltd, holds directorships and has a controlling shareholding in the following companies not controlled by Thabex:

Maxzon Fusion (Pty) Ltd
Maxzon Investments (Pty) Ltd
Minigweb (Pty) Ltd
Pure Diamonds Ltd
Saminco Ltd
SA Mineral Investments (Pty) Ltd (Group Secretaries)
Southern Mineral Brokers (Pty) Ltd

AP Roux holds a directorship in SA Mineral Investments (Pty) Ltd and Saminco Ltd companies not controlled by Thabex.

20.2. Transactions with related parties

Company and Group	2 007 R	2 006 R
Material related party transactions		
Companies controlled by Directors		
Intercompany balances at year end		
Loan to Pure Diamonds	310 000	-
Loan to Southern Mineral Brokers (Pty) Ltd	1 039 974	1 353 512
Loan to SA Mineral Investments (Pty) Ltd	435 220	-
Intercompany transactions		
SA Mineral Investments (Pty) Ltd: Secretarial fees	72 000	54 000
Maxzon Fusion (Pty) Ltd: Web hosting services	-	13 263
Miningweb (Pty) Ltd: Website content management	10 860	15 000
Maxzon Investments (Pty) Ltd: Website management services	-	6 600
Southern Mineral Brokers (Pty) Ltd: Purchase of polish diamonds	-	1 016 185

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

20.3. Directors' Emoluments - Paid by company

	Fees for Services as director	Basic Salary	Bonuses and performance -related payments	Other material benefits	Retirement Benefits	Commissions profit-share Arrangements	Total
	R	R	R	R	R	R	R
2006							
Executive directors:							
M Welthagen	-	382 667	-	-	-	-	382 667
Non executive directors:							
JR Rappoo	50 000	-	-	-	-	-	50 000
JL Bosch	25 000	-	-	-	-	-	25 000
Prof DL Reid	25 000	-	-	-	-	-	25 000
AP Roux	25 000	-	-	-	-	-	25 000
Total	125 000	382 667	-	-	-	-	507 667
2007							
Executive directors:							
M Welthagen	-	359 664	-	-	-	-	359 664
Non executive directors:							
JR Rappoo	50 000	-	-	-	-	-	50 000
JL Bosch	25 000	-	-	-	-	-	25 000
Prof DL Reid	25 000	-	-	-	-	-	25 000
AP Roux	25 000	-	-	-	-	-	25 000
Total	125 000	359 664	-	-	-	-	484 664

The Company has not awarded (2006: nil) share options to directors.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

20.4 Directors' Emoluments - paid by subsidiaries

	Fees for services as a director	Basic salary	Bonuses and performance -related payments	Other material benefits	Retirement benefits	Commissions profit-share Arrangements	Total
2006	R	R	R	R	R	R	R
Executive directors:							
<i>AB Takang</i>							
Taung Diamond Mines Ltd	-	17 000	-	-	-	-	17 000
<i>M Welthagen</i>							
Thaba Egoli Mining & Exploration Ltd	-	1 000	-	-	-	-	1 000
Total	-	18 000	-	-	-	-	18 000
2007							
Executive directors:							
<i>AB Takang</i>							
Taung Diamond Mines Ltd	-	2 500	-	-	-	-	2 500
<i>M Welthagen</i>							
Taung Diamond Mines Ltd	-	-	-	-	-	-	-
Pilanesberg Gold Holdings (Pty) Ltd	-	230 500	-	-	-	-	230 500
Thaba Egoli Mining & Exploration Ltd	-	20 000	-	-	-	-	20 000
<i>AJ Welthagen</i>							
Taung Diamond Mines Ltd	-	20 000	-	-	-	-	20 000
Total	-	273 000	-	-	-	-	273 000

The Companies have not awarded (2006: nil) share options to directors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

20.5 Directors' Emoluments - paid by company and subsidiaries

	Fees for services as a director	Basic salary	Bonuses and performance -related payments	Other material benefits	Retirement benefits	Commissions profit-share Arrangements	Total
2006	R	R	R	R	R	R	R
Executive directors:							
<i>AB Takang</i>							
Taung Diamond Mines Ltd	-	17 000	-	-	-	-	17 000
<i>M Welthagen</i>							
Thabex	-	382 667	-	-	-	-	382 667
Thaba Egoli Mining & Exploration Ltd	-	1 000	-	-	-	-	1 000
Non executive directors							
<i>JR Rappoo</i>	50 000	-	-	-	-	-	50 000
<i>JL Bosch</i>	25 000	-	-	-	-	-	25 000
<i>Prof. DL Reid</i>	25 000	-	-	-	-	-	25 000
<i>AP Roux</i>	25 000	-	-	-	-	-	25 000
Total	125 000	400 667	-	-	-	-	525 667
2007							
Executive directors:							
<i>AB Takang</i>							
Taung Diamond Mines Ltd	-	2 500	-	-	-	-	2 500
<i>M Welthagen</i>							
Thabex	-	359 664	-	-	-	-	359 664
Taung Diamond Mines Ltd	-	-	-	-	-	-	-
Pilanesberg Gold Holdings (Pty) Ltd	-	230 500	-	-	-	-	230 500
Thaba Egoli Mining & Exploration Ltd	-	20 000	-	-	-	-	20 000
<i>AJ Welthagen</i>							
Taung Diamond Mines Ltd	-	20 000	-	-	-	-	20 000
Total	-	20 000	-	-	-	-	20 000
Non executive directors							
<i>JR Rappoo</i>	50 000	-	-	-	-	-	50 000
<i>JL Bosch</i>	25 000	-	-	-	-	-	25 000
<i>Prof. DL Reid</i>	25 000	-	-	-	-	-	25 000
<i>AP Roux</i>	25 000	-	-	-	-	-	25 000
Total	125 000	632 664	-	-	-	-	757 664

The Group has not awarded (2006: nil) share options to directors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2007

	Loans		Management fees charged	
	2007	2006	2007	2006
	R	R	R	R
20.5 Transactions with subsidiaries				
Included in interest in subsidiaries are loans owing to Thabex by the following companies:				
Angel Diamonds (Pty) Ltd	1 499 717	-	120 000	-
Diamex JV (Pty) Ltd	1 112 979	786 661	60 000	-
Pilanesberg Gold Holdings (Pty) Ltd	21 001	284 950	10 000	-
Taung Diamond Minex Ltd	420 484	393 104	10 000	-
Thaba Egoli Mining and Exploration Ltd	4 951 042	2 566 217	240 000	-
Tradeport 121 (Pty) Ltd	23 270	21 372	-	-
Total	8 028 493	4 052 304	440 000	-

21. Change in accounting policy

The adoption of IFRS 6 Exploration and Evaluation of Mineral Resources has been incorporated in the 2007 financial results and has been applied retrospectively and comparative figure have been restated. The change in the accounting policy had the following impact on the consolidated financial statements (no impact on company). The Company elected to remain with its present accounting policy to expense exploration and evaluation of mineral resources costs. The adoption of IFRS 6 in the current year had no impact on the Group's balance sheet, income statement and cash flow statement.

	2007	2006
Consolidated balance sheet at 28 February		
Increase intangible exploration and evaluation assets	7 286 072	7 286 072
Increase in the opening retain income at 1 March of R7 286 072		

The change in accounting policy had no material impact on the income statement and cash flow statement nor on earnings per share. The changes were as a result of the reversal of previously recognized impairment losses on exploration and evaluation losses.

	Company		Group	
	2007	2006	2007	2006
	R	R	R	R
22. Capital commitments				
Authorised:	-	4 500 000	-	4 500 000
Contracted for:				
Angel Diamonds (Pty) Ltd	-	-	-	-

23. Contingent liabilities

Thaba Egoli Mining & Exploration Ltd ("Thaba Egoli") has a bank guarantee for R30 000 in terms of the requirement of the Environmental Rehabilitation Management Plan for this company's prospecting permit. Thaba Egoli has ceded a fixed deposit as security for the bank guarantee. The guarantee is unlikely to be called as Thabex Egoli has been rehabilitating the drill site areas as drilling progressed, resulting in a minimal expense to be incurred at the end of the prospecting program on the Salt River Base Mineral Project area.

24. Standards and interpretations not yet effective

As at the date of these financial statements the following Statements and Interpretations of IFRS where not effective namely: IAS 23, IFRS 7, IFRS 8, IFRIC 7, IFRIC 8, IFRIC 9, IFRIC 10, IFRIC 12, IFRIC 11, IFRIC 16, and AC 503.

IAS 23, IFRIC 7, IFRIC 8, IFRIC 9, IFRIC 11, IFRIC 12 and AC 503 are not currently applicable to the business of the Group and are therefore not expected to have any impact on the annual financial statements.

24.1 IFRS 7 and amendments to IAS 1

The disclosure provided in respect of financial instruments in the financial statements for the year ending 28 February 2008 as well as comparative information, will be compliant with IFRS 7 and the amendments to IAS 1. Since the Group does not issue any insurance contracts the consequential amendments to IFRS 4 will not have any impact.

The disclosure requirements of IFRS 7 and the amendments to IAS 1 require additional disclosure compared to that required in terms of existing IFRSs in respect of the following:

- the significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements previously in IAS 32;
- qualitative and quantitative information about exposure to risks arising from financial instruments, including specific minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objective, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the Group's use of financial instruments and the exposures to risk they create; and
- the Group's objectives, policies and processes for managing capital, as well as qualitative disclosures about capital maintenance.

The adoption IFRS 7 and the amendments to IAS 1 will not have any impact on the accounting policies adopted for financial instruments.

24.2 IFRS 8

IFRS 8 will be adopted by the Group for the first time for its financial reporting period ended 28 February 2010.

In terms of the IFRS, segment reporting will be based on the information that management uses internally for evaluating segment performance and when deciding how to allocated resources to operating segments.

IFRS 8 is not expected to have a significant influence of the Group's method of preparing segmental reporting information.

24.3 IFRIC 10

IFRIC 10 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2008.

IFRIC 10 prohibits the entity from reversing impairment losses recognised in an interim period on goodwill, investments in equity instruments classified as available-for-sale and financial assets carried at costs in terms of IAS 39. The transitional provisions of this Interpretation require retrospective application but only from dates which IAS 36 and IAS 39 were applied by the entity.

The retrospective application of IFRIC 10 will have no impact on the financial results to date.

DIRECTORS' INTEREST

The director's interests in the ordinary share capital of Thabex were:

As at 28 February 2007					
	Directly		Indirectly		%
	Beneficial	Non Beneficial	Beneficial	Non Beneficial	
	M Welthagen	1 000	-	1 945 896	
JL Bosch	16 000	-	-	-	0.09
JR Rapoo	20 000	-	-	-	0.12
Porf DL Reid	16 600	-	-	-	0.10
AP Roux	16 000	-	-	170 000	1.09
Total	69 600	-	1 945 896	216 530	13.12

As at 28 February 2006					
	Directly		Indirectly		%
	Beneficial	Non Beneficial	Beneficial	Non Beneficial	
	M Welthagen	1 000	-	1 945 896	
JL Bosch	16 000	-	-	-	0.09
JR Rapoo	20 000	-	-	-	0.12
Prof DL Reid	16 600	-	-	-	0.10
AP Roux	16 000	-	-	170 000	1.09
Total	69 600	-	1 945 896	216 530	13.12

M Welthagen has a 20.79% (2006: 20.79%) indirect interest in the company held through The Marius Welthagen Trust's direct 54.59% interest in Saminco Limited or 1 755 371 shares (2006: 1 755 371 shares) and 1 779 375 shares (2006: 1 779 375 shares) held through SA Mineral Investments (Pty) Ltd. AP Roux has a direct interest of 16 000 and an indirect interest of 170 000 ordinary shares in the company or 1.09%. No material change in the above interests occurred since year-end to the date of this report.

SHAREHOLDERS' ANALYSIS

	Shareholders		Shares held	
	Number	%	Number	%
Shareholder spread				
1 - 1000 shares	307	57.60	127 840	0.75
1 001 - 10 000 shares	134	25.14	615 765	3.62
10 001 - 100 000 shares	73	13.70	2 295 106	13.50
100 001 - 1 000 000	15	2.81	3 961 972	23.30
1 000 001 - shares and more	4	0.75	10 006 204	58.84
	533	100	17 006 887	100
Distribution of shareholders				
Individuals	438	82.18	5 580 979	32.82
Investment companies & trusts	82	15.38	10 246 334	60.25
Banks and nominee companies	13	2.44	1 179 574	6.94
	533	100	17 006 887	100
Public/Non-public shareholder				
Public	527	98.87	11 718 026	68.90
Non-public	6	1.13	5 288 861	31.10
Directors of Thabex	5	0.94	2 067 405	12.16
Holding 10% and more	1	0.19	3 221 456	18.94
	533	100	17 006 887	100

SHAREHOLDERS' DIARY

Annual general meeting

10 October 2007

Interim Report

25 November 2007

Annual report 2008 financial year

25 May 2008

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your stockbroker, attorney, banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in Thabex Exploration Ltd you should pass this document and the enclosed proxy form to the purchaser of such shares or the stockbroker, banker or other agent through whom the disposal was affected for transmission to the purchaser.



("Thabex" or "the Company")
(Registration number 1988/000763/06)
(Incorporated in the Republic of South Africa)
Young Lions Exploring Africa
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e-mail info@thabex.com
ISIN code ZAE000013686
Listed on the JSE - Code TBX

Notice is hereby given that the eighteenth Annual General Meeting of members of Thabex will be held at Ground Floor, Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, 2194 on Wednesday, 10 October 2007, at 10:00 to consider and, if deemed fit, pass with or without modifications, the following ordinary and special resolutions:

Ordinary resolutions

- To authorise any Director or Alternate Director of the Company to sign all such documents and to do all such things as may be necessary for or incidental to the implementation of the following ordinary and special resolutions to be proposed at the Annual General Meeting.
- To receive, consider and adopt the audited annual financial statements of the Company for the year ended 28 February 2007.
- To authorise the directors to determine and pay the auditors remuneration for the year ended 28 February 2007.
- To re-elect M Welthagen as director in accordance with the provisions of the Company's articles of association. An abridged CV of M Welthagen is provided on page 8 of the annual financial statements for the period ended 28 February 2007.
- To approve, in terms of articles 88 and 89 of the articles of association, the directors' remuneration as disclosed in the annual financial statements for the year ended 28 February 2007.
- To renew the general authority of the directors to allot and issue all or any portion, subject to the provisions of the Companies Act, 1973, as amended, and the listing requirements of the JSE Ltd ("JSE"), of the remaining shares in the authorised but unissued share capital of the Company upon such terms and conditions as they may determine.
- Resolved that, subject to ordinary resolution number 6 being passed, and subject to not less than 75% of the votes cast by those shareholders of the company present in person or represented by proxy and entitled to vote at this meeting at which this resolution is proposed, voting in favour of this resolution, the directors of the company be and they are hereby authorised by way of a general authority to issue all or any of the authorised but unissued ordinary shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of the JSE, provided that:
 - this authority is valid until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter;
 - any such issue will only be securities of a class already in issue, or limited to such securities or rights that are convertible into a class already in issue;
 - the shares will be issued only to the public shareholders as defined in the Listings Requirements of the JSE and not to related parties;
 - the number of shares issued for cash shall not in the aggregate in any one financial year exceed 10% (ten percent) of the company's issued share capital. The number of shares which may be issued shall be based on the number of shares in issue at the date

of such application less any shares issued during the current financial year, provided that any shares to be issued pursuant to a rights issue (announced, irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were shares in issue at the date of application;

7.5. in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the issuer. The JSE will be consulted for a ruling if the company's securities have not traded in such 30 business day period;

7.6 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 financial year, 5% or more of the number of shares in issue prior to the issue.

In terms of the Listings Requirements on the JSE a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the general meeting must be cast in favour of Ordinary Resolution Number 7 for it to be approved.

**Special resolution
As special resolution number 1**

Resolved that the Board of Directors of the Company be hereby authorized, by way of renewal general authority to approve the repurchases of its own shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, provided that:

This general authority shall be valid until Company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter;

- the ordinary shares be repurchased through the order book of the JSE trading system and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counter party;

- an announcement complying with 11.27 of the Listings Requirements be published by the Company when the Company and/or its subsidiaries has cumulatively repurchased 3% of the ordinary shares in issue as at the time when the general authority was given ("the initial number") and (ii) for each 3%

in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries;

- the repurchase by the Company and its subsidiaries of its own ordinary shares shall not in the aggregate in any one financial year exceed 20% of the Company's issued share capital of that class, provided that the acquisition of ordinary shares as treasury stock by a subsidiary of the Company shall not exceed 10% in the aggregate of the number of issued shares of the Company;

- repurchases must not be made at a price more than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected;

- at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;

- the Company will after a repurchase of shares comply with the provisions of the Listings Requirements regarding shareholder spread;

- the Company and the subsidiary will not repurchase ordinary shares during a prohibited period (as defined in the Listings Requirements); such repurchases will be subject to the Companies Act.

- The Company's Articles of Association and the Listings Requirements of the JSE; and

- if the Company purchases its own shares from any wholly owned subsidiary of the Company for the purposes of canceling such treasury shares pursuant to this general authority, the provision of bullet point no. 2 above will not be applicable to such purchase transaction.

It is the intention of the Board of Directors to use this general authority should prevailing circumstances (including the tax dispensation and market conditions) warrant it in their opinion.

The Company's directors undertake that they will not implement any such repurchases while this general authority is valid, unless:

- the Company and its subsidiaries will be, in the ordinary course of business, able to pay its debts for a period of 12 months after the date of the notice of the annual general meeting at which this resolution is proposed ("the annual general meeting);

NOTICE OF ANNUAL GENERAL MEETING

• the assets of the Company and its subsidiaries will exceed the liabilities of the Company and its subsidiaries for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognized and measured in accordance with the accounting policies used in the Company's latest audited annual group financial statements;

• the Company and its subsidiaries will have adequate share capital and reserves for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;

• the working capital of the Company and its subsidiaries will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and

• upon entering the market to proceed with the repurchase, the Company's sponsor has confirmed the adequacy of the Company's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE.

Reason for and effect of Special Resolution Number 1

The reason for and the effect of the special resolution is to grant the Company's directors a general authority to approve the Company's repurchase of its own shares and to permit a subsidiary of the Company to purchase shares in the Company.

For the purposes of considering Special Resolution Number 1 and in compliance with 11.26 of the Listings Requirements, the information listed below has been included in the Annual Report, in which this notice of annual general meeting is included, at the places indicated:

Directors and management (pages 8, 31 and 66);
Major shareholders (page 29);
No material changes (page 30);
Directors' interests in securities (page 58);
Share capital of the company (page 46);

The directors, whose names are set out on pages 8, 31 and page 66 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in Special Resolution Number 1 and certify, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard and that the resolution contains all information required by law and the Listings Requirements;

Save for the legal proceedings stated on page 31, the company and the group are not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the company is aware that may have or have had in the previous 12 months, a material effect on the company's financial position.

And to transact any other business that may be transacted at an annual general meeting.

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 transfer secretaries, Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) of the Company at least 48 hours before the time of holding the meeting excluding Saturdays, Sundays and Public Holidays.

Dematerialised shareholders, other than own name registered dematerialised shareholders, who wish to attend the annual general meeting or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary written authority to attend the annual general meeting or to be represented thereof by proxy. This must be done in terms of the agreement between the member and his/her CSDP or broker in the manner and cut-off time stipulated therein.

By order of the board
SA Mineral Investments (Pty) Ltd
Company Secretaries
Johannesburg
27 August 2007

To be completed by certificated shareholders and dematerialised shareholders with own name registration only.



("Thabex" or "the Company")
(Registration number 1988/000763/06)
(Incorporated in the Republic of South Africa)
Young Lions Exploring Africa
www.thabex.com
e-mail info@thabex.com
ISIN code ZAE000013686
Listed on the JSE - Code TBX

For use at the annual general meeting on Wednesday, 10 October 2007. If shareholders have dematerialised their shares with a CSDP or broker, other than with own name registration, they must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the custody agreement

I/We (Please print name in full) _____ of (address) _____, being a holder of _____ ordinary shares issued by Thabex, hereby appoint _____ of _____ and failing him/her _____ of _____ and failing him/her he chairman of the meeting,

as my/our proxy to vote for me/us and on my/our behalf on a show of hands and/or on a poll at the general meeting of Thabex shareholders to be held at the Ground Floor, Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Johannesburg, 2194 on Wednesday, 10 October 2007 at 10:00 and at any adjournment thereof, as follows:

	Number of votes (one vote per share)		
	In favour	Against	Abstain
Ordinary resolution Number 1 To authorise signature of documents			
Ordinary resolution Number 2 Adoption of financial statements			
Ordinary resolution Number 3 To approve Auditors remuneration			
Ordinary resolution Number 4 Re-election of director: M Welthagen			
Ordinary resolution Number 5 To approve directors' fees			
Ordinary resolution Number 6 To place the unissued shares under control of the directors			
Ordinary resolution Number 7 General approval to issue shares for cash			
Special resolution Number 1 Repurchase of shares by Thabex and its subsidiaries			

SIGNED at _____ this _____ day of _____ 2007

(SIGNATURE)

A shareholder entitled to attend and vote at the abovementioned meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of Thabex) to attend and speak and vote at the abovementioned meeting in place of that shareholder.

Please read the notes on the reverse hereof.

DIRECTORATE AND ADMINISTRATION

DIRECTORS

JR Rapoo

(non-executive Chairman)

B Comm (Accounting) Hons B Compt

M Welthagen

(Chief Executive) P Eng (Int) MEng (Mining)

MPhil (Mineral Economics) BComm Hons
(Economics)

MECSA MSAIMM FGSSA MPDAC

JL Bosch

(Non-executive) MSc (Geology) PrSciNat

MGSSA

DS Cowie

(Executive Director) NHD (Metallurgy)

BSc (Statistics) MSAIMM

Prof DL Reid

(Non-executive) DPhil (Geochemistry)

MSc (Geology)

BSc Hons (Geology) PrSciNat MGSSA FSEG

AP Roux

(Non-executive) BAgric

SECRETARIES

SA Mineral Investments (Proprietary) Ltd

(Registration no 1981/004619/07)

51 Austin Street Northcliff Johannesburg 2195

REGISTERED OFFICE

Kiepersol House, Stonemill Office Park,

300 Acacia Road, Darrenwood, Randburg. 2194

BROKERS

PSG Online Securities Ltd (Member of the JSE Ltd

Securities Exchange South Africa) (Registration

no 1996/000509/06) Cascade House Constantia

Park c/o 14th Avenue & Hendrik Potgieter Drive

Weltevreden Park 1709

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd

(Registration no 2000/007239/07)

11 Diagonal Street Johannesburg 2001

SPONSOR

PSG Capital Ltd (Registration no

1998/017396/06)

1st Floor Old Kollege 35 Kerk Street

Stellenbosch 7600

AUDITORS

KPMG Inc. (Registration no 1999/021543/21)

KPMG Forum 1226 Schoeman Street Hatfield

Pretoria 0028

COMMERCIAL BANKERS

First National Bank of Southern Africa Ltd

(Registration no 1971/009695/06) Johannesburg

Branch

80 Market Street Johannesburg 2001

LAWYERS

Brink Cohen Le Roux Inc (Registration no

1993/004501/21)

BCLR House 19 West Street Houghton

Johannesburg 2198

STRATE

STRATE Ltd (Registration no 1998/022242/06)

5th Floor One Exchange Square 2 Gwen Lane

Sandown 2196

POSTAL ADDRESS

PO Box 3899 Northcliff Johannesburg 2115

TELEPHONE NUMBER

0860 THABEX (0860 84 2239)

+27 (0)11 459 6600

FAX NUMBER

+27 (0)11 459 6606

WEBSITE ADDRESS

www.thabex.com

E-MAIL ADDRESS

info@thabex.com

SHARE CODES

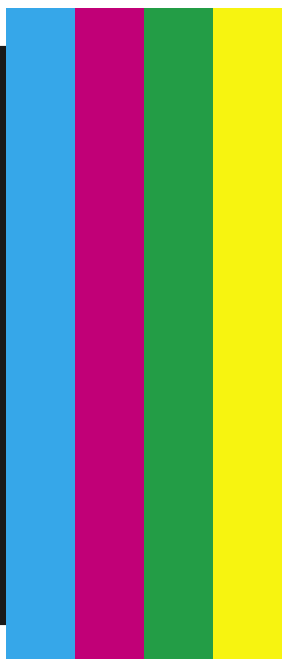
ISIN code ZAE000013686 JSE code TBX



young lions exploring africa



www.thabex.com



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