



ANNUAL REPORT 2011

THABEX LIMITED

CONTENTS

	Page
Shareholders' Diary	2
Directorate and Administration	3
Profile	4
Corporate Structure	5
Chairman's Statement	6
Salient Features	6
Abridged CV's of the Directors	7
Map of Project Areas	8
Summary of Mineral Resources and Reserves	9
Projects	10 - 11
Glossary	12 - 16
Financial Director's Report	17
Corporate Governance Statement	18 - 21
Annual Financial Statements	22 - 65
Directors' Interest in the ordinary share capital of Thabex	61 - 62
Shareholders' Analysis	65
Substantial Shareholders	65
Notice of the Annual General Meeting	66
Form of Proxy	73 - 74
Form of Surrender	75 - 78

Shareholders Diary

Annual General Meeting	23 November 2011
Interim Report	22 November 2011
Annual Report 2011	20 October 2011
Annual Report 2012	25 May 2012

THABEX LIMITED

DIRECTORATE AND ADMINISTRATION

DIRECTORS

JR Rapoo

(Independent non-executive Chairman)
B Comm (Law) Hons B Compt

M Welthagen

(Chief Executive)
P Eng (Int) MEng (Mining) MPhil (Mineral
Economics) B Comm Hons (Economics)
MECSA MSAIMM FGSSA MPDAC IAS

M Kamwanga

(Financial Director)
MSc (Mathematics of Finance)
M Comm (Financial Management)

MJ Ratshedi

(Executive Director)
B Law

Dr JW Kruger

(Independent non-executive)
BSc (US) Hons BSc (Unisa) MSc (Wits)
PhD (Wits) HOD (US)
ORSSA SASA SAICSIT CSSA ISBA IAS IOD

Prof DL Reid

(Independent non-executive)
DPhil (Geochemistry) MSc (Geology)
BSc Hons (Geology) PrSciNat MGSSA FSEG

AP Roux

(Non-executive)
B Agric

COMPANY SECRETARIES

SA Mineral Investments (Proprietary) Ltd
(Registration no 1981/004619/07)
51 Austin Road Northcliff Johannesburg 2195

REGISTERED OFFICE

51 Austin Road Northcliff Johannesburg 2195

BROKERS

PSG Online Securities Ltd
(Member of the JSE Ltd)
(Registration no 1996/000509/06)
1st Floor Roland Garros The Campus
57 Sloane Street Bryanston 2191

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd
(Registration no 2000/007239/07)
13th Floor 19 Ameshoff Street Braamfontein 2000

SPONSOR

Merchantec (Pty) Ltd
t/a Merchantec Capital
(Registration no 2008/027362/07)
2nd Floor, North Block, Hyde Park Office Tower,
Corner 6th Rd and Jan Smuts Ave, Hyde Park
2196

AUDITORS

KPMG Inc. (Registration no 999/021543/21)
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

CORPORATE LAWYERS

DLA Cliffe Dekker Hofmeyr Inc.
(Registration No: 2008/018923/21)
1 Protea Place Sandton Johannesburg 2196

STRATE

STRATE Ltd (Registration no 1998/022242/06)
5th Floor One Exchange Square
2 Gwen Lane Sandown 2196

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E-MAIL ADDRESS

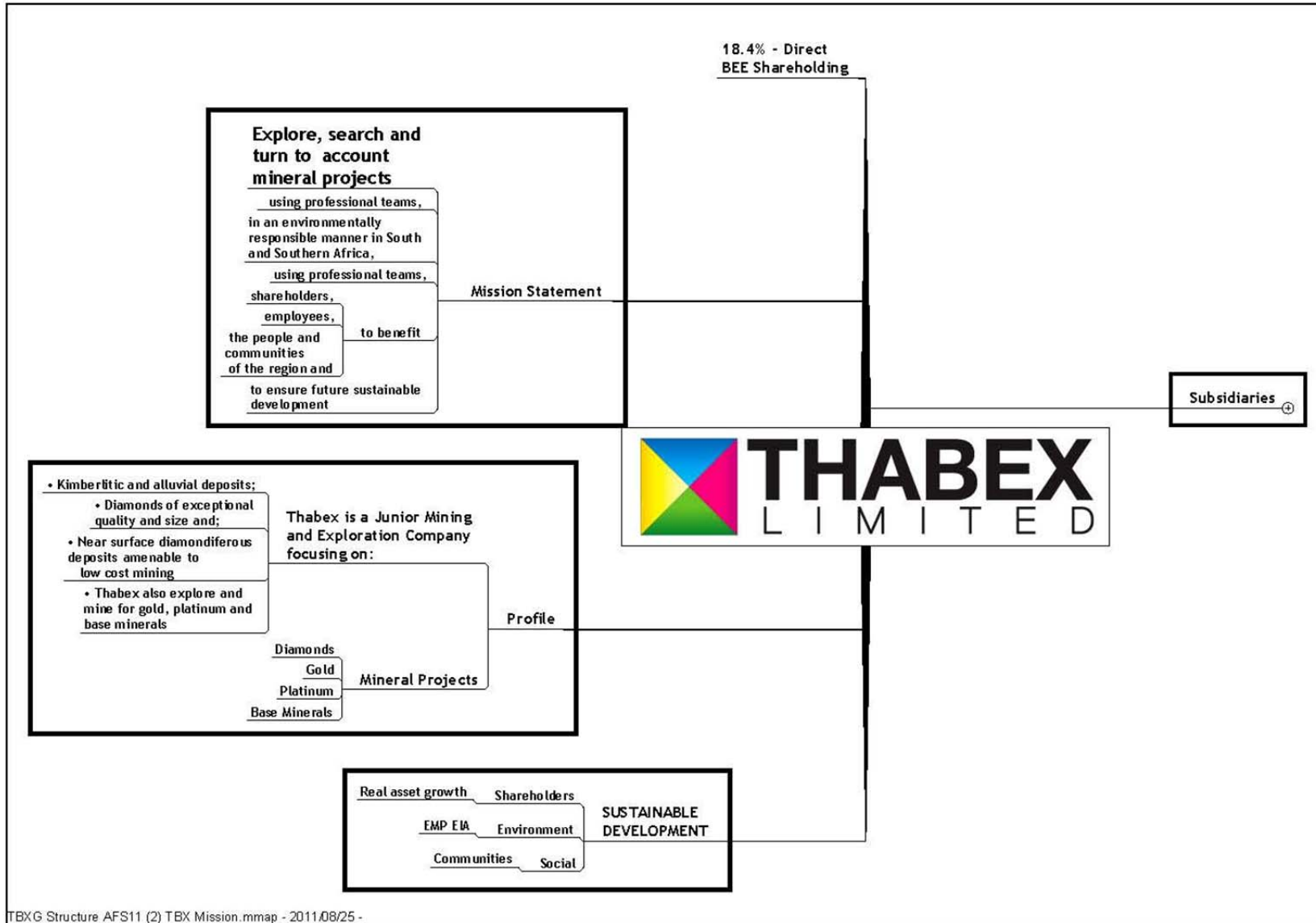
info@thabex.com

SHARE CODES

ISIN code ZAE000013686
JSE code TBX

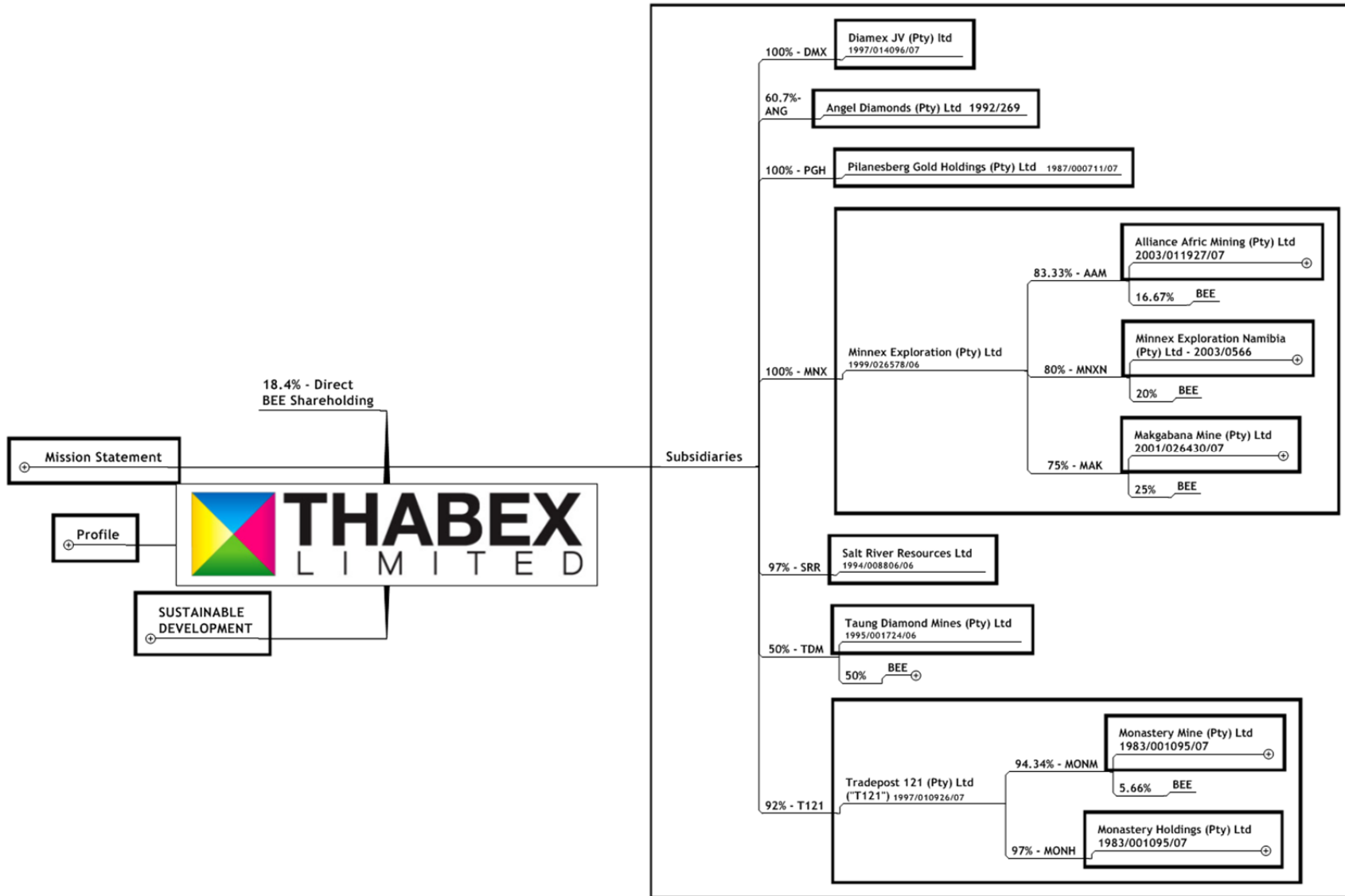
THABEX LIMITED

Profile



THABEX LIMITED

Corporate Structure



THABEX LIMITED

Chairman's Statement

Dear Shareholder

Your Company successfully commenced with the processing of the oxidised kimberlite dump on the southern end of the Monastery Mine open pit. During the period under review Thabex managed to recover substantially from a situation where its main objective to bring a project into production was undermined by three non-controlling shareholders of Angel Diamonds (Pty) Ltd ("Angel Diamonds").

As a result of an apparent conspiracy by the three non-controlling shareholders of Angel Diamonds and other parties to wrestle away control of Angel Diamonds from Thabex, the Company is engaged with various court cases in the Kingdom of Lesotho and in South Africa. The board has decided to defend this ill-founded attempt and to prosecute any and all breaches of corporate governance standards, as well as any contraventions of the Companies Act of the Kingdom of Lesotho to the fullest extent of the law. With regards to theft of about 1 000 ct of rough diamonds produced by Angel Diamonds, theft charges have been laid against Messrs Mosebo and CJ Engelbrecht with the Diamond Squad of the Royal Mounted Police in Maseru.

At present Monastery Mine is conducting an investigation to refurbish the present 100 tph (tons per hour) DMS plant on site to increase production at full scale mining to at least 150 tph. The investigation also includes the introduction of new technologies. The funding arrangements of the refurbishing are being investigated at present.

The big "N"-word, Nationalisation is being debated at present, albeit at the expense of the mining industry as a whole. It is very important for this debate to be out in the open. As it should be discussed as widely as possible in order for both the public sector, unions and NGO's and private sector to realise who should create opportunities for development and who should administer and facilitate the development of such opportunities. South Africa cannot afford a thirty year hiatus, such as the Zambian nationalisation of the copper-belt caused. Inefficient allocation of resources resulting from nationalisation will not create new job opportunities but rather destroy these in the process.

Although the year under review was very trying, your board will continue to protect the assets and business opportunities of Thabex with the same vigour and energy until its projects are turned into a mining operations with cash flow to enhance the future growth and sustainability of the Company and Group.



Jeffery Raymond Rapoo
Chairperson

20 October 2011

Salient Features

	Group		Company	
	Year ended 28 February 2011	Year ended 28 February 2010	Year ended 28 February 2011	Year ended 28 February 2010
Headline and diluted headline loss				
Headline loss per share (cents)	(1.26)	(2.21)	(0.52)	(0.73)
Diluted headline loss per share (cents)	(1.26)	(2.21)	(0.52)	(0.73)
Weighted number of shares in issue	239 868 870	227 901 747	239 868 870	227 901 747
Net asset and tangible asset value				
Net asset value per share (cents)	2.88	4.72	3.51	4.03
Net tangible asset value per share (cents)	(3.06)	(1.22)	3.51	4.03
Number of shares in issue*	239 868 870	239 868 870	239 868 870	239 868 870

*Thabex's ordinary shares were subdivided in 10 for 1 on 23 April 2010

THABEX LIMITED

Abridged CV's of the directors

Jeffrey Rapoo (13 years on the board of Thabex) (Independent Non-executive Chairman)
(Chairman of Audit and Remuneration Committees)

He has several years' experience in financial management and was a past 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.

Marius Welthagen (17 years on the board of Thabex) (Chief Executive)

He has 32 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 founding member of SA Chrome and Alloys Ltd (formerly SouthWits Ltd) and Samroc Ltd (Formerly MangaChem Ltd).

Joe Ratshedi (new appointment) (Executive Director)

He holds the following degrees and diplomas: 1981 Bachelor of Law from University of Harare, 1984 B.M UH University Havana, 1987 (MEM) Diploma from the Frederick Institute of Technology Republic of Cyprus, 1994 Business Management, Educom College. Republic of South Africa. 1994 Business Management from the Frederick Institute of Technology. 1997 Sound Engineering from Cyprus College of Art: / Kato Paphos. 1994 Business Management. Frederick Institute of Technology. Republic of Cyprus. He has technical skills in sound engineering and programming software (CUBASE-4). He has also successfully established Investment links between the Middle Eastern and European investors and RSA mining entities.

Masankisi Kamwanga (1 year on the board) (Financial Director)

He has vast experience in management, lecturing and consulting related to finance and information and communication technology. He has a MSc and M.Comm. and is a SAP certified consultant. He is a consultant and lecturer on topics related to Finance, Commerce and Information Technology in South Africa and Democratic Republic of Congo ("the DRC") (Provincial Government, ISIPA, VISTA, RAU, UJ and CUT). He was also the financial advisor of the Minister of Labour and procurement advisor of the Minister of Finance in the Democratic Republic of Congo (DRC).

Jan Kruger (2 years on the board) (Independent Non-executive Director)(Member of Audit Committee)

Dr Kruger is a senior lecturer in Corporate Finance at the UNISA Graduate School of Business Leadership. He has a PhD in Computer Science. He has been a professional investor and equity analyst for many years. He has extensive experience as a consultant and as a lecturer in Mathematics, Operations Research, Finance, Computer Science, Management and Statistics in industry and at various universities. He presented 19 conference papers and published 10 research publications on Machine Learning, Data Mining and Reliability Theory. He is the co-editor of two first year mathematics text books. Jan did his PhD "Finding the causal structure from the correlation matrix" in Computer Science at Wits.

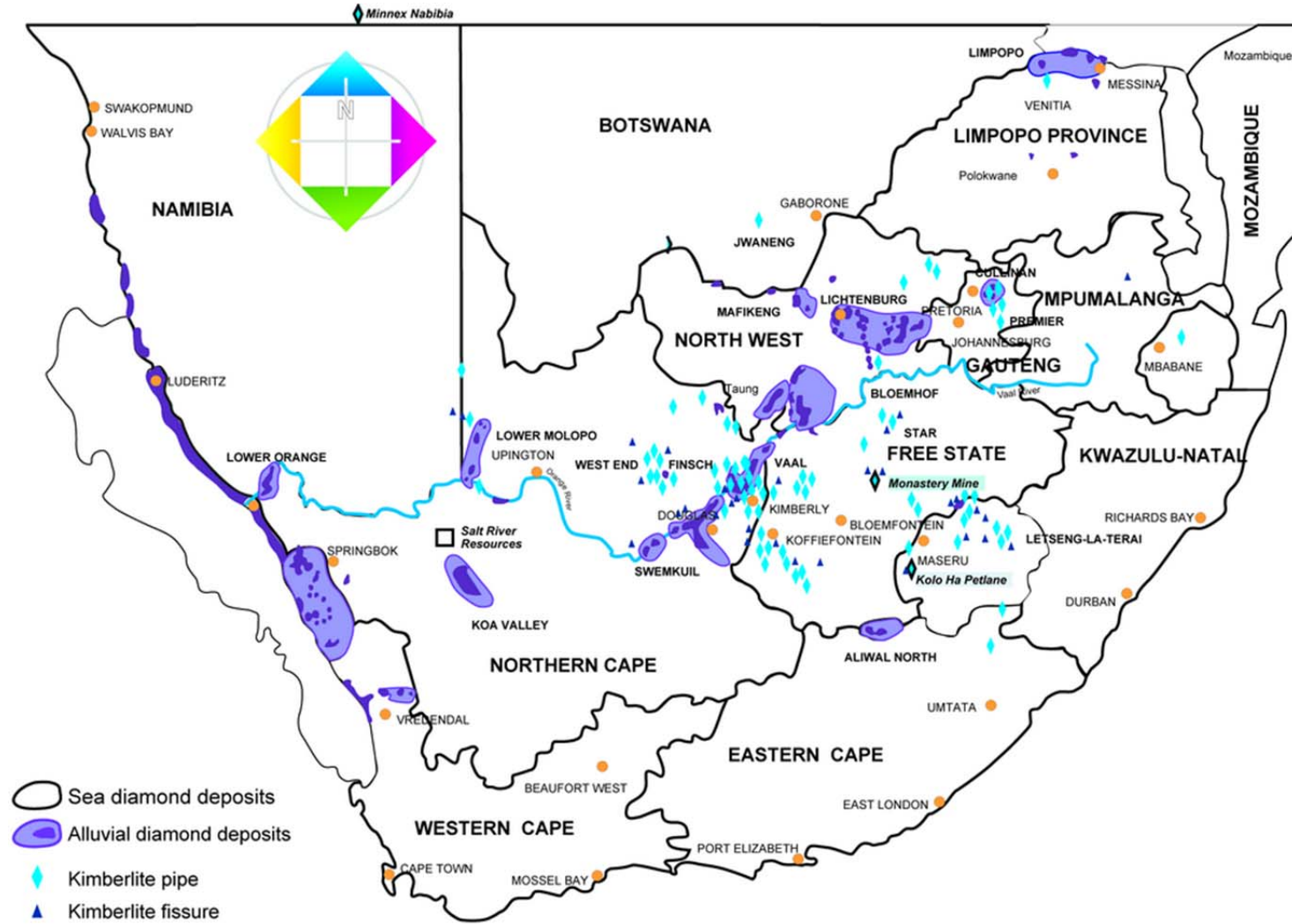
David Reid (11 years on the board of Thabex) (Independent Non-executive Director)

Professor Reid 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 of 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 (13 years on board the of Thabex) (Non-executive Director)

He is a deciduous fruit producer on the family farm, La Colline, in the Franschhoek 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.

Map of Project Areas



THABEX LIMITED

Summary of Mineral Resources and Reserves					Area of Interest	Mineral type	Permit No.	Area Ha	Boreholes		Inferred		Indicated		Measured		Valuation**			
Project	Attributable to								Expiry Date	Percussion	Diamond	Tons Mt	Grade	Tons Mt	Grade	Tons Mt	Grade	NPV Rm at discount rate		
	Thabex	Pilansberg	Minnex	Taung										8%	10%	12%				
Minnex Exploration Namibia (Pty) Ltd			80%		Namibia	Kimberlite Diamonds	ELP's 3082 & 3083 Jul 2011 New application	80000	15	-	-	-	-	-	-	-	-	-	-	-
Middelwater Portion 1			2.50% fee on turnover		Lower Orange River	Alluvial Diamonds	NC 30/5/2/2/211PR Renewal*	4300	18	-	-	-	-	-	-	-	-	13.34	11.40	8.67
Monastery Mine (Pty) Ltd	96.40%				Eastern Free State	Kimberlite Diamonds	FS 30/5/1/1/2/55 PR Dec 2011	521	-	6	5	25 to 50 cph	4	25 to 50 cph	3	25 cph		166.55	150.00	139.70
					Eastern Free State	Kimberlite Diamonds	FS 30/5/1/1/2/687 PR Dec 2011	3	-	-	-	-	-	-	-	-	-	-	-	-
Angel Diamonds (Pty) Ltd	60.70%				Lowlands Lesotho	Kimberlite Diamonds	Dec 2009 PL 002#	5360	-	19	3	7 to 14 cph	2.8	7 to 14 cph	2.7	14.1cph		193.79	175.00	160.24
Cinprop 0002 (Pty) Ltd				10%	Harts River	Alluvial Diamonds	NW 5.2/2/2808 PR Dec 2010	2096	-	-	-	-	-	-	-	-	-	-	-	-
Diamex JV (Pty) Ltd	100%				Management exploration	Kimberlite Diamonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pilansberg Gold Holdings (Pty) Ltd		49%			Uganda	Joint Venture Mafuga Forest - Gold	EPL 103 Nov 2011	37800	-	-	-	-	-	-	-	-	-	-	-	-
Protero Investment Holdings (Pty) Ltd	11.68%				Pofadder Northern Cape Province	Zinc, Copper, Lead	Registration pending for applications	19000	-	-	-	-	-	-	-	-	-	-	-	-
Salt River Base Mineral Project	97%				Kenhardt Northern Cape Province	Zinc, Copper, Lead, Silver, Gold	NC 5/2/2/986 (Conv) PR Sept 2011	12035	27	58	2.46% Zn 0.44% Cu 20.15 0.49% Pb	1.78% Zn 0.66% Cu 14.13 0.35% Pb	1.83% Zn 0.46% Cu 9.87 0.55% Pb				3 183.38	2641.00	2 143.10	
Salt River Central	97%				Kenhardt Northern Cape Province	Zinc, Copper, Lead, Silver, Gold	NC 30/5/1/1/2/629 PR Oct 2012	8000	3	9	18.4g/t Ag 0.37g/t Au	18.9g/t Ag 0.69g/t Au	21.4g/t Ag 0.45g/t Au							
TOTAL																		3 557.06	2 977.40	2 451.71

*PR - Renewal submitted but not issued

PR - Prospecting Right (See Glossary on page 12)

ML submitted 12 December 2008

** Valuation and resource estimates as reported by Competent Person - Marius Welthagen (See page 7 and 58) in terms of the SAMREC, SAMVAL Codes and the Listings Requirements of the JSE

Projects

The Group has five operating segments, as described below. For each of the segments the Group's Chief Executive reviews internal management reports on at least a monthly basis. The five segments are listed in order of priority for the Group's overall operations namely;

1. Thabex Ltd: Includes exploration and management services to the Group's companies.
2. Tradepost 121 (Pty) Ltd: Includes Monastery Mine (Pty) Ltd and Monastery Holdings (Pty) Ltd and these companies are involved in the prospecting and development of Monastery Kimberlite pipe in the district of Marquard in the Free State Province.
3. Salt River Resources Ltd: Includes the Salt River base mineral project in the Northern Cape Province.
4. Angel Diamonds (Pty) Ltd: Includes the Kolo Kimberlite project in the Mafateng district of the Kingdom of Lesotho.
5. Minnex Exploration (Pty) Ltd: Includes the Middelwater alluvial diamonds project, with a 2,5% royalty agreement on commencement of mining operations, and the search for primary kimberlite deposits in Northern Namibia.

Diamonds in South Africa

Monastery Mine (Pty) Ltd ("Monastery")

Monastery is situated about 15 km south of the town of Marquard in the Free State Province. Since the commencement of the oxidised dump testing during July 2010 to date, a total of 842 carats rough diamonds have been produced, including the production by Dry Harts Diamonds. The largest rough diamond recovered was a 23.93ct pure diamond and the second largest was a high quality 9.95ct pure diamond. The bottom cut-off screen size on the 14 Foot Gravity Rotary Pan utilised for the processing of the oxidised dump material is 3mm. Monastery Mine is conducting an investigation into the application of new recovery technologies to decrease the amount of ilmenite in the concentrate from the Monastery kimberlite ore proposed to be processed through the 100 tph DMS plant, held by Monastery Holdings (Pty) Ltd. The investigations also include quotations from metallurgical consultants to refurbish this plant and to manage the processing plant under contract.

Minnex Exploration (Pty) Ltd ("Minnex")

Having curtailed its exploration of the alluvial diamondiferous gravels on the Farm Middelwater Remaining Extent about 40 km north of Prieska in the Northern Cape Province, the only remaining interest in this area is the 2,5% royalty agreement with Steyn Diamante cc, which will commence once, Steyn Diamante cc commence mining operations on the property. However, as at the date of this report Minnex could not obtain a copy of the PR from Steyn Diamante cc, to confirm that the PR has been renewed.

Base minerals South Africa

Salt River Resources Ltd ("SRR")

Further metallurgical testing at SRR is necessary to ensure the turning to account of this project. SRR is conducting a pre-feasibility study of the Salt River Base Mineral Project. SRR has not been able to secure funding to complete a Bankable Feasibility Study of its poly-metallic (Cu-Pb-Zn-Ag-Au) project in the Kenhardt district of the Northern Cape Province and is considering several funding options to proceed.

SRR concluded that continued exploration expenditure on the Salt River West properties is not warranted and the prospecting rights over this area have not been renewed (see page 9).

Diamonds in the Kingdom of Lesotho

Angel Diamonds (Pty) Ltd ("Angel Diamonds") submitted an application for a Mining License ("ML") to the Commissioner of Mines in Lesotho on 12 December 2008. Thabex has reported the legal matters regarding Angel Diamonds in detail on JSE's SENS system. The liquidation application on 8 October 2010 by Mr TP Mosebo, a director of Angel Diamonds, was discharged with costs. On the very same day, 8 October 2010, Messrs.' Mosebo and Engelbrecht registered a new company, Reskol Diamond Mining (Pty) Ltd ("Reskol") in the Kingdom of Lesotho and therefore a very clear stratagem was established, to seize the corporate opportunity of Angel Diamonds for themselves and utilise all Angel Diamonds information to apparently apply for a new ML.

What remains very disturbing regarding the legal route taken by the three non-controlling shareholders is the fact that neither these non-controlling shareholders, the provisional liquidators nor the Commissioner of Mines and Geology of Lesotho are able or willing to account for the 1 000 carats produced during the period Mantle Diamonds was involved in the project. Mantle Diamonds terminated their involvement in the project on 14 November 2009. Thabex has brought rough diamond theft charges against Messrs Mosebo and Engelbrecht of 14 June 2011 in Lesotho. Mantle Diamonds' 10 tph (tons per hour) DMS (Dense Medium Separator) prospecting plant remains on site at Kolo Ha Petlane to date. Mantle Diamonds, as a respondent in all the High Court cases in the Kingdom of Lesotho, have not opposed any of these cases, including the application to liquidate Angel Diamonds. A High Court Case against the Minister of Natural Resources and others, preventing the Minister to grant a ML to any other entity until the Main Case (Case CIV/APN/333/2010) has been resolved, will be heard during October 2011. Speculation and announcements about a new ML having purportedly been granted to Reskol, is sub judice.

Diamonds in Namibia

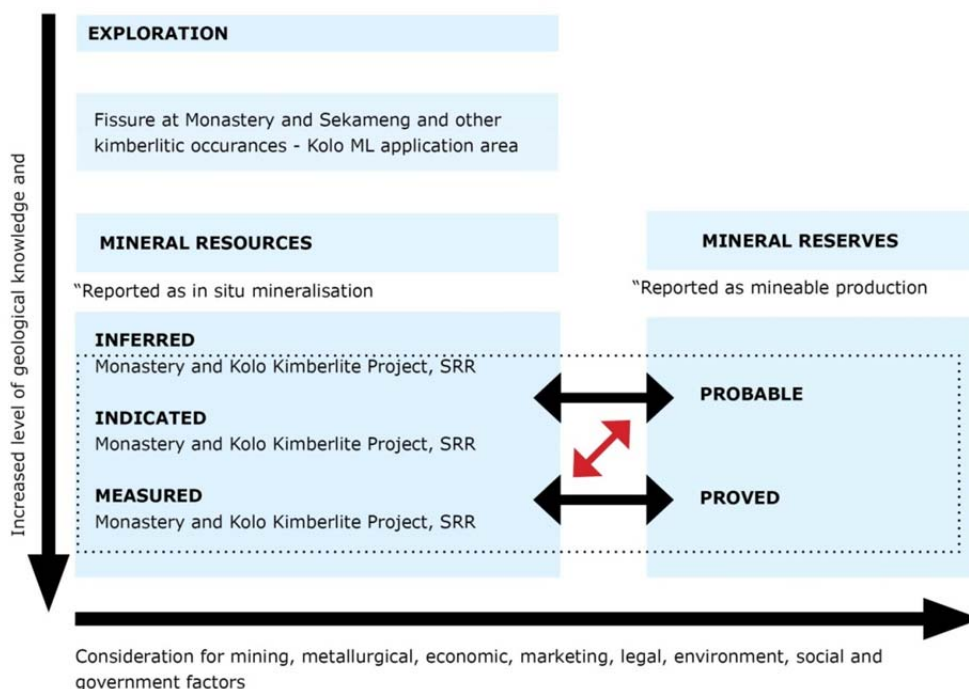
Minnex Exploration Namibia (Pty) Ltd ("Minnex Namibia") an 80% subsidiary of Minnex Exploration (Pty) Ltd

Minnex will re-evaluate the unresolved anomalies of the percussion drilling results reported by Namdeb prior to the prospecting rights to the two Exclusive Prospecting License areas and a new application for further exploration over the area has been submitted in July 2011.

Framework for classifying tonnage and grade estimates

The estimates for tonnage and grade for the above projects have been compiled by Competent Person ("CP"), Mr M Welthagen, details of his qualifications are listed on pages 3 and 7, who is registered with ECSA and has the experience and knowledge to act as a CP to Thabex. Furthermore, the summary of the Group's Mineral Reserves and Resources on page 9 has been compiled in terms of the SAMREC and SAMVAL Codes as well as the JSE Listings Requirements. His interest in Thabex is stated on page 61 as required in Section 12 of the Listings Requirements.

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;

“**Azimuth**” – Azimuth and elevation are angles used to define the apparent position of an object in the earth, relative to a specific observation point. The observer is usually (but not necessarily) located on the earth’s surface;

“**ct**” – carat;

“**cpht**” – carat per hundred tons;

“**Competent Person**” – A person who, is registered with anyone 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, i.e. 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;

“**DMR**” – Department of Minerals and Resources;

“**DMS**” – Dense medium separation recovery equipment;

“**EPL**” – Exclusive Prospecting License;

“**estimation**” – Quantitative judgement of value (e.g. grade, costs, revenue);

“**exploration**” – Exploration encompassing prospecting, mapping, geological surveys, percussion drilling and other work employed in the search for diamond and other 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 ore body;

“**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;

Glossary (*continued*)

“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;

“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;

Glossary (continued)

“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;

“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 – grams per ton;

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;

Glossary (continued)

lb – a pound;

R – South African Rand;

ton – metric ton;

“ton” or “t” – one ton is equal to 1 000 kilograms (a metric ton); and

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;

“**ECSA**” – Engineering Council of South Africa, Waterview Corner Building, 2 Ernest Oppenheimer Avenue, Bruma, 2198

“**EMPR**” – Environmental Management Programme, a document setting out plans to rehabilitate the surface of land disturbed during prospecting operations, as required by the New Minerals Act;

“**EIA**” – Environmental Impact Assessment as required a document setting out plans to rehabilitate the surface of land disturbed during mining 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 tons;

“**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;

“**SAMVAL Code**” – South African Code for Valuation of Mineral Assets;

“**SG**” – specific gravity;

“**tpa**” – tons per annum;

“**tpm**” – tons per month;

“**tph**” – tons per hour

Glossary (*continued*)

Chemical symbols

Au – Gold;

Ag – Silver;

Cd – Cadmium;

Co – Cobalt;

Cu – Copper;

Ni – Nickel;

Pb – Lead;

Ti – Titanium

Financial Director's report

Operating results

The Group incurred a loss for the year of R3.63 million (2010: loss of R2.93 million). The headline loss per share changed from 2.21 cents for the year ended 28 February 2010 to a headline loss of 1.26 cents per share for the year ended 28 February 2011. The net asset value per share of the Group decreased from 4.72 cents per share at 28 February 2010 to 2.88 cents per share as at 28 February 2011. The net tangible asset value per share of the Group decreased from (1.22) cents per share at 28 February 2010 to (3.06) cents per share as at 28 February 2011.

The short term loans have been advanced by Dr JA Cruise, a related party (Non-executive Chairman of SRR, a subsidiary of Thabex), who has undertaken not to request repayment for a period of twelve months from the date of the publication of these financial results or until such date that the Group's current assets reasonably exceed its current liabilities.

On 23 April 2010 the Company's shares were sub-divided in 1 to 10 as per the special resolution approved on 10 February 2010. A form of surrender for non-dematerialised shareholders to exchange their present share certificates for the new sub-divided share certificate is enclosed in the annual report.

Going concern

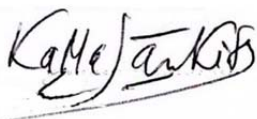
The Group incurred a net loss of R3.63 million (2010: loss of R2.93 million) for the year ended 28 February 2011. At that date, the Group's current liabilities exceeded its current assets by R6.61 million (2010: current liabilities exceeded current assets by R5.20 million).

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

Should the operations of the subsidiary fail to achieve forecast cash flows, there will be a material uncertainty that may cast doubt on the ability of the Company and its subsidiaries to continue as going concerns. The cash flow assumptions are based on a production rate of 10 000 tons per month at an average grade of 2.5 cpht (carats per hundred tons) and a conservatively modelled rough diamond price of US\$150/ct and an exchange rate of R7:US\$1.

Contingent liabilities

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



Masankisi Kamwanga
Financial Director

20 October 2011

CORPORATE GOVERNANCE STATEMENT

The board of directors (“the board”) remains 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. The board endorses and are of the opinion that the Company has complied with the King Code of Governance Principles as set out in the King III Report (“King III”) except where otherwise indicated.

BOARD OF DIRECTORS

The board presently consists of three 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 judgment and opinions. The board has selection criteria, conditions and procedures for the appointment of board directors to ensure the sustainability of the knowledge base and pool of skills with in the Thabex Group and to ensure a clear division of responsibilities.

Board Appointment Policy

The procedure for appointment of directors to the Board provides that appointments must be formal and transparent and the decision for all appointments is a matter to be decided upon by the Board as a whole.

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 Mr JR Rapoo and as an independent non-executive ensures division of power and responsibility and ensures that no one director has unfettered powers of decision-making. The Chairman and the Chief Executive Officer are responsible for the running of the Group’s business.

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 King III during the year under 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. At present Thabex has not appointed an independent internal auditor as the size of the Company does not warrant such an expenditure. However, once a mining project commences production under a mining permit, the Company will appoint an internal auditor.

INSIDER TRADING

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

BOARD COMMITTEES

The board has established two standing committees to enable it to discharge its duties adequately and to ensure the economic viability and sustainability of the Company:

These are:

- Audit Committee; and
- Remuneration Committee.

Audit committee

The board recognises the importance of a strong audit committee with responsibility for ensuring the overall effectiveness of corporate governance within the Company. The audit committee comprises of JR Rapoo as chairman and Dr JW Kruger as independent non-executive director.

In order to ensure the independence of the Group's Auditors, the Audit Committee do not use KPMG Inc. for any non-audit functions, and should these be required and are not available within the expertise pool of the executive directors, independent advisors are consulted.

Internal financial and operating controls

The board is ultimately responsible for the internal and operating systems of the Group and for monitoring their effectiveness. These systems are designed to provide reasonable assurance against material misstatement and loss. The established audit committee monitors these systems and advises the board on any adaptations that may be required in order to meet changing business circumstances. The committee is responsible for assisting the board in the implementation and monitoring of reasonable safeguards in respect of the unauthorised use or disposal of Group assets, compliance with relevant legislation and regulations and the maintaining of proper accounting records, as well as for advising the board on the appointment of external auditors. The Audit Committee may recommend the appointment of internal auditors and/or consultants to perform non-audit functions to the Group if required. The Audit Committee is satisfied with the expertise and experience of the financial director, Mr M Kamwanga.

Remuneration committee

Mr JR Rapoo as chairman of the remuneration committee and Dr JW Kruger as independent non-executive director constitute this committee.

The committee determines the remuneration, incentive arrangement, profit participation and benefits of the executive directors and executive management. The committee is responsible for ensuring that the levels of remuneration are sufficient to attract, retain and motivate executives of the required for high level management as well as key personnel positions. It is also responsible for measuring the performance of the executive directors in discharging their functions and responsibilities.

Remuneration is performance related and is designed to provide incentives for directors and staff to perform at the highest operational levels.

Executive remuneration policy

In setting executive remuneration policy, the Company aims to pay overall packages that are competitive in the mining and resources sector and, where appropriate, in the general market, whilst recognising that its reward strategy and each of its component policies are dynamic and should be revisited regularly to ensure continuing alignment with best market practice.

Service contracts and severance arrangements

In line with King III the Company has no service or severance agreements with any of its directors or executive management.

Long-term, share-based incentives

A long-term incentive plan is not available and such a plan will be tabled to the shareholders of Thabex in 2011. The main purpose of the long-term incentive plan will be to incentivise and retain key executive and management talent by providing an incentive to employees to advance the (long-term) interests and growth of the company.

Non-executive directors' fees

The remuneration of non-executive directors is a matter for the executive members of the Board, and is approved by the company's shareholders in general meeting, acting pursuant to a recommendation of the Board.

Thabex's non-executive directors do not receive bonuses or share options, recognising that this can create potential conflicts of interest which can impair the independence which non-executive directors are expected to bring to bear in decision-making by the Board. At Thabex's AGM, to be held on 23 November 2011, shareholders will be required to approve the non-executive director fees set out in the notice of AGM on page 66 of this Annual Report.

Internal audit

Due to the present size of the Group, an internal audit function has not been established yet. This will be remedied

as soon as the Group has grown sufficiently according to the long-term development policy.

Attendance registers of board and board committee meetings:

Director	Audit Committee	Remuneration Committee	Directors Meetings
JR Rapoo	4/4	4/4	4/4
M Kamwanga			2/4
Dr JW Kruger	4/4	4/4	4/4
MJ Ratshedi Appointed 23 June 2010	3/4 by invitation		3/3
Prof DL Reid			C/4
AP Roux			C/4
M Welthagen	4/4 by invitation		4/4

C = Circulated Agenda and minutes

Mr Kamwanga has been in the Democratic Republic of the Congo for a major part of the year under review. Professor Reid and Mr Roux are based in Cape Town and to ensure maximum cost savings communications between them and the board were through e-mail and telephone.

Non-compliance with generally accepted corporate governance practice

During the year under review an executive director of Thabex, Mr CJ Engelbrecht and executive directors of Angel Diamonds (Proprietary) Limited ("Angel Diamonds"), launched several High Court cases in the Kingdom of Lesotho against Thabex, other interested parties and Angel Diamonds. The court cases were preceded by several instances of non-compliance by the above directors to Thabex's Standard Procedures and Corporate Governance practice. The main result of these actions was the failure of Messrs Engelbrecht and Mosebo to procure an audit of Angel Diamonds. The resulting consequence of the non-compliance was that Thabex failed to publish its Interim Results for the period ended 31 August 2011 as required and in terms of JSE Limited Listing Requirements.

DEMATERIALISATION

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 2011, 91.61% (2010: 91.61%) of Thabex's ordinary shares were dematerialised.

SAMREC AND SAMVAL CODES

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 JSE Listings Requirements have 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. The financial statements itemise detailed exploration information such as individual borehole results, assays and criteria. On page 9 an analysis of the Group's exploration and near mining projects are tabled. Furthermore, South African Code for Valuation of Mineral Assets (SAMVAL code) has also been complied with regards to the valuation of the Group's exploration projects.

EMPLOYMENT EQUITY

Thabex recognises the importance of employment equity and is continuing in its efforts to appoint Black, Coloured or Asian managers and employees, through recruitment and training.

BLACK ECONOMIC EMPOWERMENT

Thabex is 18.4% (2010: 18.4%) 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 the Monastery Kimberlite project in the Free State Province have been approved by the Department of Minerals and Resources. The Ministry of Mines and Energy in Namibia approved the environmental program for the Minnex Kimberlite Project. Angel Diamonds has been prospecting in compliance with the Environmental Management Plan (EMP) approved by the National Environmental Secretariat of Lesotho and was compiled by Golder and Associates. Angel Diamonds has also completed an Environmental Impact Assessment (EIA) which is a requirement for the granting of a Mining License. Thabex has not appointed an Environment and Sustainability Committee as the Company's projects do not operate under mining permits or licenses.

SUSTAINABLE DEVELOPMENT

The Company's future growth will be from the development of Thabex's own exploration projects and acquisitions, such as Monastery Mine (Proprietary) Limited ("Monastery Mine") and Monastery Holdings (Proprietary) Limited ("Monastery Holdings") into a diamond mining project. The acquisition of Monastery Mine and Monastery Holdings will ensure the long-term growth of Thabex into a fully-fledged Junior Mining and Exploration Company.

RISK MANAGEMENT AND INSURANCE

The objective of the Company's risk management policy established by the board is to minimise 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. No Risk Management Committee has been established as the various risks the Company has to consider do not warrant the appointment of an additional independent director.

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. The Group's strict adherence to the Code of Ethics and the application of good corporate governance principles have resulted in the uncovering of several non-compliance issues in subsidiary, Angel Diamonds and has resulted in civil and criminal charges being pursued against some of the directors and former directors of Angel Diamonds.

CONTENTS OF THE ANNUAL FINANCIAL STATEMENTS



Annual Report for the year ended 28 February 2011

	Page
Directors' responsibility for approval of the annual financial statements	23
Audit Committee's Report	23
Company Secretaries' certificate	23
Independent Auditor's Report	24
Directors' Report	25 - 27
Statements of financial position	28
Statements of comprehensive income	29
Statements of cash flows	30
Statements of changes in equity	31 - 32
Notes to the annual financial statements	33 - 65

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Thabex Limited, comprising the statements of financial position at 28 February 2011, and the statements of comprehensive income, changes in equity and cash flows 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 are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

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

Audit Committee's report

The Audit Committee comprises of two independent non-executive directors namely, Mr JR Rapoo and Dr JW Kruger. The terms of reference of the Audit Committee are reviewed on an annual basis. The Audit Committee held four formal meetings during the financial year to consider various financial issues. The Audit Committee advises the board on matters of importance such as corporate governance practices, internal control policies and procedures.

The Audit Committee has recommended that KPMG Inc. be re-appointed as the auditors for the year ended 28 February 2012.

The board has determined that the Audit Committee fulfilled its responsibilities for the year under review, and as required reports that it is satisfied with the appropriateness of the expertise and experience of the financial director, Mr Kamwanga for the period under review and the independence of KPMG Inc.

Approval of the group annual financial statements and the company annual financial statements

The group annual financial statements and annual financial statements of Thabex Limited, as identified in the first paragraph, were approved by the board of directors on 20 October 2011 and signed on their behalf by:



Jeffrey Raymond Rapoo
Chairman



Marius Welthagen
Chief Executive

COMPANY SECRETARIES' CERTIFICATE

In terms of the Companies Act 1973 (as amended), 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
Company Secretaries
20 October 2011

Independent Auditor's Report

To the Members of Thabex Limited

We were engaged to audit the group annual financial statements and the annual financial statements of Thabex Limited, which comprise the statements of financial position at 28 February 2011, and the statements of comprehensive income, changes in equity and cash flows 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 25 to 65.

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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

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

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

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, it has not been possible to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

KPMG Inc.
Registered Auditor



Per Shaun van den Boogaard
Chartered Accountant (SA)
Registered Auditor
Director
20 October 2011

1226 Schoeman Street
Hatfield
0028

THABEX LIMITED

DIRECTORS' REPORT

The Directors have the pleasure in presenting their report for the year ended 28 February 2011.

NATURE OF BUSINESS

Thabex Limited ("Thabex") (Registration number 1988/000763/06) is a Junior 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 grassroots 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, Alliance Afric Mining (Pty) Ltd, Minnex Exploration Namibia (Pty) Ltd, Thabex Diamonds (Pty) Ltd and BEE subsidiaries - Taung Diamond Mines (Pty) Ltd and Monastery Mine (Pty) Ltd. The Salt River Resources Ltd is a poly-metallic base mineral project in the Northern Cape Province ensures a sufficient diversification to the Group's commodity and exploration projects.

SHARE CAPITAL

The authorised share capital of the Company is 1 000 000 000 (2010: 1 000 000 000) ordinary shares of 1 cent each. This is the result of the Company's shares being sub-divided on 10 February 2010 in 1 to 10 as per the Special resolution approved on 10 February 2010.

As at 28 February 2011 the issued share capital of the Company comprised 239 868 870 (2010: 239 868 870) fully paid ordinary shares of 1 cent each.

DIVIDENDS

No dividends are proposed in respect of the 2011 financial year (2010: nil).

SUBSIDIARIES

Details of the Company's subsidiaries are set out in note 3.

GOING CONCERN

The Group incurred a net loss of R3 633 440 (2010: R2 933 713) and the Company incurred a net loss for the year of R1 247 627 (2010: R1 971 729) for the year ended 28 February 2011. At that date, the group's current liabilities exceeded its current assets by R6 616 331 (2010: R5 198 433) and the Company's current liabilities exceeded its current assets by R5 906 272 (2010: R5 092 991).

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

Should the operations of the subsidiary fail to achieve forecast cash flows, there will be a material uncertainty that may cast doubt on the ability of the Company and its subsidiaries to continue as going concerns. The cash flow assumptions are based on a production rate of 10 000 tons per month at an average grade of 2.5 cpht (carats per hundred tons) and a conservatively modelled rough diamond price of US\$150/ct and an exchange rate of R7:US\$1.

Should the operations of the subsidiary fail to achieve forecast levels of production, there will be a material uncertainty that may cast significant doubt on the ability of the Company and its subsidiaries to continue as going concerns.

MANAGEMENT

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

THABEX LIMITED

SECRETARIAL SERVICE

SA Mineral Investments (Pty) Ltd, a company indirectly controlled by Marius Welthagen, acts as Company Secretary to Thabex.

MINERAL AND PROSPECTING RIGHTS

The 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. Although significant increases in precious and base metal prices occurred during the year under review, base metal prices declined to a more sustainable level at the time of this report. The long-term market conditions for these commodities are factors which caused positive changes to the development of the Group's mining assets.

Thabex is investigating financial alternatives to bring the 100 tph dense medium separation recovery (DMS) plant on site at Monastery Mine into production again, utilising new technologies.

Angel Diamonds (Pty) Ltd ("Angel Diamonds") submitted an application for a Mining Lease ("ML") in terms of the Mines and Minerals Act of Lesotho over an area containing six kimberlitic occurrences, including the Kolo Kimberlite pipe, to the office of the Commissioner of Mines on 12 December 2008. The ML has to date not been granted to Angel Diamonds and the granting of a ML is the subject of several High Court cases in the Kingdom of Lesotho. As a result of this delay, Thabex has re-prioritised its project development with the development of the Monastery Kimberlite project being pursued.

SUBSEQUENT EVENTS

On 28 November 2010 Mr CV du Plessis, a diamantaire, brought an application for the winding-up of Thabex mainly for an amount of US\$25 000, being his 13.33% of the proceeds on the disposal of Angel Diamonds to Mantle Diamonds. The said amount was capitalised into ordinary shares of Angel Diamonds (Pty) Ltd on 26 February 2010. The board believes that this application has little prospect of success and is being defended. The application was heard on 24 and 26 August 2011 and judgment has been reserved.

Monastery Mine (Pty) Ltd

On 15 February 2011 Monastery Mine (Pty) Ltd entered into a subcontract agreement with Dry Harts Diamonds CC to process an oxidised kimberlite dump situated next to the Monastery Kimberlite pipe at a minimum rate of 10 000 tons per month. Dry Harts Diamonds CC has commenced operations and to date produced 206 cts of rough diamonds.

At present the Company is trading under Cautionary Announcement, while negotiations are continuing with regards to the funding of the Company's Monastery Mine (Pty) Ltd, subject to the JSE Listings Requirements, and shareholders should continue to exercise caution when dealing with their Thabex shares until a further announcement is made.

Angel Diamonds (Pty) Ltd

As a result of an interdict brought by two non-controlling shareholders of Angel Diamonds, which was defended, but granted on 21 June 2010, a very voluminous and acrimonious litigation process followed and is summarised below. The application for the liquidation by Mr TP Mosebo, a director of Angel Diamonds at the time, was opposed by Thabex and other non-controlling shareholders of Angel Diamonds and was discharged with costs on 22 August 2011.

However, it has been confirmed that the stratagem of Messrs Mosebo and Engelbrecht was to cease the corporate opportunity of Angel Diamonds for themselves and under the veil of several high court cases, registered a new company, utilising the Angel Diamonds information to apply for an ML over the very same Kolo Kimberlite project on the very same day Mr Mosebo applied for the provisional liquidation of Angel Diamonds.

LITIGATION

The Thabex Group is involved in the following litigation and potential litigation.

In the High Court of Lesotho:

- Case No CIV/APN/333/2010 - Main Application and the Counter Application;

THABEX LIMITED

- Case No CCA/08/2010 - Liquidation of Angel Diamonds, having been heard and argued on 23 March 2011 and discharged with costs on 19 May 2011 and an appeal by Mr Mosebo is pending;
- Case No CIV/APN/664/2010 - Interdict against the Commissioner of Mines and others to be heard on 6 October 2011, but is subject to the Appeal against the Judgment of 17 November 2010 in and interlocutory application for costs, subject to certain conditions, which was upheld on 20 April 2011, further interim interdict relating to the same matter, was granted in favour of Thabex and others on 30 September 2011;
- Case No CIV/APN/333/2011 – Interdict against Thabex and others regarding the calling of a general meeting of Angel Diamonds on 13 July 2011, which interdict was not granted and the case has been set down for hearing in the High Court of the Kingdom of Lesotho;
- Case No CIV/APN/333/2010 – Interpleader to have the rule nisi of the Main Application re-instated.

In the North Gauteng High Court:

- Case No 67885/10 – Application by Mr CV du Plessis, a diamantaire, for the winding-up of Thabex.

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 of and which may have or have had, from 1 March 2011 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.

SPECIAL RESOLUTIONS

On 27 July 2011 it was resolved by way of Special Resolution that the directors of the Company, subject to the conditions as contained in the Notice of the annual general meeting, are authorised, by way of renewed general authority to approve the repurchase of its own shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company.

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' INTEREST IN THE SHAREHOLDING OF THE COMPANY

The change in the directors' interest in the shares of the Company is presented on page 61 to 62.

DIRECTORATE AND ADMINISTRATION

The executive directors in office at the date of this report are M Kamwanga, JM Ratshedi and M Welthagen. The non-executive directors were Dr JW Kruger, JR Rapoo (Chairman), AP Roux and Prof DL Reid. In accordance with Article 93 of the Company's Memorandum of Incorporation, M Welthagen will retire from office at the annual general meeting to be held on Wednesday, 23 November 2011, but being eligible, offers himself for re-election. Details of directors' emoluments are set out in note 23.

Abridged biography of director seeking re-election

Name: Marius Welthagen

Date of birth: 19 July 1956

Academic qualifications: P Eng (Int) MEng (Mining) MPhil (Mineral Economics)
B Comm Hons (Economics)

Occupation: Mining Engineer

Experience: (See page 7) Appointed Competent Person to Thabex and resides at 51 Austin Road, Northcliff, Johannesburg, 2195

Other current directorships: Saminco Ltd, Pure Diamonds (Pty) Ltd, Maxzon Investments (Pty) Ltd, SA Mineral Investments (Pty) Ltd, Southern Mineral Brokers (Pty) Ltd, Rossal No 92 (Pty) Ltd and Maxzon Fusion (Pty) Ltd.

Other than the executive directors of Thabex and Mrs E Motaung, a general office administrator, the Company has no other employees.

THABEX LIMITED

STATEMENTS OF FINANCIAL POSITION

At 28 February 2011

		Group		Company	
		2011	2010	2011	2010
	Notes	R	R	R	R
Assets					
Non-current assets					
		17 476 397	18 447 939	14 328 192	14 762 538
Property plant and equipment	2	3 237 369	4 208 911	72 184	128 476
Exploration and evaluation assets	4	14 239 028	14 239 028	-	-
Interest in subsidiaries	3	-	-	14 256 008	14 634 062
Current assets					
		1 601 250	2 088 211	1 327 948	1 614 812
Inventories	5	665 920	1 515 982	665 920	968 982
Short term investments	6	23 768	32 654	23 768	32 654
Trade and other receivables	7	855 457	486 306	636 931	613 176
Short-term loans	8	-	-	-	-
Cash and cash equivalents	9	56 105	53 269	1 329	-
Total assets		19 077 647	20 536 150	15 656 140	16 377 350
Equity and liabilities					
Capital and reserves					
Share capital	10	2 398 689	2 398 689	2 398 689	2 398 689
Share premium		27 975 112	27 975 112	27 975 112	27 975 112
Accumulated loss		(23 477 081)	(21 492 149)	(21 951 881)	(20 704 254)
Total equity attributable to the equity holders of the parent		6 896 720	8 881 652	8 421 920	9 669 547
Non-controlling interest		2 026 243	2 430 751	-	-
Total equity		8 922 963	11 312 403	8 421 920	9 669 547
Non-current liabilities					
Loans and borrowings		1 937 103	1 937 103	-	-
Current liabilities		8 217 581	7 286 644	7 234 220	6 707 803
Bank overdraft	9	196 486	-	75 221	2 109
Trade and other payables	12	3 500 722	3 441 271	2 476 427	2 627 512
Loans from group companies	3	-	-	637 572	708 182
Short-term loans	13	4 045 000	3 370 000	4 045 000	3 370 000
Taxation payable		475 373	475 373	-	-
Total equity and liabilities		19 077 647	20 536 150	15 656 140	16 377 350

THABEX LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 28 February 2011

	Notes	Group 2011 R	2010 R	Company 2011 R	2010 R
Revenue	15	409 011	420 995	371 838	420 995
Cost of sales		(333 063)	(292 896)	(303 063)	(292 896)
Gross profit		75 948	128 099	68 775	128 099
Other income		543 632	4 490 054	561 864	4 208 844
Administrative expenses		(1 162 868)	(2 579 411)	(505 390)	(1 396 514)
Other expenses		(3 067 210)	(5 714 847)	(1 367 527)	(5 259 715)
Loss from operating activities	16	(3 610 498)	(3 676 105)	(1 242 278)	(2 319 286)
Finance income	17	2 707	463 391	2 150	352 832
Finance expense	18	(25 649)	(6 014)	(7 499)	(5 275)
Loss before taxation		(3 633 440)	(3 218 728)	(1 247 627)	(1 971 729)
Taxation	20	-	285 015	-	-
Loss for the year		(3 633 440)	(2 933 713)	(1 247 627)	(1 971 729)
Other comprehensive income					
Net change in fair value of available for sale financial assets		-	82 444	-	82 444
Net change in fair value of available for sale financial assets reclassified to profit or loss		-	(82 444)	-	(82 444)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		(3 633 440)	(2 933 713)	(1 247 627)	(1 971 729)
Loss and total comprehensive income attributable to:					
Equity holders of the parent		(3 017 093)	(1 431 464)	(1 247 627)	(1 971 729)
Non-controlling interest		(616 347)	(1 502 249)	-	-
Basic loss per share (cents)	19	(1.26)	(0.63)	(0.52)	(0.87)
Diluted loss per share (cents)	19	(1.26)	(0.63)	(0.52)	(0.87)

THABEX LIMITED

STATEMENT OF CASH FLOWS

For the year ended 28 February 2011

		Group		Company	
		2011	2010	2011	2010
	Notes	R	R	R	R
Cash utilised in operating activities					
Cash utilised in operations	22	(1 423 594)	(8 193 861)	(485 382)	(1 495 588)
Interest received		2 707	273 683	2 150	270 388
Interest paid		(25 649)	(6 014)	(7 499)	(5 275)
Taxation paid	22.1	-	(4 392)	-	-
Net cash outflow from operating activities		(1 446 536)	(7 930 584)	(490 731)	(1 230 475)
Cash flow from investing activities					
Additions to property, plant and equipment to expand operations		-	(10 589)	-	(10 595)
Acquisition of subsidiary	22.2	-	(572)	-	(4 479)
Proceeds on disposal of property, plant and equipment		-	251 858	-	155 944
Proceeds from disposal of shares in subsidiary		-	-	944 000	3 646 982
Funding advanced to subsidiaries		-	-	(463 328)	(2 556 773)
Repayment of loan from subsidiary		-	-	(70 610)	(126 888)
Proceeds on disposal of short term investments		8 886	114 891	8 886	114 891
Net cash inflow from investing activities		8 886	355 588	418 948	1 219 082
Cash flow from financing activities					
Issue of shares in subsidiary to non-controlling shareholders		-	3 933 000	-	-
Proceeds from disposal of shares in subsidiary		1 244 000	3 646 982	-	-
Net cash outflow from financing activities		1 244 000	7 579 982	-	-
Net decrease in cash and cash equivalents		(193 650)	4 986	(71 783)	(11 393)
Cash and cash equivalents at beginning of year		53 269	48 283	(2 109)	9 284
Cash and cash equivalents at end of year	9	(140 381)	53 269	(73 892)	(2 109)

THABEX LIMITED

STATEMENTS OF CHANGES IN EQUITY

For the year ended 28 February 2011

Group	Notes	Share Capital R	Share Premium R	Accumulated Loss R	Total* R	Non- controlling Interest R	Total Equity R
Balance at 28 February 2009		2 278 689	27 259 591	(20 060 685)	9 477 595	-	9 477 595
Transactions with owners of the company recognised directly in equity							
Issue of ordinary shares	10	120 000	720 000	-	840 000	-	840 000
Share issue expenses		-	(4 479)	-	(4 479)	-	(4 479)
Non-controlling interest arising from capitalisation issue in subsidiary		-	-	-	-	3 933 000	3 933 000
Contributions by owners of the company		120 000	715 521	-	835 521	3 933 000	4 768 521
Total comprehensive income for the year							
Loss for the year		-	-	(1 431 464)	(1 431 464)	(1 502 249)	(2 933 713)
Total other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	(1 431 464)	(1 431 464)	(1 502 249)	(2 933 713)
Balance at 28 February 2010		2 398 689	27 975 112	(21 492 149)	8 881 652	2 430 751	11 312 403
Total comprehensive income for the year							
Loss for the year		-	-	(3 017 093)	(3 017 093)	(616 347)	(3 633 440)
Total other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	(3 017 093)	(3 017 093)	(616 347)	(3 633 440)
Changes in ownership interests in subsidiaries that do not result in a loss of control							
- Salt River Resources Ltd		-	-	1 032 161	1 032 161	211 839	1 244 000
- Monastery Holdings (Pty) Ltd		-	-	456 159	456 159	(12 159)	444 000
- Tradepost 121 (Pty) Ltd		-	-	278 176	278 176	21 824	300 000
		-	-	297 826	297 826	202 174	500 000
Balance at 28 February 2011		2 398 689	27 975 112	(23 477 081)	6 896 720	2 026 243	8 922 963

*Total equity attributable to the equity holders of the parent

THABEX LIMITED

STATEMENTS OF CHANGES IN EQUITY (Continued)

For the year ended 28 February 2011

	Notes	Share Capital R	Share Premium R	Accumulated Loss R	Total R
Company					
Balance at 28 February 2009		2 278 689	27 259 591	(18 732 525)	10 805 755
Transactions with owners of the company recognised directly in equity					
Issue of ordinary shares	10	120 000	720 000	-	840 000
Share issue expenses		-	(4 479)	-	(4 479)
Contributions by owners of the company		120 000	715 521	-	835 521
Total comprehensive income for the year					
Loss for the year		-	-	(1 971 729)	(1 971 729)
Total other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(1 971 729)	(1 971 729)
Balance at 28 February 2010		2 398 689	27 975 112	(20 704 254)	9 669 547
Transactions with owners of the company recognised directly in equity					
Total comprehensive income for the year					
Loss for the year		-	-	(1 247 627)	(1 247 627)
Total other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(1 247 627)	(1 247 627)
Balance at 28 February 2011		2 398 689	27 975 112	(21 951 881)	8 421 920

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

1. Reporting entity

Thabex Limited ("the Company") is a Company domiciled and incorporated in the Republic of South Africa. The consolidated financial statements of the Company as at and for the year ended 28 February 2011 comprise the Company and its subsidiaries (together referred to as the "Group") (see page 28). The Group is primarily involved in mining and exploration and is listed on the Johannesburg Stock Exchange ("JSE").

1.2. Basis of preparation

1.2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the AC 500 series as issued by the Accounting Practices Board and the requirements of the South African Companies Act. The financial statements were approved by the board of directors on 20 October 2011.

1.2.2. Basis of measurement

Except for financial instruments at fair value through profit and loss that are measured at fair value, the financial statements and the consolidated financial statements have been prepared on the historical cost basis.

1.2.3. Functional and presentation currency

These financial statements are presented in South African Rand, which is the Company's functional currency.

1.2.4. Use of estimates and judgements

The preparation of the consolidated annual financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 6 - Valuation of financial instruments

Note 3 - Impairment of loans in subsidiaries

Note 14 - Deferred tax

1.3. Significant accounting policies

Except as detailed below, the accounting policies have been applied consistently to all periods presented in the Company and Group annual financial statements.

Change in accounting policy

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

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

The amendments also require that losses (including negative 'other comprehensive income' as detailed in the revised IAS 1 (AC 101) Presentation of Financial Statements (2007)) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. In the past losses were allocated only until the non-controlling interests had a zero balance. The change in accounting policy was applied prospectively and the impact on earnings per share for the current year is shown in note 19.

1.3.1. Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. When a group of assets that does not constitute a business is acquired, the cost of the acquisitions allocated between the individual identifiable assets and liabilities in the group based on their relative values at the acquisition date. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

1.3.2. Investment in subsidiaries

Investment in subsidiaries is measured at cost less impairment losses in the Company annual financial statements. Profit or loss on the sale of an investment in a subsidiary is accounted for through profit or loss.

1.3.3. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for the effective interest and payments for the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

1.3.4. Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. These costs include costs 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within "other income" in profit or loss.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

Subsequent costs

The cost of replacing part of an item of property, plant 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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

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

Buildings	20 years
Furniture and office equipment	5 years
Computer equipment	3 years
Vehicles	5 years
Exploration equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1.3.5. Intangible assets

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. Costs incurred on exploration activities after initial recognition is expensed in profit or loss in the period incurred. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist in terms of the South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC code) and the South African Code for Valuation of Mineral Assets (SAMVAL code). 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 available for commercial production.

Guidance as provided by IFRS 6 Exploration for and Evaluation of Mineral Resources (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 costs are expensed in profit or loss immediately.

1.3.6. Impairment

1.3.6.1. Impairment of non-financial assets

The carrying amounts of the Group's assets, except for inventories (see accounting policy 1.3.7.) and deferred tax assets (see accounting policy 1.3.12.), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

amount is estimated. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets and groups of assets (the "cash-generating unit").

1.3.6.1. Impairment of non-financial assets (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.3.6.2. Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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 an 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 against an allowance account. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income is reclassified to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

1.3.7. Inventories

Inventories comprising polished and rough diamonds are measured at the lower of cost and net realisable value. Costs 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.

1.3.8. Financial instruments

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date 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. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

The Group classifies financial assets into the following categories: financial assets available for sale and loans and receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit and loss.

Available for sale financial assets comprise equity securities and debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Financial liabilities

The Group initially recognises financial liabilities initially on trade date, which is the date that the Group becomes a party to the contractual provision of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

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.

Fair value determination of investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

1.3.9. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effect, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

1.3.10. Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable net of returns, trade discounts and volume rebates. Revenue comprises diamond and commodity sales exclusive of value-added tax. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is treated as a reduction of revenue as the sales are recognised.

1.3.11. Finance income and expenses

Finance income comprises interest income on funds invested and changes in fair value of financial assets at fair value through profit or loss. Finance income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provision and changes in fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

1.3.12. Income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rate enacted or substantively enacted at the reporting date, and any adjustment of tax payable for previous years.

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. 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 measured at the tax rate that is expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will realise simultaneously.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

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 reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.3.13. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held.

1.3.14. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group has five reportable operating segments, as described below, which are the group's strategic operating segments. For each of the segments, the group's CE who is the Chief Operating Decision Maker (CODM) reviews internal management reports on at least a monthly basis.

The five segments are listed in order of priority for the group's overall operations.

- 1 Thabex Ltd: Includes exploration and management services to the Group's companies.
- 2 Tradepost 121 (Pty) Ltd includes Monastery Mine (Pty) Ltd and Monastery Holdings (Pty) Ltd and these companies are involved in the prospecting and development of Monastery Kimberlite pipe in the district of Marquard in the Free State Province.
- 3 Salt River Resources Ltd: Includes the Salt River base mineral project in the Northern Cape Province.
- 4 Angel Diamonds (Pty) Ltd: Includes the Kolo Kimberlite project in the Mafateng district of the Kingdom of Lesotho.
- 5 Minnex Exploration (Pty) Ltd: Includes the Middelwater alluvial diamonds project, with a 2,5% royalty agreement on commencement of mining operations, and the search for primary kimberlite deposits in Northern Namibia.

1.3.15. Employee benefits

The Company and Group do not contribute to any defined contribution or benefit plans.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

1.3.16. Other Income

Other income comprises of management fees and consulting fees and is recognised in the period when the service is rendered.

1.3.17. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2011, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Group, except for the following:

Amendment to IAS 1 Presentation of Financial Statements-effective annual periods beginning on or after 1 July 2012

In terms of the amendment, those items of other comprehensive income that may be reclassified to profit or loss in the future is required to be presented separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements. This revision to IAS 1 will have an impact on the Group's 2012 consolidated financial statements. This change will be applied retrospectively.

IAS 24(revised) Related Party Disclosures-effective annual periods beginning on or after 1 January 2011

IAS 24 (revised) addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party and disclosure requirements by government-related entities. This revision will have an impact on the Group's 2012 consolidated financial statements and will be applied retrospectively.

IAS 27 (2011) Separate Financial Statements-effective annual periods beginning on or after 1 January 2013

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. This will have no impact on the Group's consolidated financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures-effective annual periods beginning on or after 1 July 2011

In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are not derecognised in their entirety and derecognised in their entirety but for which the company retains continuing involvement. This is not expected to have an impact on the Group's consolidated financial statements

IFRS 9 (2009) Financial Instruments-effective annual periods beginning on or after 1 January 2013

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. This is not expected to have an impact on the Group's consolidated financial statements.

IFRS 9 (2010) Financial Instruments-effective annual periods beginning on or after 1 January 2013

Under IFRS 9 the classification and measurement requirements of financial liabilities are the same as per IAS 39 (AC 133), except for the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

This is not expected to have a material impact on the Group's consolidated financial statements.

IFRS 10 Consolidated Financial Statements-effective annual periods beginning on or after 1 January 2013

IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This is not expected to have a material impact on the Group's consolidated financial statements.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

IFRS 12 Disclosure of Interests in Other Entities-effective annual periods beginning on or after 1 January 2013

IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The amendments to the standard's disclosure requirements will be applied to the Group's 2012 consolidated financial statements.

IFRS 13 Fair Value Measurement-effective annual periods beginning on or after 1 January 2013

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. This is expected to have an impact on the fair valuing of the Group's financial assets and liabilities.

THABEX LIMITED

2. Property, plant and equipment

GROUP	Buildings R	Plant and Equipment R	Furniture and office equipment R	Computer equipment R	Vehicles R	Exploration equipment R	TOTAL R
COST							
Balance at 28 February 2009	1 710 000	-	441 773	276 551	251 858	5 603 523	8 283 705
Additions	-	-	288	10 301	-	-	10 589
Acquisition of subsidiary	-	804 932	-	-	-	-	804 932
Disposals	-	-	-	(5 050)	-	(465 765)	(470 815)
Balance at 28 February 2010	1 710 000	804 932	442 061	281 802	251 858	5 137 758	8 628 411
Reclassification	-	-	7 020	(7 035)	128 957	(128 942)	-
Disposals	-	-	-	-	-	(583 500)	(583 500)
Balance at 28 February 2011	1 710 000	804 932	449 081	274 767	380 815	4 425 316	8 044 911
DEPRECIATION AND IMPAIRMENT							
Balance at 28 February 2009	(100 588)	-	(312 343)	(251 640)	(155 256)	(2 299 849)	(3 119 676)
Depreciation for the year	(85 500)	-	(62 985)	(19 687)	(50 370)	(788 321)	(1 006 863)
Disposals	-	-	-	5 050	-	168 789	173 839
Impairment of exploration equipment	-	-	-	-	-	(466 800)	(466 800)
Balance at 28 February 2010	(186 088)	-	(375 328)	(266 277)	(205 626)	(3 386 181)	(4 419 500)
Reclassification	-	-	(4)	7	(25 792)	25 789	-
Depreciation for the year	(171 000)	(120 740)	(50 451)	(2 725)	(28 907)	(597 719)	(971 542)
Disposals	-	-	-	-	-	583 500	583 500
Balance at 28 February 2011	(357 088)	(120 740)	(425 783)	(268 995)	(260 325)	(3 374 611)	(4 807 542)
CARRYING AMOUNTS							
Balance at 28 February 2010	1 523 912	804 932	66 733	15 525	46 232	1 751 577	4 208 911
Balance at 28 February 2011	1 352 912	684 192	23 298	5 772	120 490	1 050 705	3 237 369

THABEX LIMITED

2. Property, plant and equipment (continued)

COMPANY	Buildings R	Plant and Equipment R	Furniture and office equipment R	Computer equipment R	Vehicles R	Exploration equipment R	TOTAL R
COST							
Balance at 28 February 2009	-	-	448 781	269 524	251 858	155 944	1 126 107
Additions	-	-	300	10 295	-	-	10 595
Disposals	-	-	-	(5 050)	-	(155 944)	(160 994)
Balance at 28 February 2010	-	-	449 081	274 769	251 858	-	975 708
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at 28 February 2011	-	-	449 081	274 769	251 858	-	975 708
DEPRECIATION AND IMPAIRMENT							
Balance at 28 February 2009	-	-	(312 343)	(251 640)	(155 255)	(39 245)	(758 483)
Depreciation for the year	-	-	(62 990)	(19 682)	(50 372)	(31 189)	(164 233)
Disposals	-	-	-	5 050	-	70 434	75 484
Balance at 28 February 2010	-	-	(375 333)	(266 272)	(205 627)	-	(847 232)
Depreciation for the year	-	-	(50 450)	(2 727)	(3 115)	-	(56 293)
Disposals	-	-	-	-	-	-	-
Balance at 28 February 2011	-	-	(425 783)	(268 999)	(208 742)	-	(903 525)
CARRYING AMOUNTS							
Balance at 28 February 2010	-	-	73 748	8 497	46 231	-	128 476
Balance at 28 February 2011	-	-	23 298	5 770	43 116	-	72 183

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

3. Interest in subsidiaries and associates

Subsidiaries	Number of shares in issue	Effective interest in issued share capital		Shares at cost		Loan Accounts	
		2011	2010	2011	2010	2011	2010
		%	%	R	R	R	R
Angel Diamonds (Pty) Ltd (Incorporated in the Republic of Lesotho - Registration number 1992/269)	1 334	60.67	60.67	6 070 807	6 070 807	2 078 477	2 213 652
Diamex JX (Pty) Ltd (Registration number 1997/014096/07)	10 000	100	100	67 601	67 601	2 083 359	1 905 388
Minnex Exploration (Pty) Ltd (Registration number 1999/0265578/06)	72 784 000	100	100	5 442 868	5 442 868		
Alliance Afric Mining (Pty) Ltd (Registration number 2003/011927/07)* with a year end of 31 July.	120	83	83				
Makgabana Mine (Pty) Ltd (Registration number 2001/026430/07)*	100	75	75				
Minnex Exploration Namibia (Pty) Ltd (Incorporated in Republic of Namibia - Registration number 2003/0566)*	100	80	80				
Pilanesberg Gold Holdings (Pty) Ltd (Registration number 1987/000711/07)	9 400	100	100	46 551	46 551	323 372	273 322
Taung Diamond Mines (Pty) Ltd (Registration number 1995/001724/06)	4 000 000	50	50	900 000	900 000	630 073	582 673
Salt River Resources Ltd (Registration number 1994/008806/06)	27 000 000	97	98	8 201 187	8 269 178	8 523 983	8 622 153
Tradepost 121 (Pty) Ltd (Registration number 1997/010926/07)	500	92	100	3 256 800	3 540 000	102 038	29 162
Monastery Holdings (Pty) Ltd (1983/001095/07)**	100	97	100			348 376	
Monastery Mine (Pty) Ltd (1983/001095/07)**	100	94	94				
Cost of interest in subsidiaries				23 985 814	24 337 005	14 089 678	13 626 350
Deduct: Impairment losses				(17 435 755)	(16 956 711)	(6 383 730)	(6 372 582)
Net investment in subsidiaries				6 550 059	7 380 294	7 705 948	7 253 768

*Indirectly held by Thabex Ltd through Minnex Exploration (Pty) Ltd

**Indirectly held by Thabex Ltd through Tradepost 121 (Pty) Ltd

Unless otherwise stated all subsidiaries are Incorporated in the Republic of South Africa and have a year end of February

During the year ended 28 February 2011 Thabex disposed of a 0.8222% interest in Salt River Resources Ltd to Lower Quartile Solutions (Pty) Ltd - refer note 23.2.

Thabex also disposed of 8% of its interest in Tradepost 121 (Pty) Ltd in the current year - refer note 23.2.

The loans to subsidiaries are unsecured, interest free and at year-end no repayment terms and conditions have been negotiated between the Group companies. The loans to subsidiaries have been subordinated in favour of other creditors until the assets of the subsidiaries, fairly valued, exceed their liabilities.

The attributable interest in the aggregate net losses of subsidiaries is R2 570 701 (2010: R1 625 425).

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R
3. Interest in subsidiaries and associates (continued)				
Cost	-	-	23 985 814	24 337 005
Less: Impairment losses	-	-	(17 435 755)	(16 956 711)
Net cost	-	-	6 550 059	7 380 294
Loans to subsidiaries at year end	-	-	14 089 678	13 626 350
Less: Impairment of loans to subsidiaries	-	-	(6 383 729)	(6 372 582)
Carrying value of loans to subsidiaries	-	-	7 705 949	7 253 768
Total interest in subsidiaries	-	-	14 256 008	14 634 062
Amount owing to subsidiaries				
Minnex Exploration (Pty) Ltd	-	-	637 572	708 182
4. Exploration and evaluation assets				
Mineral and prospecting rights:				
Opening balance - cost	14 239 028	14 239 028	-	-
Closing balance - cost	14 239 028	14 239 028	-	-
5. Inventories				
Merchandise - at cost	1 212 920	1 515 982	665 920	968 982
Less amount written off	(547 000)	-	-	-
	665 920	1 515 982	665 920	968 982
Merchandise consists of polished and rough diamonds. At year end the rough diamonds of Angel Diamonds could not be located and therefore they were written off. Refer to the directors' report.				
6. Short term investments				
Financial assets at fair value through profit or loss:				
Sage Sinking Fund policies	23 768	32 654	23 768	32 654
	23 768	32 654	23 768	32 654
Fair value of the Sinking Fund policies is indicated at surrender value at year-end.				
7. Trade and other receivables				
Trade receivables due from related parties	-	-	-	239 400
Other trade receivables	688 057	305 450	634 531	359 994
Deposits	167 400	180 856	2 400	13 782
	855 457	486 306	636 931	613 176

The Group's exposure to credit risk has been disclosed in Note 21.2.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

	Group 2011 R	2010 R	Company 2011 R	2010 R
8. Short term loans receivable				
The loans are unsecured, interest free and repayable on demand.	907 891	1 003 805	-	-
Impairment of short term loans receivable	(907 891)	(1 003 805)	-	-
	-	-	-	-

At year end the recoverability of the short term loans was regarded as doubtful and these amounts have been impaired in full (See Note 16).

9. Cash and cash equivalents				
Current bank accounts and call accounts	54 150	14 785	1 082	(2 109)
Cash on hand	1 955	38 484	247	-
	56 105	53 269	1 329	(2 109)
Bank overdraft	(196 486)	-	(75 221)	-
	(140 381)	53 269	(73 892)	(2 109)

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 21.3. R30 000 of the above group funds serve as security for guarantees issued by the bank on behalf of Salt River Resources Limited.

10. Share capital

Authorised

1 000 000 000 (2009:1000 000 000) fully paid ordinary shares of 1 cents each

10 000 000	10 000 000	10 000 000	10 000 000
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Issued and fully paid ordinary shares

239 868 870 (2010: 239 868 870) fully paid ordinary shares of 1 cents each

239 868 870 (2010: 239 868 870) fully paid ordinary shares of 1 cents each	2 398 689	2 398 689	2 398 689	2 398 689
Share premium	27 975 113	27 979 591	27 979 591	27 979 591
Share issue costs written off against share premium	-	(4 479)	-	(4 479)
	30 373 801	30 373 801	30 373 801	30 373 801

Reconciliation of number of ordinary shares in issue:

	Number of shares	Number of shares	Number of shares	Number of shares
Opening balance	239 868 870	227 868 870	239 868 870	227 868 870
Issue of shares: Acquisition of Monastery Holdings (Pty) Ltd (Refer note 22.2)	-	12 000 000	-	12 000 000
Closing balance	239 868 870	239 868 870	239 868 870	239 868 870

The unissued share capital is under the control of the directors, subject to the Companies Act and the JSE Limited Listing Requirements, until the next annual general meeting.

On 10 February 2010 the share capital of the Company was subdivided by a factor of 10, resulting in the increase of the authorised share capital from 100 000 000 ordinary shares of 10 cents per share to 1 000 000 000 ordinary shares of 1 cents per share.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R

11. Loans and borrowings

Long term liability	1 937 103	1 937 103	-	-
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The long term liability arose on the acquisition of Monastery Mine (Pty) Ltd.

The loans are interest free and are repayable on commencement of mining operations at Monastery Mine (Pty) Limited.

12. Trade and other payables

Trade payables	3 274 966	3 391 117	2 222 196	2 538 036
VAT	225 755	50 154	254 231	89 476
	3 500 721	3 441 271	2 476 427	2 627 512

The increase in the trade and other payables resulted from the increased short term requirements of the Group and the Company during the year under review. Refer note 21.2.

13. Short term loans payable

The loans are unsecured, interest free and repayable on demand.

From:

CAJ Trust	4 045 000	3 370 000	4 045 000	3 370 000
Total short term loans	4 045 000	3 370 000	4 045 000	3 370 000

The increase in short term loans did not influence the loss or headline loss of the Group as these loans did not bear interest and had no fixed period of repayment.

14. Deferred taxation

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Exploration expenditure	2 714 822	2 291 515	-	-
Tax losses	6 076 610	7 217 731	3 606 071	3 249 726
	8 791 432	9 509 246	3 606 071	3 249 726

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. Tax losses normally expire within 12 months of a company not trading. Exploration expenditure can only be claimed once a company has generated mining income.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

	Group 2011 R	2010 R	Company 2011 R	2010 R
15. Revenue				
Sale of polished diamonds	409 011	420 995	371 838	420 995
16. Loss from operating activities is arrived at after taking into account				
Income:				
Management fees received	-	-	120 000	274 598
Consulting fees received	-	163 878	-	-
Trade payable written back	543 632	-	339 132	-
Surplus on disposal of interest in subsidiaries	-	3 646 982	592 809	3 516 067
Profit on disposal of plant and equipment	-	-	-	70 434
Expenditure:				
Auditors remuneration - audit fees	72 602	789 576	60 000	740 000
Bad debts written off	21 610	-	21 610	-
Depreciation	971 542	1 006 863	56 291	164 232
Impairment of plant and equipment	-	466 800	-	-
Directors' emoluments for managerial services (note 23)	95 630	489 483	83 145	282 404
Directors' emoluments for other services (note 23)	- 136 800	112 860	-	-
Loss on disposal of plant and equipment	-	45 118	-	-
Impairment of interest in subsidiaries	-	-	490 191	3 893 312
Impairment of short term loans receivable	(95 914)	1 003 805	-	-
Exploration expenditure	868 955	283 828	-	-
Operating leases - land and buildings	111 270	112 860	110 270	112 860
Secretarial fees	26 615	96 007	160	31 792
Personnel expenses- salaries and wages	93 215	501 700	42 704	-
Legal expenses	673 701	180 974	668 535	33 372
Inventory written off	547 000	-	-	-
Write off of petty cash balance	99 900	-	-	-
17. Finance income				
Fair value adjustment to sinking fund policies	-	82 444	-	82 444
Foreign exchange gain	-	269 993	-	269 993
Over provision for interest payable to SARS	-	107 264	-	-
Interest received - bank account	2 707	3 690	2 150	395
	2 707	463 391	2 150	352 832
The fair value adjustment for unlisted investments relates to the surrender value of the sinking fund policies held by the Company.				
18. Finance expenses				
Fair value adjustment to sinking fund policies	-	-	-	-
Interest and penalties on taxation	18 783	3 436	-	-
Interest - Monastery Holdings (Pty) Ltd	-	-	-	-
Interest - bank overdraft	6 866	2 578	7 499	5 275
	25 649	6 014	7 499	5 275
The fair value adjustment for unlisted investments relates to the surrender value of the sinking fund policies held by the Company.				

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R

19. Basic loss per share

The calculation of the group's basic and diluted loss per share is based on the loss for the period (attributable to equity holders of the parent) of R3 017 093 (2010: loss of R1 431 464) and a weighted average of 239 868 870 (2010: 227 901 747) ordinary shares in issue during the period.

The headline loss is determined by adding back the profit on disposal of the Group's and the Company's interests in subsidiaries and unlisted investments, the profit or the loss on the disposal of plant, property and equipment, the impairment losses of investments in unlisted investments and the provisions for losses in subsidiaries to the basic loss for the year.

Basic and diluted loss per share and the headline loss and diluted headline loss per share for both the Group and the Company are the same as there are no dilutive instruments.

Reconciliation between loss and headline loss

Basic loss for the year	(3 017 093)	(1 431 464)	(1 247 627)	(1 971 729)
Disposal of interest in subsidiaries	-	(3 646 982)	(592 809)	(3 516 068)
Loss/(profit) on disposal of plant and equipment	-	45 118	-	(70 434)
Impairment losses in subsidiaries	-	-	490 191	3 893 312
Headline loss for the year	(3 017 093)	(5 033 328)	(1 350 245)	(1 664 919)
Weighted average ordinary shares in issue	239 868 870	227 901 747	239 868 870	227 901 747
Basic loss per share (cents)	(1.26)	(0.63)	(0.52)	(0.87)
Diluted loss per share (cents)	(1.26)	(0.63)	(0.52)	(0.87)
Headline loss per share (cents)	(1.26)	(2.21)	(0.56)	(0.73)
Diluted headline loss per share (cents)	(1.26)	(2.21)	(0.56)	(0.73)

20. Taxation

South African normal taxation				
- Current tax	-	-	-	-
Overprovision prior years	-	285 015	-	-
- Deferred tax	-	-	-	-
Total income tax	-	285 015	-	-

The Group has estimated tax losses of R21 702 177 (2010: R25 776 611) and the Company has an estimated tax loss of R6 404 488 (2010: R11 606 164) for offset against future taxable income.

Reconciliation of statutory taxation rate	%	%	%	%
Effective tax rate	-	(8.85)	-	-
Overprovision prior years	-	8.85	-	-
Non-taxable income	-	-	-	-
Non-deductible expenditure	8.93	-	26.00	54.93
Capital gains tax differential	(2.28)	15.29	(6.65)	(24.97)
Unused deferred tax asset	21.35	12.71	8.65	(1.96)
South African statutory tax rate (%)	28.00	28.00	28.00	28.00

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

21. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers and investment securities.

The Group transacts only with recognised, creditworthy third parties. The Group's exposure to credit risk is influenced by the individual characteristics of each counter party. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. As credit risk currently arises from non-trade related financial assets of the Group, cash equivalents, trade and non-trade receivables, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has a temporary bank overdraft facility to meet obligations as and when it falls due.

The Group monitors its risk to a shortage of funds by using cash flow forecasting tools. The cash flow forecasting tool determines cash requirements over the foreseeable future, as well as evaluating expected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, intercompany loans, trade payables and trade receivables.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return.

As a limited number of transactions expose the Group to market risk, the risk is not actively managed on an on-going basis.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

21. Financial risk management (continued)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's holdings of cash and cash equivalents and loans and borrowings.

Foreign currency risk

The Group is exposed to currency risk on borrowings that are denominated in a currency other than the functional currency of the Group entities, primarily the South African Rand (ZAR). The currency in which these transactions primarily are denominated is USD.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. Capital consists of share capital, retained earnings and non-controlling interest of the Group. The Group manages its capital structure and adjusts this in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group's policy is to obtain the needed capital through share capital or the generation of cash from operations.

The Group is authorized to purchase its own shares on the market; the time of these purchases depends on market prices. Buy and sell decisions are made on a specific transaction basis by the Board of Directors. There were no changes in the Group's approach to capital management during the year.

21.1 Categories and fair values

The fair values of the following financial instruments (grouped by IAS 39 class) are substantially identical to the carrying values as reflected in the statement of financial position because of their short term nature.

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R
Financial assets				
Trade and other receivables	688 057	305 450	634 531	599 394
Cash and cash equivalents	56 105	53 269	1 329	-
Short term investments	23 768	32 654	23 768	32 654
	767 930	391 373	659 628	632 048
Financial liabilities at amortised cost				
Loans and borrowings	1 937 103	1 937 103	-	-
Short term loans	4 045 000	3 370 000	4 045 000	3 370 000
Loans from group companies	-	-	637 572	708 182
Trade and other payables	3 274 966	3 441 271	2 222 196	2 627 512
Bank overdraft	196 486	-	75 221	2 109
	9 453 555	8 748 374	6 979 989	6 707 803

Basis for determining fair values:

Short term investments consist of Sinking Fund Policies and are classified as available for sale financial assets. The fair value of the Sinking Fund policies is indicated at surrender value at year-end. Except for the former, all other financial assets are classified as loans and receivables. All financial liabilities are classified as other liabilities. The fair value of loans and receivables and other liabilities represents the present value of future cash flows, discounted at the market rate of interest on the reporting date.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

21.2 Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at reporting date was:

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R
Trade and other receivables	688 057	305 450	634 531	599 394
Cash and cash equivalents	56 105	53 269	1 329	(2 109)
Available for sale financial assets	23 768	32 654	23 768	32 654
Total maximum exposure to credit risk	767 930	391 373	659 628	629 939

Concentrations of credit risk by geographic location

The exposure to credit risk is mainly within the Common Monetary Area. The Common Monetary Area (CMA) links South Africa, Lesotho and Swaziland into a monetary union. It is allied to the Southern African Customs Union (SACU). Namibia automatically became a member upon independence, but withdrew with the introduction of the Namibian dollar in 1993. Namibia has chosen not to pursue its own flexible exchange rate policy, and the Namibian dollar is at par with the South African rand and there is no immediate prospect of change.

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R
Inter group receivables	-	-	-	239 400
Third party receivables	688 057	305 450	634 531	359 994
Total maximum exposure to credit risk	688 057	305 450	634 531	599 394

The ageing of receivables at reporting date is as follows:

Receivables not past due:

Current	449 451	180 532	437 450	314 622
31 - 60 days	-	6 796	-	6 796
61 - 90 days	5 700	78 222	-	78 221
Total receivables not past due	455 151	265 550	437 450	399 639

Receivables past due:

90 - 120 days	10 000	-	-	-
121 - 150 days	-	-	-	-
Over 150 days	222 906	220 756	197 081	213 538
Total receivables past due	232 906	220 756	197 081	213 538
Total receivables	688 057	486 306	634 531	613 177

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

21.2 Credit risk (continued)

Exposure to credit risk

At Company level, management has provided for the impairment of long-term loans to subsidiaries (refer to note 3). Allowances for impairment of receivables are recognised when management assesses that there is a low probability of recovering the amounts due based on payment history and legal cost assessment to recover past due receivables.

The group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historic payment behaviour and extensive analysis of the underlying customer's credit ratings.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R
Opening balance	-	-	-	-
Impairment loss reversed	-	-	-	-
Closing balance	-	-	-	-

21.3 Market risk

21.3.1 Interest rate risk

Variable interest rate

Financial liabilities

Financial liabilities	(196 486)	-	(75 221)	(2 109)
Financial assets	56 105	53 269	1 329	-
Total financial liabilities	(140 381)	53 269	(73 892)	(2 109)

The Group's interest rate risk arises from bank overdrafts. All other borrowings are interest free (2010: interest free).

Cash flow sensitivity analysis for variable rate instruments.

A change of 100 basis points in interest rates at the reporting date would have (decreased)/increased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

	100 BP Increase	100 BP Decrease	100 BP Increase	100 BP Decrease
28 February 2011				
Variable rate instruments	(1 403.81)	1 403.81	(738.92)	738.92
Cash flow sensitivity	(1 403.81)	1 403.81	(738.92)	738.92
28 February 2010				
Variable rate instruments	532.69	(532.69)	(21.09)	21.09
Cash flow sensitivity	532.69	(532.69)	(21.09)	21.09

21.3.2 Foreign exchange risk

Sensitivity analysis

At the year end the Group had no financial liabilities denominated in foreign currencies.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS For the year ended 28 February 2011

21.4 Liquidity risk

The following tables represent the contractual maturities including interest for all financial liabilities of the Group and the Company at the reporting date:

Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2011	R	R	R	R
Trade and other payables	3 274 966	-	-	-
Bank overdraft	196 486	-	-	-
Short term loans	4 045 000	-	-	-
Loans and borrowings	-	1 937 103	-	-
Total financial liabilities	7 516 452	1 937 103	-	-

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2010	R	R	R	R
Trade and other payables	3 441 271	-	-	-
Short term loans	3 370 000	1 937 103	-	-
Total financial liabilities	6 811 271	1 937 103	-	-

Company	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2011	R	R	R	R
Trade and other payables	2 222 196	-	-	-
Bank overdraft	75 221	-	-	-
Short term loans	4 045 000	-	-	-
Total financial liabilities	6 342 417	-	-	-

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2010	R	R	R	R
Trade and other payables	2 627 512	-	-	-
Bank overdraft	2 109	-	-	-
Short term loans	3 370 000	-	-	-
Total financial liabilities	5 999 621	-	-	-

THABEX LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 28 February 2011

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R
22. Cash utilised in operating activities				
Loss before taxation	(3 633 440)	(3 218 728)	(1 247 627)	(1 971 729)
Adjusted for:				
Trade payable written back	(543 632)	-	(339 132)	-
Depreciation and impairment of plant and equipment	971 542	1 473 663	56 292	164 233
Loss/(profit) on disposal of plant and equipment	-	45 118	-	(70 434)
Profit on disposal of shares in subsidiaries	-	(3 646 982)	(592 809)	(3 516 067)
Impairment of investment in subsidiaries	-	-	490 191	3 893 312
(Reversal of)/impairment of short term loans	(95 914)	1 003 805	-	-
Change in fair value of investments	-	(82 444)	-	(82 444)
Write down of inventory	547 000	-	-	-
Finance income	(2 707)	(380 947)	(2 150)	(270 388)
Finance expense	25 649	6 014	7 499	5 275
Cash outflow before working capital changes	(2 731 502)	(4 800 501)	(1 627 736)	(1 848 242)
Changes in working capital				
Inventories	303 062	(301 412)	303 062	189 588
Trade and other receivables	(369 151)	7 148	(23 755)	240 150
Short-term loans receivable	95 914	(1 003 805)	-	-
Short-term loans payable	675 000	(2 507 289)	675 000	(576 570)
Trade and other payables	603 083	411 998	188 047	499 486
Cash utilised in operations	(1 423 594)	(8 193 861)	(485 382)	(1 495 588)
22.1 Taxation paid				
Balance owing beginning of the year	475 373	872 044	-	-
Overprovision prior years	-	(285 015)	-	-
Overprovision of interest prior years	-	(107 264)	-	-
Balance owing end of the year	(475 373)	(475 373)	-	-
Taxation paid	-	4 392	-	-

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

22.2 Acquisition of subsidiary

On 28 February 2010 Tradepost 121 (Pty) Ltd purchased the entire issued share capital of Monastery Holdings (Pty) Ltd. The assets acquired consisted mainly of plant and equipment. The acquisition was settled through the issue of 12 million Thabex ordinary shares. The total cost of the acquisition amounted to R840 000.

Monastery Mine (Pty) Ltd is a mining and exploration company and its applications for the renewal of its prospecting permits on the Farms Remaining Extent of The Monastery 269 and Laura 267 in the district of Marquard in the Free State Province, were approved.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Assets and liabilities acquired	R
	2010
	Monastery Holdings (Pty) Ltd
Prospecting rights	-
Exploration and evaluation assets	-
Property plant and equipment	804 932
Trade and other receivables	-
Amount owing by Thabex	-
Cash and cash equivalents	3 907
Trade and other payables	-
Income tax liability	-
Long term loan	31 161
Net assets acquired	840 000
Settled through the issue of Thabex shares	840 000
Settled with cash	-
Acquisition costs settled in cash	4 479
Total	844 479
Cash and cash equivalents acquired	3 907
Cash acquisition costs	(4 479)
Net cash outflow	(572)

Even though the terms of the acquisition were announced on SENS on 26 February 2010 that 100% of Monastery Holdings (Pty) Ltd was acquired effective from 28 February 2010 for R1.8m and settled by the issue of 1 200 000 ordinary shares of Thabex at 150 cents per share (prior to the split of the Company's ordinary share, IFRS requires the above and following disclosure as at the effective date to reflect the fair value as at year end. Tradepost 121 (Pty) Ltd acquired the entire issued share capital of Monastery Holdings (Pty) Ltd for R840 000 against the issue of 12 million Thabex shares at 7 cents per share. The acquisition was effective from 28 February 2010.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

23. Related parties

The related parties are subsidiaries, directors, key personnel and management of subsidiaries. All transactions with related parties are transacted at arm's length at market related values.

23.1 Directors and key management personnel

Dr JW Kruger is an independent non-executive director of Afrika Yaruna Investment Holding (Pty) Ltd a BEE held company not controlled by Thabex.

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

Royal Bafokeng Investments (Pty) Ltd
Bophirima Industrial Holdings (Pty) Ltd
Saminco Ltd

M Welthagen, the Chief Executive of Thabex Ltd has shareholdings in the following companies not controlled by Thabex:

Maxzon Fusion (Pty) Ltd
Maxzon Investments (Pty) Ltd
Miningweb (Pty) Ltd
Pure Diamonds Ltd
Saminco Ltd
Rossal No 92 (Pty) Ltd
SA Mineral Investments (Pty) Ltd (Group Secretaries)
Southern Mineral Brokers (Pty) Ltd

AP Roux holds a directorship in the following companies not controlled by Thabex:

SA Mineral Investments (Pty) Ltd
Saminco Ltd

Dr JA Cruise as non-executive Chairman of Salt River Resources Ltd, is a shareholder of John Cruise Mining (Pty) Limited.

No fixed service contracts currently exist with directors and the directors are the only key personnel of Thabex.

23.2 Transactions with related parties

Group	2011	2010
	R	R
Material related party transactions		
Loan from CAJ Trust to Thabex Ltd	4 045 000	3 370 000
Disposal of Salt River Resources Ltd ordinary shares to CAJ Trust	100 000	841 000
Loan from Angel Diamonds (Pty) Ltd to CJ Engelbrecht	-	271 431
Impairment of loan to CJ Engelbrecht	-	(271 431)
Profit on disposal of 13.33% in Angel Diamonds (Pty) Ltd to Mantle Diamonds Ltd	-	2 805 890
Loan from Angel Diamonds (Pty) Ltd to Mantle Diamonds Ltd	-	732 374
Impairment of loan to Mantle Diamonds Ltd	-	(732 374)
John Cruise Mining (Pty) Ltd: Consulting fees to Salt River Resources Ltd	136 800	112 860
SA Mineral Investments (Pty) Ltd: Secretarial fees	-	96 007
Sale of diamonds to Southern Mineral Brokers (Pty) Ltd	-	135 245

THABEX LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 28 February 2011

23.3 Directors' emoluments - paid by Company

	Basic Salary R	Total R
2011		
Executive directors:		
M Welthagen	83 145	83 145
M Kamwanga	-	-
RM Ratshedi	-	-
Non-executive directors:		
CJ Engelbrecht	-	-
JR Rapoo	-	-
Prof. DL Reid	-	-
AP Roux	-	-
Total	83 145	83 145
2010		
Executive directors:		
M Welthagen	282 404	282 404
Non-executive directors:		
JR Rapoo	-	-
M Kamwanga	-	-
RM Ratshedi	-	-
Prof. DL Reid	-	-
AP Roux	-	-
Total	282 404	282 404

The Company has not awarded share options to directors (2010: nil). Other than stated above the directors of the Company have not received any bonuses and performance based payments, retirement benefits, commissions or profit- share arrangements.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

23.4 Directors' emoluments - paid by subsidiaries to their own directors

2011	Basic salary R	Total R
Executive directors:		
MM Zondi		
Pilanesberg Gold Holdings (Pty) Ltd	-	-
M Welthagen	12 485	12 485
Angel Diamonds (Pty) Ltd	-	-
Diamex JV (Pty) Ltd	8 025	8 025
Salt River Resources Ltd	4 460	4 460
TP Mosebo		
Angel Diamonds (Pty) Ltd	-	-
CJ Engelbrecht		
Angel Diamonds (Pty) Ltd	-	-
Total	12 485	12 485

Other than stated above the directors of the Company have not received any bonuses and performance based payments, retirement benefits, commissions or profit-share arrangements.

2010

Executive directors:		
MM Zondi		
Pilanesberg Gold Holdings (Pty) Ltd	7 800	7 800
M Welthagen	207 079	207 079
Angel Diamonds (Pty) Ltd	142 126	142 126
Pilanesberg Gold Holdings (Pty) Ltd	5 000	5 000
Minnex Exploration (Pty) Ltd	10 800	10 800
Salt River Resources Ltd	39 153	39 153
Tradepost (Pty) Ltd	10 000	10 000
TP Mosebo		
Angel Diamonds (Pty) Ltd	37 125	37 125
CJ Engelbrecht		
Angel Diamonds (Pty) Ltd	225 000	225 000
Total	477 004	477 004

Other than stated above the directors of the Company have not received any bonuses and performance based payments, retirement benefits, commissions or profit-share arrangements.

23.5 Fees paid by Salt River Resources for services other than as a director

2011		
Dr JA Cruise (Paid to John Cruise Mining (Pty) Limited)	136 800	136 800
Total	136 800	136 800
2010		
Dr JA Cruise	112 860	112 860
Total	112 860	112 860

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

	Loans		Management fees charged	
	2011	2010	2011	2010
	R	R	R	R
23.6 Transactions with subsidiaries				
Included in interest in subsidiaries are loans owing to and (from) Thabex by the following companies:				
Angel Diamonds (Pty)	2 078 477	2 213 652	-	30 000
Diamex JV (Pty) Ltd	2 083 359	1 905 388	30 000	30 000
Pilanesberg Gold Holdings (Pty) Ltd	323 372	273 322	10 000	30 000
Minnex Exploration (Pty) Ltd	-	-	10 000	30 000
Salt River Resources Ltd	8 523 983	8 622 153	30 000	30 000
Taung Diamond Mines (Pty) Ltd	630 073	582 673	10 000	30 000
Tradepost 121 (Pty) Ltd	102 038	29 162	30 000	30 000
Monastery Holdings (Pty) Limited	348 376	-	-	-
Total	14 089 678	13 626 350	120 000	210 000

	2011	2010
	R	R
23.7. Inter-group receivables		
Company		
Included in trade receivables for Thabex are the following inter-group receivables:		
Angel Diamonds (Pty) Ltd	-	34 200
Diamex JV (Pty) Ltd	-	34 200
Pilanesberg Gold Holdings (Pty) Ltd	-	34 200
Minnex Exploration (Pty) Ltd	-	34 200
Salt River Resources Ltd	-	34 200
Taung Diamonds Mines Ltd	-	34 200
Tradepost 121 (Pty) Ltd	-	34 200
Total	-	239 400

24. Commitments

The operating lease for property is expensed on a month to month basis as the agreement has not been finalised and rental is currently paid on a monthly basis.

25. Capital expenditure

The Group has not authorised nor contracted for any capital expenditure at Monastery Mine (Pty) Ltd (2010: R nil) until a final bankable feasibility has been completed.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

	Group		Company	
	2011	2010	2011	2010
	R	R	R	R
26. Contingent liabilities				
Angel Diamonds (Pty) Ltd (see 26.1)	5 810 000	5 810 000	-	-
Angel Diamonds (Pty) Ltd/Thabex (see 26.2)	1 297 000	1 297 000	1 297 000	1 297 000
Litigation - Thabex Ltd (See 26.3)	1 000 000	-	1 000 000	-
Total contingent liabilities	8 107 000	7 107 000	2 297 000	1 297 000

26.1. Angel Diamonds (Pty) Ltd

During the period ended 28 February 2009, the company reported a contingent liability of R5 810 000 against possible legal action from Mantle Diamonds Limited ("Mantle Diamonds") for expenditure incurred by that company for their own account and risk on the Kolo Kimberlite project. Since Mantle Diamonds withdrew from the Kolo Kimberlite project on 14 November 2009 and also declined to respond to the legal disputes between the major and minority shareholders of Angel Diamonds in which they were cited as respondents, the possibility of a liability has diminished to such an extent that Thabex's board considers the possibility of a cash outflow is highly unlikely. Specifically due to Mantle Diamonds' failure to oppose the urgent application to liquidate Angel Diamonds.

26.2. Angel Diamonds (Pty) Ltd/Thabex Ltd

As approved by the board of directors of Angel Diamonds on 17 December 2009, the company was re-capitalised utilising loan account balances and other amounts owing to shareholders of Angel Diamonds by both Angel Diamonds and Thabex. Certain of the minorities representing R1,3 million of the amounts capitalised are disputing the re-capitalisation. On 28 November 2010 Mr CV du Plessis, a diamantaire, brought an application for the winding-up of Thabex mainly for an amount of US\$25 000, being his 13.33% of the proceeds of the disposal of Angel Diamonds to Mantle Diamonds. The said amount was capitalised into ordinary shares of Angel Diamonds (Pty) Ltd on 26 February 2010. The court case was heard on 24 and 26 August 2011 and judgment has been reserved. The board believes that this application has little prospect of success.

26.3. Thabex Ltd

Should the judgment for the liquidation of the Company be successful, Thabex will appeal immediately and if not successful an estimated amount of R1 million may be payable as legal costs to Mr CV du Plessis in the matter as described in 26.2 above.

27. Events after the reporting date

Refer to the directors' report (see page 26)

28. Directors' interest in the ordinary share capital of Thabex

As at 28 February 2011

	Directly	Non	Indirectly	Non	%
	Beneficial	Beneficial	Beneficial	Beneficial	
Dr JA Cruise (non-executive Chairman of subsidiary - Salt River Resources Ltd)	20 645 740	-	-	-	8.61
M Kamwanga	-	-	-	-	-
Dr JW Kruger	173 100	-	-	-	0.07
JR Rapoo	200 000	-	-	-	0.08
MJ Ratshedi	-	-	-	-	-
Prof. DL Reid	166 000	-	-	-	0.07
AP Roux	160 000	-	-	1 700 000	0.78
M Welthagen	10 000	-	17 489 285	-	7.35
Total	21 354 840	-	17 489 285	1 700 000	16.96

M Welthagen has a 7.35% (2010: 7.35%) indirect interest in the Company held through The Marius Welthagen Trust's direct 54.29% interest in Saminco Limited or 17 489 285 shares (2010: 17 489 285 shares) and 147 365 shares (2010: 147 365 shares) held through SA Mineral Investments (Pty) Ltd (which company is 96% held by Saminco Limited). AP Roux has a direct interest of 160 000 and an indirect interest of 1 700 000 ordinary shares in the Company or 0.78%. No material change in the above interests occurred since year-end to the date of this report.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

28. Directors' interest in the ordinary share capital of Thabex (continued)

As at 28 February 2010

	Directly Beneficial	Non Beneficial	Indirectly Beneficial	Non Beneficial	%
Dr JA Cruise (non-executive Chairman of subsidiary - Salt River Resources Ltd)	20 645 740	-	-	-	8.61
CJ Engelbrecht*	2 429 900	-	-	-	1.01
M Kamwanga	-	-	-	-	-
Dr JW Kruger	173 100	-	-	-	0.07
JR Rapoo	200 000	-	-	-	0.08
MJ Ratshedi**	-	-	-	-	-
Prof. DL Reid	166 000	-	-	-	0.07
AP Roux	160 000	-	-	1 700 000	0.78
M Welthagen	10 000	-	17 489 285	-	7.35
Total	23 784 740	-	17 489 285	1 700 000	17.97

* Resigned 15 April 2010

** Appointed 14 May 2010

29. Segmental information

Group

The Group has five reportable operating segments, as described below, which are the group's strategic operating segments. For each of the segments, the group's CE who is the Chief Operating Decision Maker (CODM) reviews internal management reports on at least a monthly basis.

The five segments are listed in order of priority for the group's overall operations.

1. Thabex Ltd: Includes exploration and management services to the Group's companies.
2. Tradepost 121 (Pty) Ltd includes Monastery Mine (Pty) Ltd and Monastery Holdings (Pty) Ltd and these companies are involved in the prospecting and development of Monastery Kimberlite pipe in the district of Marquard in the Free State Province.
3. Salt River Resources Ltd: Includes the Salt River base mineral project in the Northern Cape Province.
4. Angel Diamonds (Pty) Ltd: Includes the Kolo Kimberlite project in the Mafateng district of the Kingdom of Lesotho.
5. Minnex Exploration (Pty) Ltd: Includes the Middelwater alluvial diamonds project, with a 2,5% royalty agreement on commencement of mining operations, and the search for primary kimberlite deposits in Northern Namibia.

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

29. Segmental information (continued)

	Group	
	2011	2010
	R	R
Total segment assets		
Thabex Limited	15 656 140	16 377 351
Tradepost 121 (Pty) Limited - Monastery Mine	7 173 377	4 791 216
Salt River Resources (Pty) Limited	7 366 706	7 355 991
Angel Diamonds (Pty) Limited	2 030 168	1 823 841
Minnex Exploration (Pty) Limited	750 608	4 711 840
Reportable assets	32 976 999	35 060 239
Assets not allocated to segments	56 829	109 973
Consolidation adjustments and inter-company eliminations	(13 956 181)	(14 634 062)
Total assets	19 077 647	20 536 150
Total segment liabilities		
Thabex Limited	7 234 220	6 707 803
Tradepost 121 (Pty) Limited - Monastery Mine	3 161 327	2 348 831
Salt River Resources (Pty) Limited	8 640 906	159 358
Angel Diamonds (Pty) Limited	2 656 772	412 669
Minnex Exploration (Pty) Limited	830 415	564 274
Reportable liabilities	22 523 640	10 192 935
Liabilities not allocated to segments	3 087 882	134 339
Consolidation adjustments and inter-company eliminations	(15 456 838)	(1 103 527)
Total liabilities	10 154 684	9 223 747
External revenue		
Thabex Limited	371 838	420 995
Tradepost 121 (Pty) Ltd	37 173	-
Total external revenue	409 011	420 995
Finance income		
Thabex Limited	2 150	352 832
Salt River Resources (Pty) Limited	443	3 295
Minnex Exploration (Pty) Limited	114	107 264
	2 707	463 391
Finance expense		
Thabex Limited	7 499	5 275
Tradepost 121 (Pty) Ltd	81	-
Salt River Resources (Pty) Ltd	200	-
Angel Diamonds (Pty) Limited	17 820	739
Minnex Exploration (Pty) Limited	7	-
Other subsidiaries	42	-
	25 649	6 014
Segment (loss)/profit		
Thabex Limited	(1 247 647)	(1 971 729)
Tradepost 121 (Pty) Limited - Monastery Mine	(1 093 987)	(530 381)
Salt River Resources (Pty) Limited	153 319	(660 537)
Angel Diamonds (Pty) Limited	(1 330 331)	(3 820 340)
Minnex Exploration (Pty) Limited	(54 398)	(18 035)
Reportable loss	(3 573 044)	(7 001 022)
Other subsidiaries	(245 304)	(341 956)
Consolidation adjustments and inter-company eliminations	184 908	4 124 250
Loss before taxation	(3 633 440)	(3 218 728)

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 28 February 2011

29. Segmental information (continued)

	Group	
	2011	2010
	R	R
Inter segment revenue		
Thabex Limited	120 000	120 000
Salt River Resources (Pty) Limited	10 000	9 000
Tradepost 121 (Pty) Limited	15 000	-
Other subsidiaries	17 000	16 000
Total	162 000	145 000
Depreciation and impairment of plant and equipment		
Thabex Limited	56 291	164 233
Angel Diamonds (Pty) Limited	841 935	1 394 245
Tradepost 121 (Pty) Limited	579 000	100 588
Reportable depreciation and equipment	1 477 226	1 659 066
Other subsidiaries	68 696	101 707
Consolidated adjustment	(574 380)	(287 110)
	971 542	1 473 663
Material non-cash items		
Thabex Limited		
Impairment of investment in subsidiaries	(490 191)	(3 893 312)
Profit on disposal of investment in subsidiaries	592 809	3 516 067
Write back of accounts payable	339 132	-
Salt River Resources		
Write back of accounts payable	204 500	-
Tradepost 121 (Pty) Limited		
Profit on disposal of shares in subsidiaries	274 800	-
Angel Diamonds (Pty) Limited		
Write off of inventory	(547 000)	-

THABEX LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2011

30. Shareholders analysis

	Number of Holders	Percentage of total share holders	Number of shares***	Percentage of total issued share capital
Shareholder spread				
1 - 50 000	431	73.42%	4 845 350	2.02%
50 001 - 100 000	44	7.50%	3 809 700	1.59%
100 001 - 500 000	61	10.39%	14 060 480	5.86%
500 001 - 1 000 000	17	2.90%	12 901 820	5.38%
1 000 001 - 10 000 000	27	4.60%	72 159 710	30.08%
10 000 001 - AND MORE	7	1.19%	132 091 810	55.07%
Totals	587	100.00%	239 868 870	100.00%
Shareholder Spread				
PUBLIC	578	98.47%	160 582 510	66.95%
NON-PUBLIC:	9	1.53%	79 286 360	33.05%
Directors	6	1.02%	709 100	0.29%
Director of subsidiary	1	0.17%	20 645 740	8.61%
10% of issued capital or more*	2	0.34%	57 931 520	24.15%
Totals	587	100.00%	239 868 870	100.00%
Distribution of Shareholders				
Individuals**	514	87.56%	175 115 940	73.00%
Private companies	12	2.04%	1 461 890	0.61%
Public companies	4	0.68%	47 575 460	19.83%
Nominees and trusts	25	4.26%	4 976 040	2.07%
Close corporations	10	1.70%	3 911 190	1.63%
Other corporate bodies	5	0.85%	21 110	0.01%
Banks	3	0.51%	2 029 500	0.85%
Collective investment schemes and mutual funds	14	2.40%	4 777 740	2.00%
Totals	587	100.00%	239 868 870	100.00%

* Includes the shareholding of Saminco Limited effectively controlled by M Welthagen (see note 28).

** Includes the issue of 12 000 000 ordinary shares for the acquisition of Monastery Holdings (Pty) Ltd effective from 28 February 2010.

*** Reflects the splitting of the Thabex ordinary shares in 1 to 10.

SUBSTANTIAL SHAREHOLDERS

According to the register of members of the Company at 28 February 2011, the following shareholders were the only members holding 5% or more of the ordinary issued share capital of the Company.

Shareholder	Number of shares	Percentage of total issued share capital
EV Ahmed	44 132 700	18.40%
Saminc Ltd	32 214 560	13.43%
Dr JA Cruise	20 645 740	8.61%
AP van Jaarsveld	19 054 020	7.94%
BBH Collins Stewert Ltd	15 270 890	6.37%
Total	131 317 910	54.75%

THABEX LIMITED

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 Central Securities Depository Participant ("CSDP"), broker, attorney, banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in Thabex Limited 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 No 1988/000763/06
(Incorporated in the Republic of South Africa)
JSE share code: TBX
ISIN Code: ZAE000013686
www.thabex.com
email:info@thabex.com
Telephone number: +27 (0)11 678 0791

Notice is hereby given that the Annual General Meeting of shareholders of Thabex, as at the record day of Wednesday, 26 October 2011, will be held at the boardroom, KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, 0028 on Wednesday, 23 November 2011, at 10:00 to consider and, if deemed fit, pass with or without modifications, the resolutions set out hereafter.

The board of directors of the Company determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 11 November 2011. Accordingly, the last day to trace Thabex shares in order to be recorded in the Register to be entitled to vote will be Friday, 4 November 2011.

Ordinary resolutions

1. To receive, consider and adopt the audited annual financial statements of the Company for the year ended 28 February 2011, including the directors' report and the report of the auditors therein.
2. To confirm the re-appointment of KPMG Incorporated as the independent auditors of the Company with Mr Shaun van den Boogaard, being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.
3. To re-elect M Welthagen in accordance with the provisions of the Company's Memorandum of Incorporation, who retires by rotation at this Annual General Meeting but, being eligible to do, offers himself for re-election. An abridged CV of M Welthagen is provided on page 7.
4. To ratify, in terms of articles 88 and 89 of the Company's Memorandum of Incorporation, the non-executive directors' remuneration as disclosed in note 23 to the annual financial statements for the year ended 28 February 2011.
5. To appoint, Jeffrey Raymond Rapoo as a member and Chairman of the Thabex Limited Audit Committee.
6. To appoint, Dr Jan Walters as a member of the Thabex Limited Audit Committee.
7. To appoint, Prof David Louis Reid as a member of the Thabex Limited Audit Committee.

An abbreviated curriculum vitae in respect of each member of the Audit Committee appears on page 7 of the annual report to which this notice is attached.

THABEX LIMITED

As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

8. SPECIAL RESOLUTION NUMBER 1

Non-executive Directors' remuneration

Resolved that, in terms of the provisions of sections 66(8) and (9) of the Companies Act, 2008 (Act 71 of 2008), the annual remuneration payable to the non-executive directors of Thabex Limited ("the Company") for their services as directors of the Company for the financial year ending 28 February 2012, be and is hereby approved as follows:

Type of fee	Proposed fee in ZAR for the year ending 28 February 2012	Approved fee in ZAR for the year ended 28 February 2011
Board		
Chairperson	200 000	-
Member	100 000	-
Audit Committee		
Chairperson	100 000	-
Member	50 000	-
Corporate Governance and Nomination Committee		
Chairperson	100 000	-
Member	50 000	-
Remuneration Committee		
Chairperson	100 000	-
Member	50 000	-
Safety, Health, Environment and Sustainable Development Committee		
Chairperson	100 000	-
Member	50 000	-

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to approve the remuneration of the directors of the company for their services as directors for the ensuing financial year.

9. ORDINARY RESOLUTION NUMBER 1

Approval of remuneration policy

Resolved that the remuneration policy of the directors of Thabex Limited ("the Company"), as set out on page 19 of the annual report to which this notice is attached, be and is hereby approved as a non-binding advisory vote of shareholders of the company in terms of the King III Report on Corporate Governance."

Executive remuneration policy

In setting executive remuneration policy, the Company aims to pay overall packages that are competitive in the mining and resources sector and, where appropriate, in the general market, whilst recognising that its reward strategy and each of its component policies are dynamic and should be revised regularly to ensure continuing alignment with best market practice.

10. ORDINARY RESOLUTION NUMBER 2

Control of authorised but unissued ordinary shares

Resolved that the authorised but unissued ordinary shares in the capital of Thabex Limited ("the Company") be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue

THABEX LIMITED

all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited, as amended from time to time.”

11. ORDINARY RESOLUTION NUMBER 3

Approval to issue ordinary shares, and to sell treasury shares, for cash

“**Resolved that** the directors of Thabex Limited (“the Company”) and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited (“the JSE Listings Requirements”) from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

THABEX LIMITED

Under the JSE Listings Requirements, ordinary resolution number 3 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

12. SPECIAL RESOLUTION NUMBER 2

General approval to acquire shares

Resolved, by way of a general approval that Thabex Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE"), as amended from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (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 acquisition/s on its behalf.
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the board of directors ("the Board") of the Company confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Reason for and effect of special resolution number 2

The reason for and effect of this special resolution number 2 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the annual report of which this notice forms part:

THABEX LIMITED

- directors and management – page 7;
- major shareholders of Thabex Limited – page 65;
- directors' interests in securities – page 61 to 62;
- share capital of the company – page 46; and
- litigation statement – page 26 to 27.

Material change

There have been no material changes in the affairs or financial position of Thabex and its subsidiaries since Thabex' financial year end and the date of this notice.

Directors' responsibility statement

The directors, whose names are given on page 7 and on 27 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 2.

Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the group's requirements.

The Company may not enter the market to proceed with the repurchase until its Sponsor, Merchantec (Proprietary) Limited, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

13. SPECIAL RESOLUTION NUMBER 3

Financial assistance in terms of section 44 and 45 of the Companies Act

Resolved that, to the extent required by the Companies Act, 2008 (Act 71 of 2008) ("the Companies Act"), the board of directors of the Company ("the Board") may, subject to compliance with the Memorandum of Incorporation of the Company, sections 44 and 45 of the Companies Act and the Listings Requirements of JSE Limited ("the JSE"), each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, a guarantee, the provision of security or otherwise, to:

- 13.1 any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, the acquisition of or subscription for any option or any

THABEX LIMITED

securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company; and

13.2 the directors or prescribed officers of the Company (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Company's or group of companies' share or other employee incentive schemes, for the purpose of, or in connection with, the acquisition of or subscription for any option or any securities issued or to be issued by the Company or a related or inter-related company, where such financial assistance is provided in terms of any scheme that does not satisfy the requirements of section 97 of the Companies Act, which authority shall be valid until the Company's next Annual General Meeting."

Reason for and effect of special resolution number 3

The reason for and effect of this special resolution number 3 is to obtain an authority for the Board, and to authorise the Company, by way of a special authority, to provide direct or indirect financial assistance by way of a loan, a guarantee, the provision of security or otherwise.

The Board undertakes that, in so far as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that –

- (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

14. ORDINARY RESOLUTION NUMBER 4

Signature of documents

"Resolved that each director of Thabex Limited ("the Company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual general Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Registration Office, in the case of special resolutions."

Other business

To transact such other business as may be transacted at the Annual General Meeting of the Company.

Voting and proxies

Special resolutions to be adopted at this Annual General Meeting require approval from 75% of the shares represented in person or by proxy at the meeting. Ordinary resolutions to be adopted require approval from a simple majority, which is more than 50% of the shares represented in person or by proxy at the meeting.

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

THABEX LIMITED

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Link Market Services South Africa (Pty) Ltd, 13th Floor, 19 Ameshoff Street, Braamfontein, 2000 (PO Box 4844, Johannesburg, 2000), at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

By order of the board

SA Mineral Investments (Pty) Ltd
Company Secretaries

Johannesburg

20 October 2011

THABEX LIMITED

FORM OF PROXY

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WITH OWN NAME REGISTRATION ONLY.



("Thabex or the Company")
 Registration No 1988/000763/06
 (Incorporated in the Republic of South Africa)
 JSE share code: TBX
 ISIN Code: ZAE000013686
 www.thabex.com
 email: info@thabex.com
 Telephone number: 0860 THABEX (0860 842239)

For use at the annual general meeting be held at the boardroom, KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, 0083 on Wednesday, 23 November 2011, at 10:00. 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 the 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 boardroom, KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, 0083 on Wednesday, 23 November 2011 at 10:00 and at any adjournment thereof, as follows:

	Number of votes (one vote per share)		
	In favour	Against	Abstain
To receive, consider and adopt the annual financial statements of the company and group for the financial year ended 28 February 2011			
To confirm the re-appointment of KPMG Incorporated as independent auditors of the Company together with Mr Shaun van den Boogaard for the ensuing financial year.			
To approve the re-election as director M Welthagen who retires by rotation			
To ratify the non-executive directors' remuneration for the year ended 28 February 2011			
To approve the appointment of Jeffrey Raymond Rapoo as member and Chairman of the Audit Committee			
To approve the appointment of Dr JW Walters Kruger as member of the Audit Committee			
To approve the appointment of Prof David Louis Reid as member of the Audit Committee			
Special resolution number 1 – approval of the non-executive directors' remuneration			
Ordinary resolution number 1 – approval of the remuneration policy			
Ordinary resolution number 2 – control of authorised unissued ordinary shares			
Ordinary resolution number 3 – approval to issue ordinary shares, and to sell treasury shares, for cash			
Special resolution number 2 – general approval to acquire shares			
Special resolution number 3 - approval of financial assistance in terms of section 44 and 45 of the Companies Act			
Ordinary resolution number 4 – signature of documents			

SIGNED at _____ this _____ day of _____ 2011

_____ (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 notes on the reverse hereof.

THABEX LIMITED

NOTES TO PROXY

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the members' votes exercisable thereat. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
3. Forms of proxy must be received at the Company's transfer secretaries, Link Market Services South Africa (Pty) Ltd, 13th Floor, 19 Ameshoff Street, Braamfontein, 2000 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Monday, 21 November 2011.
4. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the general meeting.
6. The signatories must initial any alteration or correction made to this form of proxy.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
8. The chairman of the general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the member wishes to vote.
9. Dematerialised shareholders who wish to attend the general meeting or to vote by way of proxy must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the general meeting or to be represented thereat 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.

THABEX LIMITED

FORM OF SURRENDER

Instructions to certified shareholders regarding the surrender of their share certificates for replacement



("Thabex or the Company")
Registration No 1988/000763/06
(Incorporated in the Republic of South Africa)
JSE share code: TBX
ISIN Code: ZAE000013686
www.thabex.com
email:info@thabex.com

For use only by ordinary shareholders who hold their Thabex shares in certificated form in relation to the subdivision of each ordinary share of 10 cents each into ten fully paid ordinary shares of 1 cent each ("the subdivision")

This form of surrender should be read in conjunction with the subdivision of shares contained in this annual report dated 20 October 2011.

This form of surrender is attached for the convenience of certificated shareholders of Thabex shares who are required to surrender their documents of title in order to receive replacement documents of the title reflecting the subdivision ("the replacement share certificates").

Replacement share certificates will be posted by registered post to those shareholders who have surrendered their documents of title by 12:00, Friday, 25 November 2011. Alternatively, if received after this date, replacement share certificates will be posted within five business days of receipt of the documents of title by the transfer secretaries.

Instructions:

A separate form of surrender is required for each certificated shareholder. Part A must be completed by all shareholders who return this form of surrender.

Part B must be completed by shareholders who are emigrants from the Republics of South Africa and Namibia and the Kingdoms of Swaziland and Lesotho ("the common monetary area"). Non-residents of the common monetary area who wish their replacement share certificate to be sent to an authorised dealer in South Africa should also complete Part B (See Notes 1 and 2 below).

To: The transfer secretaries

Link Market Services South Africa (Pty) Ltd PO Box 4844, Johannesburg, 2000
--

I/We hereby surrender and enclose the share certificates/s, certified transfer deed/s and/or other documents of the title, details of which have been completed below in respect of my/our holding of shares in Thabex.

THABEX LIMITED

PART A – All certificated shareholders must please complete all the blocks below (in BLOCK CAPITALS).

Surname or Name of corporate body	
First names (in full)	
Title	
Surname or Name of corporate body	
Postal address to which the replacement share certificates should be sent (if different from registered postal address)	
Postal Code	Country

Share certificates and/or other document of title surrendered

Name of registered holder	Certificate number(s) (in numerical order)	Number of shares covered by each certificate
	Total	

Please also read notes below

Signature of Thabex ordinary shareholder	Stamp and postal address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date	
Telephone number (Home) ()	
Telephone number (Work) ()	

Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.:

THABEX LIMITED

PART B – To be completed by all certificated shareholders who are emigrants from the common monetary area. Non-resident of the common monetary area who wish their replacement share certificates to be sent to an authorised dealer in South Africa

The replacement share certificates will be forwarded to the authorised dealer nominated below for its control.

Name of authorised dealer	
Account number	
Postal address	
	Postal code

If no nomination is made above by an emigrant, the replacement share certificates will be held in trust by the transfer secretaries.

If no nomination is made by a non-resident, the replacement share certificates will be posted to such non-resident's postal address specified in the Company's share register.

PART C – To be completed by those shareholders who are resident of the common monetary area and who wish to specify a postal address to which their replacement share certificates should be posted.

Name of shareholder	
Postal address	
	Postal code

If Part C is not completed by residents of the common monetary area, replacement share certificates will be posted to such shareholders at the postal address specified in the company's share register.

Notes

1. Emigrants from the common monetary area must complete Part B.
2. All other non-residents of the common monetary area must complete Part B if they wish their replacement share certificates to be sent to an authorised dealer in South Africa.
3. If Part B is not properly completed in the case of emigrants, the replacement share certificates will be held in trust by the transfer secretaries pending receipt of the necessary nomination or instructions.
4. If this form of surrender is returned with the relevant documents of title, it will be treated as a conditional surrender which is made subject to the subdivision becoming effective. Documents surrendered in anticipation of the subdivision becoming effective will be held in trust by the transfer secretaries until the subdivision becomes effective.
5. The replacement share certificates will not be sent to the relevant shareholders unless and until documents of title in respect of the shares held by such shareholders have been surrendered to the transfer secretaries.
6. If a shareholder produces evidence to the satisfaction of Thabex that the documents of title in respect of Thabex shares have been lost or destroyed, Thabex may waive the surrender of such documents of title against delivery of an indemnity in a form and, on terms and conditions approved by the company, it may, at its discretion, waive such indemnity forms. These indemnity forms are available from the transfer secretaries.

