

THABEX LTD TURNS ITS KOLO KIMBERLITE PROJECT TO ACCOUNT

JOHANNESBURG - JSE Securities Exchange-listed Thabex Limited's ("TBX") announced today that the company has successfully concluded an earn-in agreement between Angel Diamonds (Pty) Ltd ("Angel Diamonds") with to Mantle Diamonds Limited, a private diamond exploration and development company on-route to list on the London AIM market following a year of negotiations.

Angel Diamonds holds a prospecting license over the Kolo Kimberlite project in Lesotho. Until now, Thabex has been financing the costs to acquire the prospecting licenses, initiate a pre-feasibility study and develop the kimberlite pipe at Kolo. Five other kimberlite occurrences are also currently being investigated.

These developments will now be accelerated, following the agreement with Mantle Diamonds where Thabex has concluded a share purchase and option agreement for the phased disposal of a 42% interest in Angel Diamonds to Mantle Diamonds for a consideration of US\$2 million. This will made up of US\$1 million in cash and US\$1 million in Mantle Diamonds shares pre-IPO at 20 pence per share.

Furthermore, Mantle Diamonds has an option to acquire the balance of Thabex's interest of 28% in Angel Diamonds at market value after a Feasibility Study has been completed and the Mining Licence being granted.

Of the cash portion, Thabex has already received a down payment of US\$200 000, with a further US\$300 000 to be settled once shareholders grant their approval for the transaction and \$500 000 when the mining license is granted to Angel Diamonds, which will be making an application for the Kolo Kimberlite project before 14 December this year.

Pursuant to the agreement, Mantle Diamonds will inject US\$1 million into equipment and infrastructure, as preparation for a mining licence application and bankable feasibility. A further US\$2 million will be advanced to Angel Diamonds by way of loan account in construct a mine.

Thabex and the five other stakeholders have agreed to dispose of up to 100% of the issued share capital of Angel Diamonds to Mantle Diamonds Limited. The sale will be fulfilled in three stages.

The vendors will initially sell 20% of the issued share capital of Angel Diamonds to Mantle on a pro rata basis, on the closing date. The purchase consideration for the initial transaction is US\$250 000, which will be paid through the issue of Mantle Diamond shares to the vendors.

Mantle Diamonds has the option to acquire an additional 40% of the issued share capital of Angel Diamonds from the grant date and for a period of seven business days thereafter.

The purchase price for the first option of shares will be US\$750 000, which will be paid through the issue of Mantle Diamond shares to the vendors.

In the event that Mantle Diamonds acquires the first option shares, Mantle Diamonds shall acquire the remainder of the shareholders loan of US\$500 000 from Thabex, which amount shall be settled in cash on the same day.

Mantle Diamonds has the further option to acquire the remaining 40% of the issued share capital of Angel Diamonds, from the grant date and for so long as the shareholders agreement to be entered into between Mantle Diamonds and the vendors on the closing date, remains in effect.

The purchase price for the second option shares will be determined by Angel Diamond's auditors and an independent valuator in terms of the SAMVAL Code.

The effective date of the Agreement was 29 September 2008, however the disposal is subject to shareholder approval. A circular containing a notice of general meeting will be dispatched to shareholders in due course.

The agreement is also subject to the conditions pertaining to the representations and warranties provided by the vendors, government consent, changes to the valuation of Angel Diamonds, and securing a mining license.

Should Angel Diamonds be unable to obtain the mining license, the vendors will sell the initial payment shares back to Mantle Diamonds for US\$1; and Mantle Diamonds will sell the shares it acquired in terms of the agreement back to the vendors for US\$1; and Thabex's portion of the shareholders loan, Mantle's portion of the shareholders loan and all loans made by Mantle Diamonds to Angel Diamonds, will be repaid on a pro rata basis, based on the total loan amount held by each of Thabex and Mantle Diamonds, from the proceeds of the sale of the assets of Angel Diamonds.

The cash flow from the phased disposal will be used towards working capital requirements of Thabex and to undertake further prospecting at the Monastery Mine, in addition to compiling a new CPR for Salt River Resources Ltd.

"Up to 30% of diamonds recovered from Kolo is of gem quality" says Welthagen.

Johannesburg
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