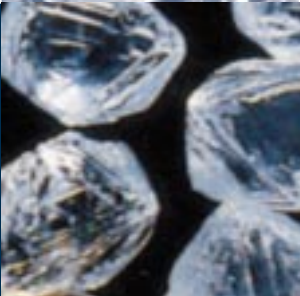




**Thabex  
Exploration  
Limited**

*f o r t h e y e a r e n d e d 2 8 F e b r u a r y*

# Annual Report 1 9 9 8



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Mining and exploration of high  
quality alluvial diamonds



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Future gold exploration in  
Mozambique



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Grass-roots platinum exploration in  
the Bushveld Igneous Complex



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Base mineral projects diversified  
in size and stage of feasibility



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## mission statement

Explore, search and turn to account mineral projects in South and Southern Africa, using professional teams, to benefit shareholders, employees and the peoples of the region.

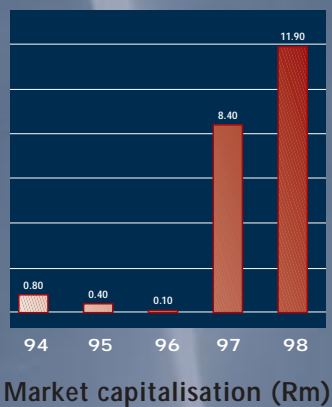
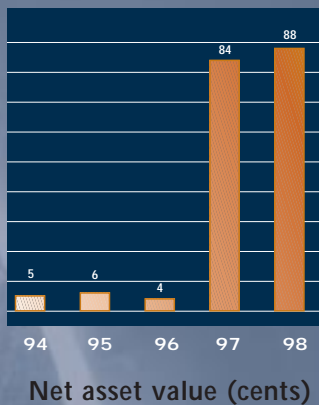
## profile

Thabex has a diversified portfolio of mineral exploration projects in South and Southern Africa.

The company is established in the old mining camp of Kimberley and is focusing its exploration and mining activities on:

- **alluvial and kimberlite deposits;**
- **diamonds of exceptional quality and size; and**
- **near surface diamondiferous deposits amenable to low cost mining.**

Thabex also explores for gold, platinum and base minerals.



## salient features

	Company		Group	
	1998 R	1997 R	1998 R	1997 R
Number of shares at year-end	<b>13 538 597</b>	9 763 252	<b>13 538 597</b>	9 763 252
Loss per share (cents) (weighted average)	<b>6,75</b>	3,06	<b>7,88</b>	4,51
Dividends per share (cents)	–	–	–	–
Borrowings as a percentage of shareholders' equity (%)	<b>0</b>	0,1	<b>1,0</b>	4,6
Current assets to current liabilities	<b>1,95</b>	0,52	<b>1,45</b>	0,42
Net asset value per share (cents)	<b>89,82</b>	85,27	<b>88,22</b>	84,47

# chairman's statement

**Dear Shareholder** Your company successfully listed on the Johannesburg Stock Exchange ("the JSE") on 20 November 1997 and raised R3,3 million before costs by way of a private placing, providing Thabex with sufficient funds for working capital and capital to acquire the recovery equipment for mining operations at the company's Douglas diamond project.



After completion of the pre-production trenching and stockpiling during February 1998, production at the Douglas Project commenced on 1 March 1998. Full production is expected to be reached by the end of May 1998.

The board redefined the company's operational plan and decided to implement a strategy to focus Thabex's exploration activities on its diamond interests. The main reason for this approach is to generate an early cash flow for Thabex in order to continue with the company's main activity, that of exploring for minerals.

Gold, platinum and base mineral exploration activities have been limited to geological investigations and desktop studies.

Thabex, as an exploration company, continues to strive to:

- create real wealth for its shareholders by turning to account some of its properties
- develop, as far as possible, its smaller properties in a socially responsible and environmentally friendly manner
- seek joint venture partners to explore and develop its larger properties.

It remains extremely difficult to raise funds for exploration and small mining projects in South Africa. Institutional investors during past decades had the benefit of investing in large mining and mining finance companies in a relatively isolated economy. Your board is of the opinion that Thabex should actively be seeking further funding outside South Africa.

Thabex has commenced the restructuring of its diamond interests into a new wholly owned company, Pure Diamonds (Pty) Ltd ("Pure") which was incorporated on 5 May 1998. Pure will concentrate on mining and exploration of:

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

The rationale for the formation of Pure is to raise sufficient capital on a Canadian Stock Exchange to develop and grow Thabex's diamond projects.

Thabex has renegotiated its option agreement with Cape Town based exploration company, Pioneer Minerals (Pty) Ltd ("Pioneer"), and acquired an option to purchase a further 60% of Pioneer. This agreement is subject to shareholder approval and details thereon will be contained in a circular to shareholders.

The Northern Cape Development Trust acquired a 5% interest in Douglas Mining & Exploration (Pty) Ltd on 1 March 1998. The income earned from this investment will be utilised for training and skills development for disadvantaged communities.

Your board has re-tendered for the platinum prospecting rights at Potgietersrus in the Northern Province. The proposed awarding of the tender to the lowest tenderer, Mokopane Mining (Pty) Ltd, a company in the Canadian based Platexco group, has been referred to the Office of the Premier of that province for review. Thabex has entered into negotiations with both Platexco and Mokopane in order to resolve the dispute amicably.

Dr JC Linde retired as chairman of Thabex for personal reasons and I wish to express my sincere appreciation and gratitude for his enthusiasm and guidance during the past two years. I trust that your board will continue to experience the overwhelming support from shareholders for the new course being followed. I also wish to thank the other members of the board for their commitment in directing Thabex to achieve all its objectives successfully.

A handwritten signature in black ink, appearing to read 'M Welthagen'.

**M Welthagen**  
*Chairman and Chief Executive Officer*  
15 May 1998

## directorate and administration



From left to right: M Welthagen (Chairman & Chief Executive Officer), JR Rapoo, Prof DL Reid, AP Roux, R Cooke

### DIRECTORS

M Welthagen (Chairman and Chief Executive Officer)

MEng (Mining), MPhil (Mineral Economics),

BComm Hons (Economics)

JR Rapoo

BComm (Accounting), Hons BCompt

Prof DL Reid

DPhil (Geochemistry), MSc (Geology), BSc Hons (Geology)

AP Roux

B Agric

### CONSULTANT

R Cooke

BSc Hons (Geology)

### POSTAL ADDRESS

PO Box 3899 Northcliff, Johannesburg 2115

### AUDITORS

KPMG

KPMG Forum, 427 Hilda Street, Hatfield Pretoria 0083

### BANKERS

First National Bank of South Africa Limited

(Registration number 71/09695/06)

Commissioner Street Branch, 87 Commissioner Street

Johannesburg 2001

### REGISTERED OFFICE

2nd Floor, KPMG Forum, 427 Hilda Street, Hatfield 0083

### STOCKBROKERS

BOE Securities Ltd

(Registration number 95/12240/06)

187 Rivonia Road

Morningside, Sandton 2057

### LAWYERS

Brink Cohen Le Roux & Roodt Inc

(Registration number 93/04501/21), South Wing PPS Building

6 Anerley Road, Parktown, Johannesburg 2193

### TRANSFER SECRETARIES

Mercantile Registrars Limited

(Registration number 87/00519/06, 6th Floor, Mercantile

Building, 94 President Street, Johannesburg 2001

### SECRETARIES

SA Mineral Investments (Pty) Limited

(Registration number 81/04619/07)

51 Austin Street, Northcliff, Johannesburg 2195

### WEBSITE ADDRESS

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

### E-MAIL ADDRESS

[thabex@cis.co.za](mailto:thabex@cis.co.za)

# group structure

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

## Location of exploration projects



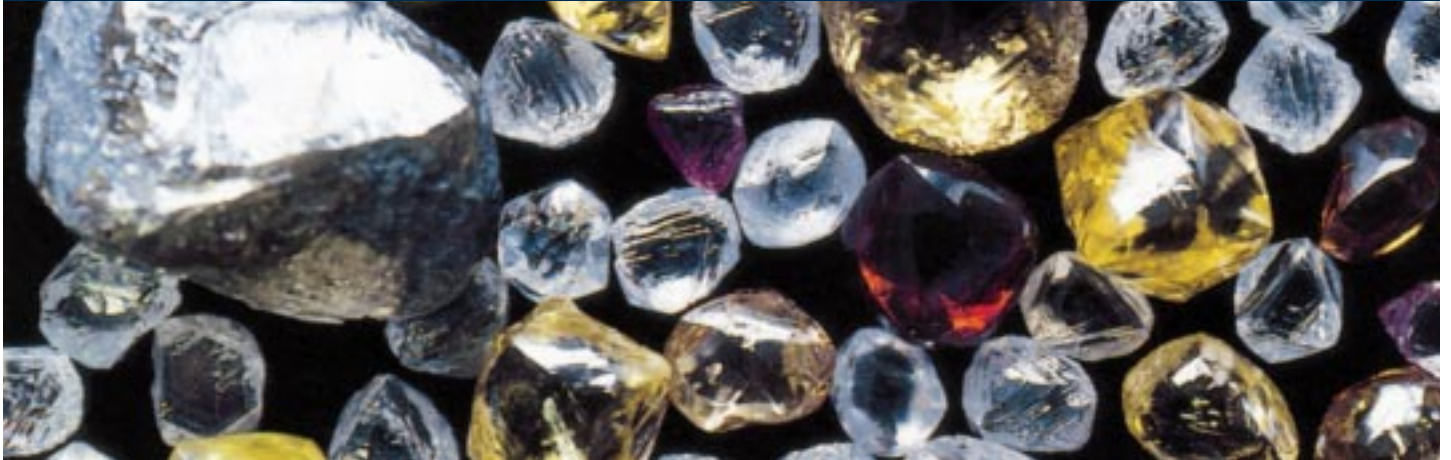


## exploration portfolio

<b>Diamonds</b>	Pure Diamonds	Douglas Project/Diamex JV
		Pioneer Diamond Projects
		Kimberley Office Project
		Komaggas Project
<b>Gold</b>		Mozambique Project
<b>Platinum</b>		Potgietersrus Platreef Project
		Platinexco Project
<b>Base minerals</b>		Marydale Project Copper-Lead-Zinc-Gold
		Riviera Project Tungsten-Molybdenum-Rare Earths
		Geelvloer Project Lead-Zinc-Copper-Silver-Gold
		Jacomyns Pan Project Nickel-Copper-PGE
		Nuwefontein Project Nickel-Copper-PGE

# review of exploration projects

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



**Your board has decided to focus Thabex's exploration activities on the exploration and mining of high quality diamonds. The projects exploring for gold, platinum and base minerals will remain a part of its portfolio, but activities on these projects have been scaled down to geological investigations and desktop studies.**

## diamonds

DOUGLAS MINING & EXPLORATION (PTY) LTD  
("DME") (THABEX – 100%)

Production at the Douglas property commenced on 1 March 1998 with the building of a 30 000 tonnes stockpile. It is expected that full production at a mining rate of 50 000 tonnes per month will be reached by the end of May 1998. The slower than expected production build-up is due to the late delivery of the DME's diamond recovery equipment.

The Northern Cape Development Trust acquired a 5% interest in DME on 1 March 1998 and profits from this investment will be utilised for technical and administrative training for disadvantaged communities. We welcome Messrs T Pikwane, MN Mosiapo and JP Spangenberg to the board of DME.

DIAMEX JV (PTY) LTD ("DIAMEX")  
(THABEX – 51%)

Diamex is the operating joint venture company on the Douglas property. We also welcome Mr HEM Henning as director and production manager of Diamex.

PIONEER MINERALS (PTY) LTD ("PIONEER")  
(THABEX – 40%)

Thabex entered into an agreement to acquire 40% of the equity of Pioneer for R110 639 and to fund Pioneers' exploration programme to the amount of R840 000 over the next two years, commencing on 1 March 1997. Thabex has also cancelled its previous option to buy a further 20% of Pioneer and replaced it with an option agreement to acquire all the remaining ordinary shares (60%) of Pioneer. Subject to shareholder approval, the terms of the new option are:

- the issue of 500 000 ordinary shares in Thabex and a cash payment of R1 million should option be exercised before 30 September 1998 or
- the issue of 1 000 000 ordinary shares in Thabex and a cash payment of R1,5 million should option be exercised before 30 March 1999 or
- the issue of 1 500 000 ordinary shares in Thabex and a cash payment of R2 million should option be exercised before 30 June 1999.

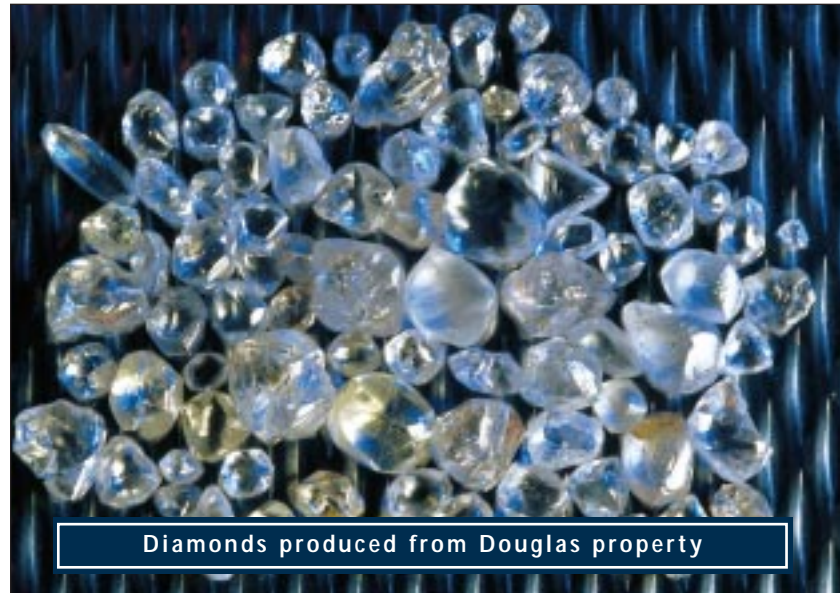
Pioneer has been active in negotiating agreements with owners and applying for mining rights over an area of 28 000 ha from Douglas to Prieska along the Orange River.

KIMBERLEY OFFICE PROJECT  
(PIONEER – 100%)

Pioneer has renewed its option to acquire the Kimberley office and database of Robert Cooke Mineral Consultants for R440 000. This project is considered very important to Thabex's future diamond exploration activities as it contains valuable geological information. Exploration activities currently conducted from this office is concentrating on the palaeo Vaal-Orange river system.

KOMAGGAS PROJECT (THABEX – 50%)

Thabex has entered into an agreement with businessmen of Komaggas to explore an area known as Alpha, some 525 ha in size, near the old Buffelsbank diamond mine.



Diamonds produced from Douglas property



Immediate rehabilitation of Douglas mining area



Diamond recovery grease tables

Exploration on the area commenced during March 1998. Should the project prove sufficient diamondiferous gravels a new diamond mining operation will be established with the benefits of new job opportunities for the community of Komaggas.

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

Pure was incorporated on 5 May 1998 and will become the vehicle through which Thabex will restructure its diamond interests. It is proposed that Pure should acquire 95% of DME, 51% of Diamex, 50% of the Komaggas Project and 100% of Pioneer's diamond interests (including the Kimberley Office and diamond properties database). All other projects and database information concerning other minerals in Pioneer will be transferred to Thabex.

Pure will therefore be a fully fledged diamond mining and exploration company. It is anticipated that Pure will raise sufficient funds for its mining and exploration activities by listing on a major Canadian stock exchange.



Automatic concentrate tapping

## gold

### MOZAMBIQUE PROJECT (THABEX – 60%)

Thabex has in principle agreed to acquire 60% of the equity of a Mozambique mining company, Minas Gerais Diamonte LDA ("MGD"). Work has not commenced on the MGD project area as a prospecting licence has not yet been granted.

### PILANESBERG PROJECT

In view of the poor gold price performance Thabex decided not to proceed with this project.

## platinum

### POTGIETERSRUS PLATREEF PROJECT

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

In an attempt to resolve the dispute amicably, Thabex has entered into negotiations with both Mokopane and Platexco to form a joint venture to develop the area. Shareholders will be kept informed about developments in this regard.

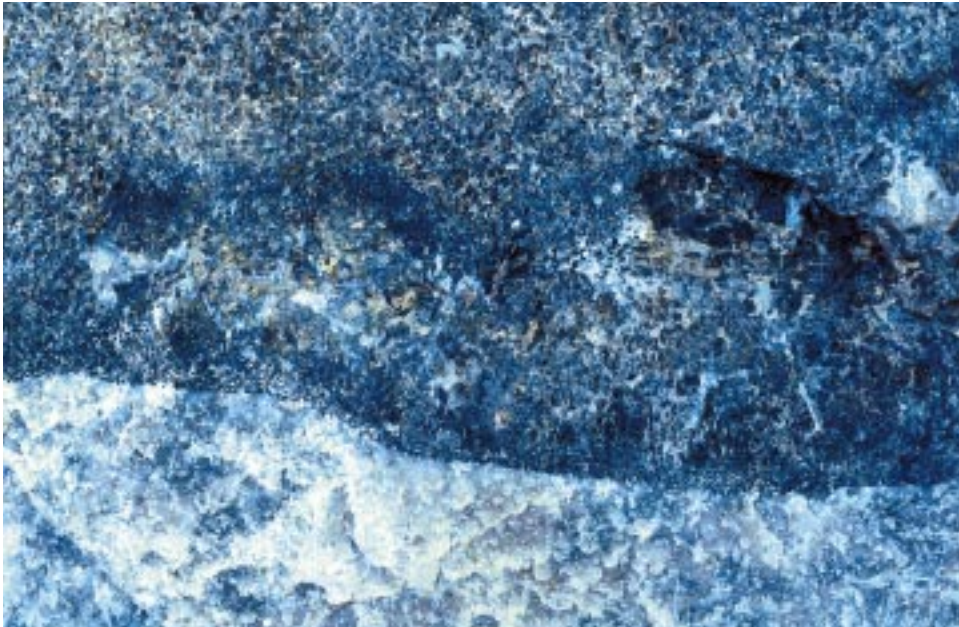
### PLATINEXCO (PTY) LTD (THABEX – 100%)

#### (formerly Steynsdorp Gold Mining Company (Pty) Ltd)

The company has under the guidance of its former chairman Dr JC Linde engaged in the search for grass-roots platinum exploration projects and Platinoxco will investigate various possible platinum exploration opportunities.

## base minerals

The primary objective to acquire an interest in Pioneer is for Thabex to have an active exploration subsidiary, through Pioneer's exploration office in Marydale. This office has a large database of exploration information about the Northern Cape Province and Namibia. The following projects are being investigated:



¶ Platinum metal  
§ Cross-section of Merensky Reef

MARYDALE PROJECT (PIONEER – 100%)

**Copper-Zinc-Gold** Pioneer has decreased its interest in this area to four farms, totalling 19 220 ha under option situated between Prieska and Marydale in the Northern Cape Province. The properties are located in the Areachap Terrane which contains the volcanogenic massive sulphide ore bodies of the Prieska and Areachap type deposits. A number of small massive sulphide bodies are known to occur in the optioned area.

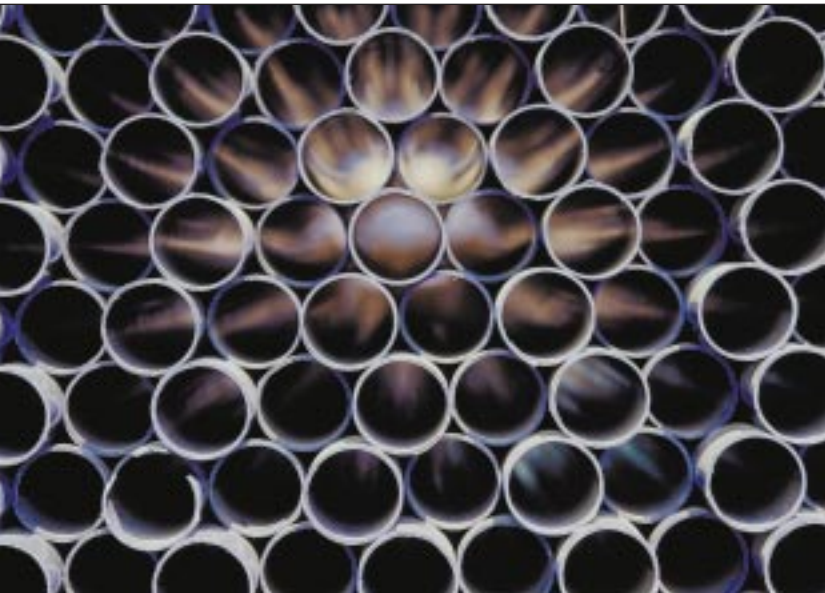
RIVIERA PROJECT (PIONEER – 100%)

**Tungsten-Molybdenum-Rare Earths** An option agreement was entered into over this property between Pioneer and Geo-Explore (Pty) Ltd, which company subsequently ceded its obligations to Tradeline Africa (Pty) Ltd ("Tradeline") based in Potgietersrus. Tradeline is paying a monthly option fee of R2 000 for a period of two years. Should the option be exercised an amount of R2 million will be payable to Pioneer and thereafter Pioneer retains a 5% free interest and a 10% participation right in the project.

The property, situated about 129 km north of Cape Town, was discovered and investigated by Union Carbide and Anglo American during the period 1975 – 1988. More than 19 000 m of drilling has defined a mineralised ore body. Anglo American has estimated an opencast reserve of 46 million tonnes grading 0,216% WO<sub>3</sub> and 0,02% Mo.

GEELVLOER PROJECT (THABEX – 95%) (PIONEER – 5%)

**Lead-Zinc-Copper-Silver-Gold** Thaba Egoli Mining & Exploration Ltd ("Thaba Egoli"), a wholly owned subsidiary of Thabex, has exercised its option over the farm, the Remaining Extent of Adjoining Geelvloer 179 in the district of Kenhardt, 3 041 ha in size. The purchase price of R1,6 million was settled by the issue of 1 600 000 ordinary shares in Thabex at 100 cents per share to the owner.



The Geelvloer deposit comprises massive sulphide mineralisation occurring in a sequence of metamorphic rocks comprising biotite gneiss, leptonite, amphibolite and calc-silicates. Drill indicated ore reserves are estimated at 8 million tonnes. Investigations on the project are limited to geological interpretations and no further drilling is planned.

#### JACOMYNS PAN PROJECT (THABEX – 90%) (PIONEER – 10%)

**Nickel-Copper-PGE** Low grade nickel-copper mineralisation is present in a zone hosted in chlorite-biotite-tremolite schist. Previous drilling indicated reserves of 6,42 million tonnes oxide ore grading 0,19% Ni and 0,13% Cu, and 107,76 million tonnes sulphide ore grading 0,25% Ni and 0,17% Cu.

The sulphide mineralisation occurs mainly as disseminated pyrrhotite, pentlandite and chalcopyrite. Preliminary investigations have shown that the mineralisation also contains PGE mineralisation.

Thabex drilled one core drill hole on the farm Hartebeestpan 175 to verify the tenure of PGE and Au mineralisation. The oxide zone assayed 0,09% Cu and 0,15% Ni over 15 m true width, including 0,30 g/t Pt, Pd and Au in the upper 1,83 m. The sulphide zone intersection assayed 0,15% Cu, 0,19% Ni and 0,11 g/t Pt, Pd and Au over 33 m true width.

Since the publication of the results of an independent pre-feasibility and the valuation of the project, reported in Thabex's prospectus on 20 November 1997, base metal prices have declined significantly. Current base metal prices will have to recover their pre-Asian market crash levels to render the project economically viable.

#### NUWEFONTEIN PROJECT (PIONEER – 100%)

The project is a sulphide hosted nickel and copper deposit with minor cobalt and PGE mineralisation. The area under option to Pioneer is 2 600 ha in size. The drill indicated ore reserves are 2 Mt with an average grade of 0,88% Ni, 0,20% Cu, 410 g/t Co, 0,5 g/t total PGE plus Au.

The Nuwefontein mineralisation is an example of orthomagmatic nickel mineralisation associated with proterozoic komatiite complexes and thus similar to the Voisey's Bay type mineralisation.

Thabex is seeking to conduct further exploration over this very prospective area, by way of a joint venture with a major mining company.



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- 24 Shareholders' analysis

# directors' responsibility for the annual financial statements

for the year ended 28 February 1998

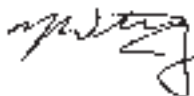
The directors are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this annual report

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

The financial statements are prepared in accordance with generally accepted accounting practices and incorporate responsible disclosure in line with the accounting philosophy of the group. The financial statements are based on appropriate accounting policies consistently applied and supporting reasonable and prudent judgements and estimates.

The directors believe that the group will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the annual financial statements.

The annual financial statements for the year ended 28 February 1998 set out on pages 14 to 23 were approved by the directors on 15 May 1998 and are signed on their behalf by:



**M Welthagen**  
*Chairman and Chief Executive Officer*

15 May 1998

# report of the independent auditors

for the year ended 28 February 1998

## To the members of Thabex Exploration Limited

We have audited the annual financial statements and group annual financial statements of Thabex Exploration Limited set out on pages 14 to 23 for the year ended 28 February 1998. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

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

### Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and of the group at 28 February 1998 and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting practice, and in the manner required by the Companies Act.



**Registered Accountants and Auditors**

Pretoria

15 May 1998

# directors' report

The directors have the pleasure in presenting their report  
for the year ended 28 February 1998

**Nature of business** Thabex Exploration Limited ("Thabex") (Registration number 88/00763)  
is a mining and exploration company

## Listing of Thabex

During the period under review your company successfully listed on the Johannesburg Stock Exchange in the "Mining Financial – Mining Exploration" sector of the list under the abbreviated name "Thabex" (JSE code – TBX).

The effect of the listing has been that Thabex could commence exploration activities and pursue existing and new exploration projects in order to achieve the company's main objectives.

Thabex has in pursuit of these objectives put together a diversified portfolio of mineral rights and options to mineral rights. The portfolio is diversified in:

- geological assurance and geological certainty;
- stage of feasibility assessment; and
- economic viability.

Thabex explores for diamonds, gold, platinum and base minerals and its main exploration projects are located in Southern Africa. The projects range from grass-roots exploration to drill-defined deposits.

The company will be focusing its future mining and exploration activities on diamonds through a wholly owned subsidiary, Pure Diamonds (Pty) Ltd.

## Substantial shareholders

According to the register of members of the company at 28 February 1998, the following shareholders were the only members holding 5% or more of the ordinary issued share capital of the company:

- Saminco Ltd: 5 265 656 or 38,89%,
- Alizarin Investments Ltd: 3 047 689 or 22,51%,
- Kobie Spangenberg Family Trust: 1 000 000 or 7,39%, and
- SMK Nominees (Pty) Ltd: 681 300 or 5,03%.

## Director's interests

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

M Welthagen has a 20,09% indirect interest in the company via The Marius Welthagen Trust's 51,66% direct interest in Saminco Ltd.

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

## Share capital

The authorised share capital of the company, which is unchanged, is 30 000 000 ordinary shares of 10 cents each.

## Issue of shares

On 3 March 1997, 100 000 and 171 000 ordinary shares of 10 cents each were issued at a premium of 90 cents each.

## Subsidiaries and investments

Subsidiaries	Issued share capital	Effective interest %	Shares at cost R	Current account R
Douglas Mining & Exploration (Pty) Ltd (Registration number 92/02415/07)	1 000	100	80 000	1 209 620
Diamex JV (Pty) Ltd (Registration number 97/14096/07)	10 000	51	5 100	30 560
Platinexco (Pty) Ltd (formerly Steynsdorp Gold Mining Company (Pty) Ltd (Registration number 88/02343/07)	2 500	100	110 993	88 453
Thaba Egoli Mining & Exploration Limited (Registration number 94/08806/06)	2 700 000	100	8 400 000	1 653 534
			<b>8 596 093</b>	<b>2 982 167</b>
<b>Associated company</b>				
Pioneer Minerals (Pty) Ltd (Registration number 91/06123/07) (Note 10)	16 700	40	110 640	371 000
			<b>8 706 733</b>	<b>3 353 167</b>

On 14 March 1997, the company's wholly owned subsidiary, Thaba Egoli Mining & Exploration Limited, exercised its option over the mineral rights on the farm the Remaining Extent of Adjoining Geelvloer. Thabex issued 1 600 000 ordinary shares of 10 cents each at a premium of 90 cents each in settlement of the purchase price of the rights.

On 28 July 1997, 254 345 ordinary shares of 10 cents each were issued at a premium of 190 cents each.

On 20 November 1997, 1 650 000 ordinary shares of 10 cents each were issued for cash at a premium of 190 cents each by way of a private placing.

As at 28 February 1998 and the date of this report, the issued share capital of the company comprised 13 538 597 (1997: 9 763 252) ordinary shares of 10 cents each.

### Dividends

No dividends are proposed in respect of the 1998 financial year (1997 – R nil).

### Management

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

### Settlement of dispute

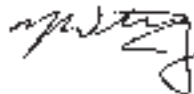
A dispute with the previous management company with regards to the management agreement and payment for management services, was settled amicably with no financial cost to Thabex.

### Directorate and administration

The directors in office at the date of this report are set out on page 3 of this report. In accordance with Article 93 of the company's Articles of Association, AP Roux will retire from office at the annual general meeting to be held on 30 June 1998, but being eligible, offers himself for re-election.

The following changes in the directorate took place:

Dr JC Linde (resigned on 4 May 1998).



**M Welthagen**  
Chief Executive Officer

15 May 1998

# income statements

for the year ended 28 February 1998

	Note	Company		Group	
		1998 R	1997 R	1998 R	1997 R
Turnover		–	–	–	–
Operating loss	2	(606 057)	(79 848)	(744 336)	(158 137)
Provision for write-down of interest in associated company		(212 812)	–	(212 812)	–
Write-off of lapsed prospecting options		(3 000)	(85 474)	(3 000)	(85 474)
<b>Net loss for the year</b>		<b>(821 869)</b>	<b>(165 322)</b>	<b>(960 148)</b>	<b>(243 611)</b>
<b>Accumulated loss</b>					
<b>At beginning of year</b>		<b>(5 016 080)</b>	<b>(4 850 758)</b>	<b>(5 094 369)</b>	<b>(4 850 758)</b>
<b>At end of year</b>		<b>(5 837 949)</b>	<b>(5 016 080)</b>	<b>(6 054 517)</b>	<b>(5 094 369)</b>
Weighted average number of shares					
in issue during the year		12 182 873	5 399 553	12 182 873	5 399 553
Loss per share (cents)		6,75	3,06	7,88	4,51

# balance sheets

for the year ended 28 February 1998

	Note	Company		Group	
		1998 R	1997 R	1998 R	1997 R
<b>Capital employed</b>					
Share capital	3	1 353 860	976 325	1 353 860	976 325
Share premium	4	16 644 732	12 364 609	16 644 732	12 364 609
Accumulated loss		(5 837 949)	(5 016 080)	(6 054 517)	(5 094 369)
<b>Ordinary shareholders' funds</b>		<b>12 160 643</b>	<b>8 324 854</b>	<b>11 944 075</b>	<b>8 246 565</b>
Outside shareholders' interest		-	-	4 900	-
Long-term liabilities	5	-	80 000	117 402	376 690
		<b>12 160 643</b>	<b>8 404 854</b>	<b>12 066 377</b>	<b>8 623 255</b>
<b>Employment of capital</b>					
Fixed assets	6	57 737	-	1 002 819	65 892
Options, mineral and participation rights	7	-	-	10 545 734	8 833 329
Listed investments	8	-	-	-	2 047
Interest in subsidiaries	9	11 578 260	8 560 000	-	-
Interest in associated company	10	268 828	-	268 828	-
Net current assets/(liabilities)		255 818	(155 146)	248 996	(278 013)
<b>Current assets</b>		<b>524 510</b>	<b>168 972</b>	<b>806 074</b>	<b>201 041</b>
Stock		-	-	168 975	15 800
Accounts receivable		38 918	13 450	96 832	22 881
Cash balances		485 592	155 522	540 267	162 360
<b>Current liabilities</b>					
Accounts payable		268 692	324 118	557 078	479 054
		<b>12 160 643</b>	<b>8 404 854</b>	<b>12 066 377</b>	<b>8 623 255</b>

# cash flow statements

for the year ended 28 February 1998

	Company		Group	
	1998 R	1997 R	1998 R	1997 R
<b>Cash (utilised in)/generated by operating activities</b>				
Cash utilised in operations (note 1)	(604 227)	(79 848)	(676 413)	(138 827)
Cash (utilised in)/generated from working capital (note 2)	(80 894)	259 772	(149 102)	311 861
	(685 121)	179 924	(825 515)	173 034
<b>Cash expended in investing activities</b>				
Acquisition of fixed assets	(59 567)	-	(1 005 703)	-
Acquisition of subsidiaries (note 3)	-	-	-	(8 590 993)
Acquisition of options, mineral and participation rights	(3 000)	-	(1 715 405)	(62 639)
Increase in investment in subsidiaries	(3 018 260)	(8 560 000)	-	-
Acquisition of interest in associated company	(481 640)	-	(481 640)	-
Acquisition of listed investments	-	-	-	(2 047)
Proceeds on disposal of listed investments	-	-	2 900	5 369
Proceeds on disposal of subsidiary	-	-	-	110 993
	(3 562 467)	(8 560 000)	(3 199 848)	(8 539 317)
<b>Cash effects of financing activities</b>				
Proceeds from issue of shares	377 535	869 687	377 535	869 687
Net share premium on issue of shares	4 280 123	7 794 076	4 280 123	7 794 076
Capital introduced by minority shareholders	-	-	4 900	-
Decrease in long-term liabilities	(80 000)	(136 851)	(259 288)	(132 459)
	4 577 658	8 526 912	4 403 270	8 531 304
<b>Increase in cash resources</b>	<b>330 070</b>	<b>146 836</b>	<b>377 907</b>	<b>165 021</b>
Cash at beginning of year	155 522	8 686	162 360	(2 661)
Cash at end of year	485 592	155 522	540 267	162 360

# notes to the cash flow statements

for the year ended 28 February 1998

	Company		Group	
	1998 R	1997 R	1998 R	1997 R
<b>1 Cash utilised in operations</b>				
Operating loss for the year	(606 057)	(79 848)	(744 336)	(158 137)
<i>Adjusted for –</i>				
Depreciation of fixed assets	1 830	–	68 776	21 430
Surplus on disposal of listed investments	–	–	(853)	(2 120)
	<b>(604 227)</b>	<b>(79 848)</b>	<b>(676 413)</b>	<b>(138 827)</b>
<b>2 Cash (utilised in)/generated from working capital</b>				
<i>Decreases/(increases) in working capital</i>				
Stock	–	–	(153 175)	(15 800)
Accounts receivable	(25 468)	(11 716)	(73 951)	(5 874)
Accounts payable	(55 426)	271 488	78 024	333 535
	<b>(80 894)</b>	<b>259 772</b>	<b>(149 102)</b>	<b>311 861</b>
<b>3 Acquisition of subsidiaries</b>				
<i>Net assets acquired –</i>				
Fixed assets	–	–	–	(87 322)
Options, mineral and participation rights	–	–	–	(8 770 690)
Listed investments	–	–	–	(3 249)
Investment in subsidiary	–	–	–	(110 993)
Bank balances and cash	–	–	–	(35)
Accounts receivable	–	–	–	(15 273)
Long-term liabilities	–	–	–	292 298
Bank overdrafts	–	–	–	11 382
Accounts payable	–	–	–	92 889
	–	–	–	(8 590 993)

# notes to the financial statements

for the year ended 28 February 1998

## 1 Accounting policies

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

### Basis of consolidation

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

The results of subsidiaries acquired during a financial year are included from the effective dates of acquisition.

Goodwill arising on consolidation is recognised as an asset.

### Associated companies

An associate company is one over which the group has the ability to exercise significant influence, but not control, and which it intends to hold as a long-term investment. The group's share of post-acquisition results of associate companies is incorporated in the financial statements, using the equity method of accounting, from the effective dates of their acquisition until the effective dates of their disposal.

### Fixed assets and depreciation

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

### Options, mineral and participation rights

The cost of options acquired is capitalised. Should the option be terminated or not exercised on due date the cost thereof is written off and charged against income.

Mineral and participation rights are maintained at cost less recoupsments, but are written down to nominal value when there is little likelihood of the particular rights being exploited.

Where considered appropriate, mineral and participation rights are revalued to reflect current market values.

### Land development and exploration expenditure

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

	Company		Group	
	1998 R	1997 R	1998 R	1997 R
<b>2 Operating loss is arrived at after taking into account</b>				
Interest received	(58 570)	(590)	(58 727)	(641)
Surplus on disposal of listed investments	–	–	(853)	(2 120)
Auditors' remuneration	24 500	16 300	28 300	21 000
– Audit fees	16 500	7 000	23 000	11 700
– Underprovision previous year	8 000	9 300	5 300	9 300
Depreciation of fixed assets		Rate per annum		
– Plant and equipment	1 830	20%	68 776	21 430
Directors' emoluments				
– for services as directors	236 000	–	–	–
Interest paid				
– Bank overdraft	422	–	2 270	101
Secretarial fees	19 344	11 595	22 104	11 595

# notes to the financial statements

for the year ended 28 February 1998

	Company		Group	
	1998 R	1997 R	1998 R	1997 R
<b>3 Share capital</b>				
<b>Authorised</b>				
30 000 000 ordinary shares of 10 cents each	3 000 000	3 000 000	3 000 000	3 000 000
(1997: 30 000 000 ordinary shares of 10 cents each)				
<b>Issued</b>				
13 538 597 ordinary shares of 10 cents each	1 353 860	976 325	1 353 860	976 325
(1997: 9 763 252 ordinary shares of 10 cents each)				
The unissued share capital is under the control of the directors, subject to the Companies Act and the rules, requirements and regulations of the JSE, until the next annual general meeting.				
<b>4 Share premium</b>				
Balance at beginning of year	12 364 609	4 570 533	12 364 609	4 570 533
Arising on issue of shares	5 302 155	7 827 181	5 302 155	7 827 181
	17 666 764	12 397 714	17 666 764	12 397 714
Share issue and listing expenses written off	(1 022 032)	(33 105)	(1 022 032)	(33 105)
Balance at end of year	16 644 732	12 364 609	16 644 732	12 364 609
<b>5 Long-term liabilities</b>				
SA Mineral Investments (Proprietary) Limited	-	-	117 402	106 404
SA Mineral Investment Corporation Limited	-	-	-	179 225
The Marius Welthagen Trust	-	44 000	-	55 061
The Pierre de Jager Family Trust	-	36 000	-	36 000
	-	80 000	117 402	376 690
These loans are unsecured, interest free and terms of repayment have not been determined.				
<b>6 Fixed assets</b>				
Plant and equipment				
At cost	59 567	-	1 112 851	107 148
Accumulated depreciation	1 830	-	110 032	41 256
Net book value	57 737	-	1 002 819	65 892
Opening balance	-	-	65 892	87 322
Additions	59 567	-	1 005 703	-
Depreciation	(1 830)	-	(68 776)	(21 430)
Closing balance	57 737	-	1 002 819	65 892

# notes to the financial statements

for the year ended 28 February 1998

	Company		Group	
	1998 R	1997 R	1998 R	1997 R
<b>7 Options, mineral and participation rights</b> (annexure 1)				
At cost	-	-	10 545 734	8 833 329
<b>8 Listed investments</b>				
At cost	-	-	-	2 047
Market value of listed investments	-	-	-	2 900
<b>9 Interest in subsidiaries</b>				
Shares at cost	8 596 093	8 590 993		
Subsidiaries net indebtedness	2 982 167	(30 993)		
	<b>11 578 260</b>	<b>8 560 000</b>		
<b>10 Interest in associated company</b>				
Thabex Exploration Limited has a 40% share in Pioneer Minerals (Proprietary) Limited, an unlisted company, whose principal business is that of prospectors for ores and minerals, to mine and accordingly to purchase or acquire mineral rights.				
Carrying value of investment:				
Shares at cost	110 640	-	110 640	-
Less: Provision for write-down of investment	(110 640)	-	(110 640)	-
	-	-	-	-
Loan to associated company	371 000	-	371 000	-
Less: Provision for write-down of investment	(102 172)	-	(102 172)	-
	<b>268 828</b>	<b>-</b>	<b>268 828</b>	<b>-</b>
Summary of financial information of Pioneer Minerals (Proprietary) Limited				
Share capital and share premium	(148 640)			
Accumulated loss	250 812			
Shareholders' deficit	102 172			
Long-term liability	(371 000)			
	<b>(268 828)</b>			
Fixed assets	38 220			
Mineral option rights	101 560			
Net current assets	129 048			
	<b>268 828</b>			

## 11 Taxation

The company has a computed loss of R5 032 164 (1997: R4 482 566) which is available for set-off against future taxable income.

for the year ended 28 February 1998

### Options, mineral and participation rights

1998

R

#### 1 Thaba Egoli Mining & Exploration Limited

The group has concluded agreements with the owners of the mineral rights over the following properties whereby all rights and obligations under the original prospecting and option contracts relating to these properties have been ceded to the group.

##### 1.1 Jacomyns Pan Project

**At cost** 3 445 480

Comprising:

Remaining extent of Jacomyns Pan 176 measuring 13 676.9345 hectares situated in the Kenhardt District.

Portion 2 (Glen Connan) of Jacomyns Pan 176 measuring 144.8795 hectares and remaining extent of Hartebeest Pan 175 measuring 619.4568 hectares, both situated in the Kenhardt District.

##### 1.2 Geelvloer Project

**At cost** 6 848 825

Comprising:

Remainder of Adjoining Geelvloer 197 measuring 3 041.5989 hectares situated in the Kenhardt District.

Remaining portion of portion 4 of Bry Paal 134 measuring 5 314.2790 hectares situated in the Kenhardt District.

Remainder of portion 4 (Kraandraai Wes) of Adjoining Geelvloer 197 measuring 1 465.0638 hectares situated in the Kenhardt District.

Portion 7 (a portion of portion 5) of Bry Paal 134 measuring 884.9350 hectares situated in the Kenhardt District.

T'Oubeep 158 measuring 2 759.0161 hectares situated in the Kenhardt District.

Portion 6 of portion 4 (Kraandraai Wes) of Adjoining Geelvloer 197 measuring 1 569.7330 hectares situated in the Kenhardt District.

#### 2 Platinexco (Proprietary) Limited

Exploration costs capitalised 185 557

#### 3 Diamex JV (Proprietary) Limited

Development costs capitalised 65 872

10 545 734

# notice of annual general meeting

**Notice is hereby given that the annual general meeting of members of Thabex Exploration Limited will be held at KPMG Forum, 427 Hilda Street, Hatfield, Pretoria on Tuesday, 30 June 1998 at 10:00 for the following business:**


## Ordinary resolutions

- 1 To receive, consider and adopt the annual financial statements of the company for the year ended 28 February 1998.
- 2 To elect directors in accordance with the provisions of the company's articles of association.
- 3 To determine, in terms of articles 88 and 89 of the articles of association, the directors' remuneration.
- 4 To renew the general authority of the directors to allot and issue the remaining shares in the authorised but unissued share capital of the company.
- 5 In terms of the requirements of the Johannesburg Stock Exchange ("the JSE), the directors be given the specific authority to issue ordinary shares of one cent each for cash as and when suitable situations arise, subject to the following limitations:
  - 5.1 that this authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting;
  - 5.2 that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of shares of that class in issue prior to the issues;
  - 5.3 that issues in the aggregate in any one year will not exceed 10% of the number of shares of any class of the company's issued share capital, including instruments which are compulsorily convertible into shares of that class, provided further that such issues shall not in aggregate in any three-year period exceed 15% of the company's issued share capital of that class, including instruments which are compulsorily convertible into shares of that class; and
  - 5.4 that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the average closing price of the shares in question, as determined over the 30 days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of the instruments.

As less than 35% of the company's issued securities are in the hands of the public, as defined by the JSE, the approval of a 90% majority of the votes cast by shareholders present or represented by proxy at this meeting are required for ordinary resolution number 5 to become effective.

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

By order of the Board



SA Mineral Investments (Pty) Ltd

Secretaries

Pretoria

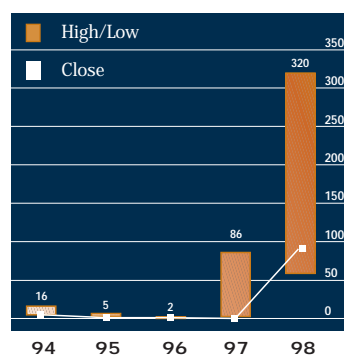
15 May 1998

# shareholders' diary

Annual general meeting	30 June 1998
Interim report	30 October 1998
Annual report 1999	28 May 1999

# shareholders' analysis

Classifications	No of holders	% of current holders	No of units issued	% of capital
Individuals	416	82,869	1 199 372	8,859
Limited companies	7	1,394	5 601 427	41,374
Nominee companies or trusts	52	10,359	3 058 680	22,592
Growth funds/unit trusts	1	0,199	2 000	0,015
Pty companies	16	3,187	281 059	2,076
Close corporations	8	1,594	148 370	1,096
Trustee of a trust	1	0,199	200 000	1,477
Investment companies	1	0,199	3 047 689	22,511
<b>Total</b>	<b>502</b>	<b>100,00</b>	<b>13 538 597</b>	<b>100,00</b>



Share price (cents)

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

