**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action you should take, if any, please consult your stockbroker, attorney, accountant, banker or other professional adviser immediately.

Action required
*All shareholders*
If you have disposed of all your shares in Thabex Exploration Limited ("Thabex"), this Circular should be handed to the purchaser of such shares or the stockbroker, banker or other agent through whom the disposal was effected.

*Certified shareholders and own name dematerialised registrations*
If you are a certified shareholder or an own name *dematerialised* registered shareholder and you are unable to attend the general meeting of Thabex shareholders to be held at 10:00 on Wednesday, 5 May 2004 at KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria and wish to be represented thereat, you should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the transfer secretaries, namely, Ultra Registrars (Proprietary) Limited, so as to be received by them no later than 10:00 on Monday, 3 May 2004.

*Other dematerialised shareholders*
If you hold dematerialised shares in Thabex through a CSDP or broker and do not have an own name registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the general meeting or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the general meeting in person, you must timeously provide your CSDP or broker with your voting instructions in order for the CSDP or broker to vote in accordance with your instruction at the general meeting.

# Thabex Exploration Limited

(Incorporated in the Republic of South Africa)
(Registration number 1988/000763/06)
("Thabex" or "the Company")
ISIN Code: ZAE000013686
JSE Code: TBX

## Circular to shareholders

regarding

- the approval of the agreement for disposal of 100% interest in Platinexco (Proprietary) Limited;

and enclosing,

- a notice convening a general meeting of the Company's shareholders;
- a form of proxy

Sponsor:
PSG CAPITAL

Auditors and Reporting Accountants:
to Thabex and Platinexco (Pty) Ltd
KPMG

Competent Person:
SMI

Date of issue: 13 April 2004

## Corporate Information

**Directors**
JR Rapoo* (non-executive Chairman)
M Welthagen (Chief Executive)
JL Bosch*
Prof DL Reid*
AP Roux*
(*non-executive director)

**Secretaries**
SA Mineral Investments
(Proprietary) Limited
(Registration No. 1981/004619/07)
51 Austin Street
Northcliff
Johannesburg
2195

**Brokers**
PSG Online Securities Limited
(Member of the JSE Securities Exchange
South Africa)
(Registration No.1996/000509/06)
Cascade House
Constantia Office Park
c/o 14th Ave & Hendrik Potgieter Drive
Weltevreden Park
1709

**Competent Person**
SA Mineral Investments
(Proprietary) Limited
(Registration No 1981/004619/07)
51 Austin Street
Northcliff
Johannesburg
2195

**Independent Technical Consultants**
Lower Quartile Solutions
(Proprietary) Limited (Registration No
1999/03229/07)
Unit 110, Ground Floor, Phase 4
Momentum Business Park
563 Main Road
Midrand
1685

**Registered Office**
KPMG Forum
1226 Schoeman Street
Hatfield, Pretoria
0083

**Website** www.thabex.com
**E-mail** info@thabex.com

**Transfer secretaries**
Ultra Registrars (Proprietary) Limited
(Registration No. 2000/007239/07/07)
11 Diagonal Street
Johannesburg
2001

**Auditors and Reporting Accountants**
**To Thabex and Platinexco**:
KPMG Inc.
(Registration No. 1999/021543/21)
KPMG Forum
1226 Schoeman Street
Hatfield, Pretoria
0083

**Commercial bankers**
First National Bank Limited
(Registration No. 1929/001225/06)
Johannesburg Branch
80 Market Street
Johannesburg
2001

**Sponsor**
PSG Capital Limited
(Registration No. 1998/017396/06)
1st Floor Old Kollege
35 Kerk Street
Stellenbosch
7600

## Salient Dates

| | |
|---|---|
| Notice of general meeting; | Tuesday, 13 April 2004 |
| Proxies lodged at Transfer Secretaries by 10:00 on or before; | Monday, 3 May 2004 |
| General Meeting at 10:00; | Wednesday, 5 May 2004 |

## Contents

## Definitions

In this Circular, unless the context indicates otherwise, words signifying the singular shall include the plural and vice versa, words signifying one gender shall include the others and words and phrases set below shall be deemed to bear the meanings attributable to them as follows:

| | |
|---|---|
| "the Act" | the Companies Act, No 61 of 1973, as amended; |
| “the Agreement” | the option and sale of shares agreement between Thabex Exploration Limited, Platinexco (Proprietary) Limited and AIM Resources Limited dated, 16 October 2003; |
| “the Addendum” | the Addendum to the Agreement dated 11 December 2003; |
| “AIM” | Aim Resources Limited (registration number ACN 009 193 980), Level 5, Angel Place, 123 Pitt Street, SYDNEY, NSW, AUSTRALIA, 2000. Incorporated in Australia, ASX Code - AIM, ISIN Number AU000000AIM1; |
| “Articles” | Articles of Association of Thabex; |
| “ASX” | the Australian Stock Exchange; |
| “BEE” | Black Economic Empowerment; |
| “BCLR” | Brink Cohen Le Roux Inc (Registration No. 1993/004501/21), Attorneys to Thabex and Platinexco; |
| “Capex” | Capital expenditure; |
| “Circular” | Circular to Thabex shareholders dated 27 February 2004; |
| "The Company” or “Thabex” | Thabex Exploration Limited (registration number 1988/000763/06), KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, 0083, Incorporated in the Republic of South Africa; |
| “CPR” | Competent Persons' Report |
| “cps” | cents per share; |
| “CSDP" | Central Securities Depository Participant |
| “Diamex” | Diamex JV (Proprietary) Limited (registration number 1997/014096/07); |
| “the disposal” | The disposal of Thabex's 100% holding in Platinexco; |
| “DME” | The Department of Mineral and Energy |
| “FVA” | Falconbridge Ventures of Africa (Pty) Ltd (registration number 1968/006493/07); |
| “IFRS” | International financial reporting standards; |
| “igneous” | Rock group describing those rocks that have cryslallised from a Magma; |
| “LQS” | Lower Quartile Solutions (Pty) Ltd, (Registration number 1999/03229/07)<br>Unit 120, 1st Floor, Phase 4, Momentum Business Park, 563, Main Road, Midrand, 1685; |
| “LTA PE” | LTA Process Engineers (Proprietary) Limited; |
| “JSE” | the JSE Securities Exchange South Africa; |
| “Khunologo Diamonds” | Khunologo Diamonds (Pty) Ltd (registration number 1999/009043/07); |
| “KPMG” | KPMG Inc. (Registration No. 1999/021543/21)<br>Auditors and Reporting Accountants to Thabex and Platinexco; |
| “Mining Charter” | A Charter to provide a framework for progressing the empowerment of historically disadvantaged South Africans in the Mining and Minerals Industry; |
| “PGM” | Platinum Group Metals the metal form of Platinum, Palladium, Rhodium, Iridium, Ruthenium and Osmium; |

| | |
|---|---|
| “Platinexco" | Platinexco (Proprietary) Limited, (registration number 1988/002343/07), KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, 0083, Incorporated in the Republic of South Africa; |
| “Pure Diamonds” | Pure Diamonds (Proprietary) Limited, (registration number 1998/008440/07) Incorporated in the Republic of South Africa; |
| “the Project” | Mokopane Platreef Project on the farm Piet Potgietersrus Town and Townlands 44KS in the Limpopo Province; |
| "Rand or R" | the official currency of South Africa; |
| “SAIMM” | SA Institute of Mining and Metallurgy; |
| “SARB” | the South African Reserve Bank; |
| “SAMREC Code” | South African Code for Reporting of Mineral Resources and Reserves as defined by the SAIMM”; |
| “South Africa” | the Republic of South Africa; |
| “Saminco” | Saminco Limited (registration number 1992/003187/06); |
| “SMI” | SA Mineral Investments (Proprietary) Limited (registration number 1981/004619/07); |
| “SENS” | the Securities Exchange News Service; |
| “Ultramafic” | An igneous rock that consists of almost entirely of ferromagnesian minerals and possesses no free quartz with less than 45% silica; |
| “Taung Diamonds” | Taung Diamond Mines Limited (registration number 1995/111724/06); |
| "Thaba Egoli" | Thaba Egoli Mining & Exploration Limited (registration number 1994/008806/06); |
| “Thabex Group” | Thabex and its subsidiaries being Diamex JV (Pty) Ltd, Pilanesberg Gold Holdings (Pty) Ltd, Platinexco, Pure Diamonds, and Thaba Egoli; |
| “Thabex shareholders” | the ordinary shareholders of Thabex. |

These salient features should be read in conjunction with this Circular as a whole for a full appreciation thereof.

## 1. INTRODUCTION

Thabex has a diversified portfolio of mineral interests and is focused to achieve its main objectives by actively exploring and developing its diamond, precious metals and base mineral properties.

Thabex's main objectives are:

- to create real wealth for its shareholders bearing in mind the social and environmental responsibilities of the Company;
- to develop small to medium sized deposits into going concerns; and
- as far as possible to seek joint venture partners to develop the Company's larger projects.

On, 16 October 2003, Thabex and its wholly owned subsidiary, Platinexco entered into an option and sale of shares agreement, subject to the Listings Requirements of the JSE, with AIM a Junior Mining company listed on the Australian Stock Exchange in Sydney, Australia. AIM has entered into a Joint Venture agreement with a BEE group, which would facilitate the development of the Mokopane Platreef Project in terms of Thabex's BEE strategy and the Mining Charter.

The Agreement to dispose of Thabex's 100% interest in Platinexco is therefore an opportunity for Thabex to ensure that its main objectives are achieved.

## 2. RATIONALE FOR THE PROPOSED DISPOSAL OF PLATINEXCO AND PROSPECTS FOR THABEX

The Company successfully achieved its initial objectives for Platinexco, in that Platinexco has discovered and defined an indicated mineral resource in terms of the SAMREC Code.

However, Thabex would require substantial funding to complete a new bankable feasibility study. Market conditions in South Africa are not conducive for exploration companies to raise additional funding on the JSE. Other sources of potential funding in the local financial markets are also not available to exploration companies. The board of Thabex therefore decided that it would be in the best interests of the Company to dispose of this Project and turn it to account.

The disposal of 100% of Platinexco would provide Thabex with sufficient cash resources to pursue its alluvial diamond projects in Taung Diamonds and potential diamond and other mineral projects in other African countries. This proposed disposal would therefore provide the Company with a much stronger balance sheet to grow its diamond and other mineral interests.

## 3. TERMS OF THE DISPOSAL OF PLATINEXCO

Thabex entered into an agreement on 16 October 2003 to dispose of 100% of the shares in and claims against Platinexco. The Agreement provides for a five-month option period in order for AIM to conduct a due diligence on the Platinum, Nickel and Copper Indicated Resource of the Project, on farm Piet Potgietersrust Town and Townlands 44KS in the Limpopo Province. In terms of the Agreement a refundable option fee of R55 000 per month escalating in the last two months to a non-refundable option fee of R80 000 and R110 000, respectively. AIM may elect to exercise the option and purchase 100% of Platinexco from Thabex, as agreed for R20 million in cash including the repayment of Thabex's loan account to Platinexco to the amount of R370 000 at any time during the option period.

On 11 December 2003 Thabex, Platinexco and AIM agreed to the Addendum to the Agreement, which provides for the extension of the option period by a further two months at options payments of R150 000 and R200 000, respectively. The Addendum also provides that the two option payments of R80 000 and R110 000 will be refundable and AIM agreed to pay for the expenses in respect of the Circular in the amount of R350 000 which is payable upon Thabex presenting an invoice to AIM. However, these expenses will be refundable on the exercising of the option by AIM. The option fees for the first five months will be deducted from the R20 million consideration when AIM exercises its option.

**Conditions precedent;**
The Agreement and the Addendum are subject to:

- the approval of the application for the renewal of Platinexco's Prospecting Permit 49/2001 by the DME; and
- the approval by the shareholders of Thabex, in a general meeting, of the disposal of its entire shareholding in Platinexco;

On 5 December 2003 the first condition precedent was fulfilled with the renewal of the Prospecting Permit (PP49/2003) by the DME until 30 November 2004.

In the event that shareholder approval has not been obtained before 16 May 2004 the option will lapse and the Agreement will be of no further force or effect.

**Shareholders should be aware that, at the date of publication of this Circular, AIM has not exercised its option in terms of the Agreement and shareholders will be advised immediately if and when AIM exercises the above option.**

## 4. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

The table below sets out the pro forma financial effects of the disposal, based on the reviewed interim financial information for the six months ended 31 August 2003 and assumes that the disposal had been concluded for Income Statement purposes on 1 March 2003 and for Balance Sheet purposes on 31 August 2003:

| | Before the disposal of Platenixo cents[1] | After the disposal of Platinexo cents[2][4] | % Change |
|---|---|---|---|
| **(Loss)/earnings per share** | (2,75) | 20,32 | 839 |
| **Headline (loss)/earnings per share** | (2,75) | 18,47 | 772 |
| **Net asset value per share** | 11,54 | 99,22 | 760 |
| **Tangible net asset value per share** | 11,54 | 99,22 | 760 |
| **Number of shares in issue[2]** | 17 006 887 | 17 006 887 | - |

**Notes:**

1. The figures for the "Before the disposal of Platinexco" column have been extracted form Thabex's review interim results for the period ended 31 August 2003.
2. The "After the disposal of Platinexco" earnings per share were calculated using the weighted average shares in issue on 31 August 2003 and assuming that the proceeds of the disposal, R20 million, has been received on 1 March 2003 and that this amount has been invested at an interest rate of 8% per annum and the "After the disposal" earnings and headline earnings has been adjusted for this. Interest earned amounting to R800 000 and taxation of R5,33 million have been taken into account.
3. The costs of the Circular of R350 000 and the income of the non-refundable option payments of R350 000 receivable from AIM are included in the earnings per share.
4. Impairment losses amounting to R12,53 million provided against the revaluation reserve in the prior year was reversed against the revaluation reserve in terms of AC128. Profit on disposal amounting to R2,53 million was recognised in the "After disposal" earnings. Headline earnings have been adjusted with impairment losses amounting to R314 400 recognised in the prior year against earnings.
5. The adjustments have been made in accordance with Thabex's accounting policies at 31 August 2003.

The detailed financial effect of the proposed disposal is contained on page 9 of this Circular.

## 5. OPINIONS AND RECOMMENDATIONS

The board of directors of Thabex has considered the terms and conditions of the disposal agreement of Platinexco, the recommendations of the Competent Person, and is of the opinion that they are fair and reasonable to the shareholders of Thabex. The report by the Competent Person is contained in Annexure 5 of this Circular. A fair value report by independent consulting geologist SB Gain is included in Annexure 6. The board recommends that shareholder vote in favour of both resolutions in terms of the Notice of a general meeting on page 64 of the Circular.

## 6. COPIES OF THE CIRCULAR

Copies of the Circular, in English, will be available for inspection at the registered office of the Company and at 51 Austin Street, Northcliff, Johannesburg, 2195, the office of the Company Secretary, during normal business hours, from 13 April 2004 up to and including Friday, 30 April 2004.

# Thabex Exploration Limited

(Incorporated in the Republic of South Africa)
(Registration number 1988/000763/06)
("Thabex" or "the Company")
ISIN Code: ZAE000013686
JSE Code: TBX

**Directors**
JR Rapoo* (non-executive Chairman)
M Welthagen (Chief Executive)
JL Bosch*
Prof DL Reid*
AP Roux* (*non-executive director)

**Circular to shareholders**

## 1. INTRODUCTION

During 1992 LTA PE completed bankable feasibility in the Mokopane Platreef Project at a total cost (including prospecting, drilling and metallurgical test work) of R4,5 million. At the time Randex Ltd declined to proceed with the project, primarily because it was a marginal project. Since then the previous option agreement with the Mogalakwena Municipality (previously the Potgietersrus Town Council) lapsed in February 1996. Thabex re-tendered in June 1996 to obtain an option on the Project. Thabex was awarded the tender and the rights to the Project reverted back to the Company during December 1999. Thabex ceded its rights in terms of this option agreement to Platinexco, a wholly owned subsidiary of the Company, on 31 August 2000.

Thabex set out to re-evaluate the Project and entered into a Joint Venture with FVA on 3 October 2003. The terms of this Joint Venture was the granting of an option to FVA explore and prospect the area. In terms of the Joint Venture agreement FVA may proceed with a bankable feasibility study on the project after FVA has spent R5,2 million on exploration during an option period of three years, Platinexco would have been required to contribute 49% of the cost of this phase or dilute to a 25% interest in the proposed joint venture. FVA conducted exploration and drilled three diamond drill boreholes on the Project area.

Two boreholes were drilled on the Uitloop 2 ultramafic body (see MAP1 - Annexure 11), in the northern area of the Project and not intersect any mineralisation. The third borehole was drilled on the Platreef mineralisation near the prospecting shaft in the southern part of the Project. This intersection indicated a mineralised zone of 37 metres thick similar to the Platreef zone, which was discovered by Thabex on the Project during 1991. FVA terminated the Joint Venture agreement on 30 April 2002. All the geological information obtained by FVA was delivered to Thabex and provided a vital part of the on-going re-evaluation process.

A review of the previous bankable feasibility study by LTA PE and a new resources definition of the Project were conducted by LQS, a mining engineering consultant. This review was completed on 29 August 2003. The results of this review are contained in the Competent Persons' Report (Annexure 5).

It was announced on SENS on 18 October 2003 that Thabex has entered into an agreement option and sale of shares agreement to dispose of 100% interest in Platinexco.

## 2. RATIONALE FOR THE PROPOSED DISPOSAL OF PLATINEXCO AND PROSPECTS FOR THABEX

The Company successfully achieved its initial objectives for Platinexco, in that Platinexco has discovered and defined an indicated mineral resource in terms of the SAMREC Code.

However, Thabex would require substantial funding to complete a new bankable feasibility study. Market conditions are not conducive for exploration companies to raise additional funding on the JSE. The board of Thabex therefore decided that it would be in the best interests of the Company to dispose of this Project and turn it to account.

The disposal of 100% of Platinexco would provide Thabex with sufficient cash resources to pursue its alluvial diamond projects in Taung Diamonds and potential diamond and other mineral projects on other African countries. This proposed disposal would therefore provided the Company with a much stronger balance sheet to grow its diamond and other mineral interests.

## 3. INCORPORATION AND HISTORY OF THABEX

### 3.1 Incorporation and history

The Company was incorporated in the Republic of South Africa on 11 February 1988 as a private company by the name of Nico Platinum Mines (Proprietary) Limited, the main business and object of which were to carry on mining and exploration in all its aspects. On 31 August 1989, the

Company's name was changed to Southern Platreef Mining Company (Proprietary) Limited and on 9 May 1990, the Company was converted from a private company to a public company, Southern Platreef Mining Company Limited ("SouthPlats").

During March 1996 the previous board applied for the delisting of the Company, as the Company apparently had no assets or liabilities. Subsequently the previous board resigned and on 17 May 1996, a new board submitted restructuring proposals to the JSE, with a view to preventing the delisting of the Company. However, on 21 May 1996, the day of the Annual General Meeting at which the members present in person and represented by proxy unanimously approved the restructuring proposals, the Company was delisted. The JSE invited Thabex to apply for a listing by submitting a prospectus to its Listings Division.

On 26 June 1996, SouthPlats' name was changed to Thabex Exploration Limited, the reason being to reflect the wider spectrum of exploration activities the Company was then engaging in. At the same time the authorised share capital of Thabex was firstly consolidated into 10 000 000 ordinary shares of 10 cents each and the then authorised share capital was increased from R1 000 000 to R3 000 000 divided into 30 000 000 ordinary shares of 10 cents each, to rank *pari passu* in every respect with the existing shares of the Company.

At a general meeting held on 21 September 1996, the members present in person and represented by proxy unanimously approved, with effect from 31 August 1996, the acquisition of Thaba Egoli, as envisaged in the restructuring proposals approved at the Annual General Meeting. The new controlling shareholder after the restructuring of Thabex was Saminco a company indirectly controlled by M Welthagen.

The Company successfully listed on the JSE on 20 November 1997 in the "Mining Financial - Mining Exploration" sector of the list. At listing 1 650 000 ordinary shares of 10 cents each at a premium of 190 cents each were issued for cash by way of a private placing. The sectors on the JSE were changed during 2001 and Thabex was moved from the "Mining Resources Exploration sector and is presently listed in the "Resources; Mining Diamond" sector.

As at the date of the Circular Thabex is the only remaining diversified exploration company, exploring for diamonds, gold, platinum and base minerals, listed on the JSE.

### 3.2 Nature of business

The Company carries on business in both mining and exploration, its principal business being that of exploring for minerals. The Company has an exploration portfolio diversified in geological assurance and certainty, stages of feasibility assessment and economic viability. Its projects range from large pre-feasibility stage projects to grass roots projects.

### 3.3 Thabex's exploration projects

3.3.1 Introduction

Thabex's mission is to search and explore and turn to account its mineral exploration projects located in Southern Africa by using professional teams to benefit shareholders, employees and local communities.

3.3.2 Main objectives

The Company's main objectives are:

- to create real wealth for its shareholders;
- to develop, as far as possible, its smaller sized projects into going concerns in a socially responsible and environmentally friendly manner; and
- to seek joint venture partners to explore and develop its larger projects.

In order to achieve these objectives Thabex has been focusing on the exploration and development of its diamond interests. The Company is concentrating on prospecting and exploration of high quality diamonds, found in shallow deposits that are amenable to low cost mining. Thabex also explores for gold, platinum and base minerals.

See Annexure 7 for a schedule of the Company's mineral reserves and mineral resources. Detailed information about these projects are available in Thabex's Annual Audited Financial Statements for the period ended 28 February 2003 on the Company's website (http://www.thabex.com).

## 4. INCORPORATION AND HISTORY OF PLATINEXCO

### 4.1 Incorporation

Platinexco was incorporated in the Republic of South Africa on 25 April 1988. Its main business is "to carry on the business of mining and exploration in all its aspects". Its main object is "to act to do mining and exploration in all its aspects".

The authorised share capital is R200 000 divided into 200 000 ordinary shares of R1,00 each, of which 2 500 ordinary shares have been issued. Thabex holds 2 500 of the issued ordinary shares of the issued share capital of Platinexco. No other shares were issued.

### 4.2 Nature of business

During the past three years Platinexco has been actively involved in the re-evaluation of the LTA PE bankable feasibility study, on the Mokopane Platreef Project in the Limpopo Province. Details of these are more fully described in the Competent Persons' Report Appendix 5 of this Circular.

### 4.3 Director of Platinexco

The sole director of Platinexco as at the date of this Circular is M Welthagen.

## 5. TERMS OF THE DISPOSAL OF PLATINEXCO

The salient details of the proposed disposal agreement between Thabex and the shareholders of Platinexco are set out below:

### 5.1 Details of the purchaser

AIM would be the purchaser of the shares in and claims against Platinexco once AIM decides to exercise its option to acquire Platinexco.

#### 5.1.1 Background on AIM

AIM is an Australian listed minerals company with its registered office at Level 5, Angel Place, 123 Pitt Street, SYDNEY, New South Wales, AUSTRALIA, 2000. The company has strong shareholder support to seek to grow the company into a mid-sized mining house within 3 to 5 years through the acquisition and responsible development of mining ventures in Africa.

AIM currently has entered into the Agreement and the Addendum thereto with Thabex Exploration Limited to acquire the Mokopane Platreef Project which has a PGM-Nickel inferred resource containing over 1 million ounces platinum equivalent in the ground.

Based on the collective skills and experience of the strengthened management, and also landmark changes in the South Africa affecting the mining industry, AIM has embarked on an African strategy. In particular AIM will focus on various platinum group metals, gold and base metal assets in South African and in selected countries elsewhere in the African continent.

In line with this clear African focus, AIM recently listed its Australian nickel assets, in conjunction with Falconbridge (Australia) Pty Ltd, on the Australian Stock Exchange. AIM will retain a strategic stake of approximately 13% in the new company called Discovery Nickel Ltd (ASX: DNL).

#### 5.1.2 AIM's Africa strategy

AIM's African strategy is focussed on:

1. Forging a BEE partnership in South Africa, and

2. Accessing mining projects in South Africa:

   - From within the large mining companies, through previous relationships and specific knowledge of projects within these companies. Members of the group have worked for large South African mining houses in the past.
   - Through partnerships with other entities.
   - Applying for open ground.

3. Seeking complimentary projects elsewhere in Africa.

4. Targeting mainly advanced exploration/pre-production projects, and also existing operations where there is perceived opportunity to add value through overhauling existing operations; and/or injecting other complimentary assets.

5. Targeting mainly platinum group metals (PGM), gold, nickel and copper assets.

6. Seeking to apply Australian mining experience (technical and financial) in conjunction with BEE partners, to achieve the goals of the landmark new legislation in an innovative and optimum way.

#### 5.1.3 Directors of AIM

The directors and company secretary of AIM are:

| Name | Position | Qualifications |
|---|---|---|
| Marc Flory | Managing Director | B. Sc Geology (Sydney Univ.) B. Econimics,B. Comm (Hons in Mineral Economics, Rhodes Univ.), F.A.I.C.D. |
| Morrice Corinder | Non-executive Director | LLB, A.S.I.A. |
| Louis Mnguni | Non-executive Director | B.A., B.A. (Hons), M. Phil (Glasgow) |
| Scott Reid | Non-executive Director | B.Sc. (Syd); Grad. Dip. Sci. (Geophys.) Grad. Dip. Applied Finance (SIA); Cert. Financial Analysis (UTS) |
| Wayne Kernaghan | Company Secretary | B. Com, C. A. F.A.I.C.D. |

### 5.1.4 Major shareholders of AIM

The major shareholders of AIM that holds more than 5% of that company's ordinary issued share capital are;

Howe Superfund and Associates 9,20%
William Stirling Etheridge and Associates 5,94%

There are no related parties with regards to the proposed disposal of Platinexco to AIM.

### 5.2 Disposal agreement

Thabex entered into an agreement on 16 October 2003 to dispose of 100% of the shares in and claims against Platinexco. The Agreement provides for a five-month option period in order for AIM to conduct a due diligence on the Platinum, Nickel and Copper Indicated Resource of the Project, on farm Piet Potgietersrust Town and Townlands 44KS in the Limpopo Province. Platinexco holds the Project. In terms of the Agreement a refundable option fee of R55 000 per month escalating in the last two months to a non-refundable option fee of R80 000 and R110 000, respectively. AIM may elect to exercise the option and purchase 100% of Platinexco from Thabex for R20 million in cash including the repayment of Thabex's loan account to Platinexco to the amount of R370 000 at any time during the option period.

On 11 December 2003 Thabex, Platinexco and AIM agreed to the Addendum to the Agreement, which provided for the extension of the option period by a further two months at non-refundable options payments of R150 000 and R200 000, respectively. The Addendum also provided that the two option payments of R80 000 and R110 000 will be refundable and AIM agreed to pay for the expenses for the Circular in the amount of R350 000. However, these expenses will be refundable on the exercising of the option by AIM. The net amount that Thabex would receive on exercise of the option will be R20 million in cash by way of electronic transfer into Thabex's call account.

Thabex, as the vendor, has agreed to the normal commercial warrantees in a transaction of this nature. The disposal does not prevent Thabex from exploring or operating in the same area as Platinexco. A tax liability of R5,078 million will accrue to Thabex on disposal of Platinexco (See notes 3, 7 and 10 of Section 6 of this Circular) and will be settled, once assessed, from the proceeds of the disposal.

**Shareholders should be aware that, at the date of publication of this Circular, AIM has not exercised its option in terms of the Agreement and shareholders will be advised immediately if and when AIM exercises the above option.**

The agreement is subject to the following conditions precedent:

- the application for the renewal of Platinexco's Prospecting Permit 49/2001 is approved by the DME and;.
- the approval by the shareholders of Thabex, in a general meeting, of the disposal of its entire shareholding in Platinexco;

On 5 December 2003 the first condition precedent was fulfilled with the renewal of the Prospecting Permit (PP49/2003) by the DME until 30 November 2004.

In the event that shareholder approval has not been obtained before 16 May 2004 the option will lapse and the Agreement will be of no further force or effect.

In determining the selling price for the shares of Platinexco, the geological information available at the time, the stage of negotiations with various parties, the implication of not being able to raise funding to complete a new bankable feasibility and to secure the capital expenditure requirement to establish an open cast oxidized zone mining operation on both Thabex and Platinexco, were considered.

The proceeds from the disposal will utilised towards funding of Thabex's its alluvial diamond projects in Taung Diamonds and potential diamond and other mineral projects in other African countries.

The JSE has informed the company, on 7 April 2004 that on finalisation of the disposal, Thabex's listing will be reclassified in terms of the FTSE Sector Classification system, to the "Resources; Mining - Other Mineral Extractors and Mines" sector.

### 5.3 Control

The board of directors and management of Thabex will not change as a result of the disposal.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL OF PLATINEXCO

The disposal would result in a substantial improvement in the headline earnings of Thabex, as well as an almost 788% increase in the net asset value of the Company. The increase of 772% in the headline earnings of Thabex is mainly due to the tax effect of the proposed disposal.

The pro forma balance sheet and income statement are presented for illustrative purposes only, to provide information about how the disposal may have affected the balance sheet, income statement and statement of changes in equity of the Thabex Group at 31 August 2003, had the disposal been effected on that date 2003 and for income statement purposes effective from 1 March 2003. Because of the nature of the pro forma balance sheet and income statement, it may not give a realistic picture of the Thabex Group's financial position after the disposal.

The directors of Thabex whose names are given on page 15 of this Circular have prepared the pro forma financial information contained in this Circular and accept, individually and collectively, full responsibility for the accuracy of the for the pro forma financial information.

### 6.1 Pro forma before and after balance sheet of Thabex Group

| | Notes | Before the Disposal Of Platenixo Reviewed[1] R'000 | Pro forma Adjustment For AIM Transaction R'000 | After the disposal of Platinexo Unaudited R'000 | % Change |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | 41 | | 41 | |
| Mining assets and equipment | | 41 | | 41 | |
| Interest in associated companies | | - | | - | |
| **Current assets** | | 2 158 | 19 989 | 22 147 | 926 |
| Inventories | | 937 | | 937 | |
| Trading investments | | 308 | | 308 | |
| Cash and other receivables | | 479 | 19 989 | 479 | |
| Cash and cash equivalents | 2 | 434 | | 20 423 | 4 606 |
| **Total assets** | | 2 199 | | 22 188 | 909 |
| **Equity and liabilities** | | | | | |
| **Capital and reserves** | | 18 904 | | 18 904 | |
| Share capital | | 1 701 | | 1 701 | |
| Share premium reserve | | 17 203 | | 17 203 | |
| Revaluation Reserve | | - | 14 911 | - | |
| Accumulated loss | | (16 941) | | (2 030) | 88 |
| Ordinary shareholders funds | | 1 963 | | 16 874 | |
| **Non-current liabilities** | | 79 | | 79 | |
| Outside shareholders' interest | | 11 | | 11 | |
| Long-term liabilities | | 68 | | 68 | |
| **Current liabilities** | | 11 | | 11 | |
| Trade and other payables | 3 | 157 | 5 078 | 5 235 | 3 234 |
| **Total equity and liabilities** | | 2 199 | | 22 188 | 909 |

**Notes:**

1. The figures for the "Before the disposal of Platinexco" column have been extracted from Thabex's reviewed interim results for the period ended 31 August 2003.
2. The cash adjustment represents the balance of proceeds on the disposal of Platinexco for R20 million, as well as the net of cash and cash equivalents of R11 000 included in the net asset value of Platinexco at 31 August 2003, the date of presumed disposal.
3. The pro-forma adjustment for trade and other payables represents the net of taxation payable of R5,090 million on the transaction and an adjustment for trade and other payables of R12 000 included in the net asset value of Platinexco at 31 August 2003. Taxation of R5,090 million is calculated on taxable income of R16,965 million which includes taxable income on disposal of R20,010 million plus interest and an assessed loss brought forward of R3,045 million.

### 6.2 Pro forma before and after income statement of Thabex Group

| | Notes | Before the Disposal Of Platenixo Reviewed[4] R'000 | Pro forma Adjustment for AIM Transaction R'000 | After the disposal of Platinexo Unaudited R'000 | % Change |
|---|---|---|---|---|---|
| **Revenue** | | 132 | - | - | - |
| Operating (loss)/income | 5 | (458) | 2 836 | 2 836 | 719 |
| Interest received | 6 | (13) | 800 | 800 | 6 254 |
| Interest paid | | 3 | - | - | - |
| **(Loss)/income** | | (468) | 3 636 | 3 636 | 877 |
| Taxation | 7 | - | (180) | (180) | |
| **Net (Loss)income** | | (468) | 3 456 | 3 456 | 838 |
| Impairment loss written back | | - | - | (314) | - |
| **Headline (loss)/income** | | (468) | 3 456 | 3 142 | 772 |

**Notes:**

4. The figures for the "Before the disposal of Platinexco" column have been extracted from Thabex's reviewed interim results for the period ended 31 August 2003.
5. The R2, 836 million operating profit included in the "after disposal" figures represents the net of profit on disposal of Platinexco, option fees received of R350 000 and circular costs incurred of R350 000. In prior financial years the assets of Platinexco were revalued with an amount of R17,165 million

and subsequently impaired to R0. In terms of AC128, a recoupment of an impairment loss previously recognised, should first be accounted for directly in equity, against the revaluation reserve. Consequently, R17,165 million of the proceeds on disposal was accounted for directly against the revaluation reserve in equity and the net of R2,836 million represents the profit on disposal, after adjustment for the net asset value of Platinexco on 31 August 2003.

6. Interest received included in the "after disposal" figures represents interest for the period 1 March 2003 to 31 August 2003, assuming that the R20 million proceeds was received on 1 March 2003 and put on call for the period at an average interest rate of 8% per annum for the period. This is not expected to be a continued effect for the next two years as the Company after due consideration will invest the proceeds of the disposal in new projects.
7. Taxation was calculated at 30% on calculated taxable income of R600 000, which includes taxable income on disposal of R2,845 million, interest received of R800 000 and an assessed loss brought forward of R3,045 million.

### 6.3 Pro forma before and after statement of changes in equity of Thabex Group

| | Notes | Before the disposal of Platenixo reviewed[8] R'000 | Pro forma adjustment for AIM transaction R'000 | After the disposal of Platinexo Unaudited R'000 | % Change |
|---|---|---|---|---|---|
| **Share Capital** | | 1 701 | - | 1 701 | |
| **Share Premium** | | 17 203 | - | 17 203 | |
| **Accumulated Loss** | | (16 941) | 15 472 | (1 469) | 91 |
| Accumulated Loss at the beginning of period | | (16 473) | - | - | |
| Transfer from revaluation reserve | 9 | - | 12 016 | 12 016 | 838 |
| Net(loss)/profit for period | | (468) | 3 456 | 3 456 | |
| **Revaluation Reserve** | | - | - | - | |
| Revaluation reserve at beginning of period | | - | - | 12 016 | |
| Impairment loss recoupment | 9 | - | 17 165 | - | |
| Adjustment for taxation | 10 | - | (5 149) | - | |
| Transfer to equity | 9 | - | (12 016) | (12 016) | |

**Notes:**

8. The figures for the "Before the disposal of Platinexco" column have been extracted from Thabex's reviewed interim results for the period ended 31 August 2003.
9. In prior financial years, the assets of Platinexco was revalued with an amount of R17,165 million and subsequently impaired to Rnil. According to AC128, impairment losses recouped, should first be recognised directly to equity against the revaluation reserve, limited to the amount previously revalued and then to income. Thus the first R17,165 million of proceeds on disposal was accounted for directly against the revaluation reserve. In conformity with the provisions of AC 102, taxation of R5,149 million is also accounted for directly in equity, thus leaving a balance of R12,016 on the revaluation reserve. In "the pro-forma after disposal" statement of changes in equity, the revaluation reserve balance of R12,016 million is transferred to the accumulated loss.
10. Current taxation of R5,149 million is calculated at 30% on R17,165 million and is credited directly in equity in conformity with the provisions of AC102. The amount of R17,165 million represents a recovery of an impairment loss previously accounted for directly in equity *(refer note 9)*.

### 6.4 Pro forma financial effects of the proposed disposal Platinexco

The table below sets out the pro forma financial effects of the disposal, based on the reviewed interim financial information for the six months ended 31 August 2003 and assumes that the disposal had been concluded for Income Statement purposes on 1 March 2003 and for Balance Sheet purposes on 31 August 2003:

| | Before the disposal of Platenixo cents[11] | After the disposal of Platinexo cents[12][14] | % Change |
|---|---|---|---|
| (Loss)/earnings per share | (2,75) | 20,32 | 839 |
| Headline (loss)/earnings per share | (2,75) | 18,47 | 772 |
| Net asset value per share | 11,54 | 99,22 | 760 |
| Tangible net asset value per share | 11,54 | 99,22 | 760 |
| Number of shares in issue[2] | 17 006 887 | 17 006 887 | - |

**Notes:**

11. The figures for the "Before the disposal of Platinexco" column have been extracted from Thabex's reviewed interim results for the period ended 31 August 2003.
12. The "After the disposal of Platinexco" earnings per share were calculated using the weighted average shares in issue on 31 August 2003 and assuming that the proceeds of the disposal, R20 million, has been received on 1 March 2003 and that this amount has been invested at an interest rate of 8% per annum and the "After the disposal" earnings and headline earnings has been adjusted for this. Interest earned amounting to R800 000 and taxation of R5,33 million have been taken into account.
13. The costs of the Circular of R350 000 and the income of the non refundable option payments of R350 000 receivable from AIM are included in the earnings per share.
14. Impairment losses amounting to R12,53 million provided against the revaluation reserve in the prior year was reversed against the revaluation reserve in terms of AC128. Profit on disposal amounting to R2,53 million was recognised in the "After disposal" earnings. Headline earnings have been adjusted with impairment losses amounting to R314 400 recognised in the prior year against earnings.
15. The adjustments have been made in accordance with Thabex's accounting policies at 31 August 2003.

The report by the reporting accountants to the Company relating to the pro forma effect of the proposed disposal on the assets and liabilities, statement of changes in equity and earnings of Thabex is contained in Annexure 1.

## 7. DISCLOSURE OF INTERESTS

Save as disclosed in this Circular and in the Agreement, no promoter and/or director of Thabex had any direct interest in the proposed disposal of Platinexco.

## 8. PLEDGE OF ASSETS

The shares and claims to be disposed of in Platinexco in terms of the Agreement have not been ceded or pledged.

## 9. SHARE CAPITAL

### 9.1 The authorised and issued share capital of Thabex before and after the disposal of Platinexco:

| Share capital | R |
|---|---|
| Authosirsed - 100 000 000 ordinary shares of 10 cents each | 10 000 000,00 |
| Issued - 17 006 887 ordinary shares at 10 cents each | 1 700 688,70 |
| Share Premium | 17 202 741,00 |
| **Total** | **18 903 429,70** |

9.1.1 There will be no change in the authorised or issued share capital of the Company as a result of the proposed disposal.
9.1.2 The unissued ordinary shares will be under the control of the directors subject to the provisions of Sections 221 and 222 of the Act and the Rules and requirements of the JSE.
9.1.3 All of the authorised and issued shares are of the same class and rank *pari passu* in every respect.
9.1.4 Any variation of rights attaching to shares will require the consent of the relevant shareholders in a general meeting, in accordance with Thabex's Articles of Association.

## 10. ASSETS, LIABILITIES AND OTHER FINANCIAL INFORMATION

### 10.1 Financial information on Thabex

Annexure 2 of this Circular contains a summary of:

- the reviewed and unaudited consolidated balance sheets of Thabex as at 31 August 2003 and 31 August 2002, respectively;
- the reviewed and unaudited consolidated income statements of Thabex for the six months ended 31 August 2003 and 31 August 2002, respectively;
- the cash flow statement of Thabex for the six months ended 31 August 2003 and 31 August 2002, respectively;
- the statement of change in equity of Thabex for the six months ended 31 August 2003 and 31 August 2002, respectively; and
- the Audited financial statements of Thabex as at 28 February 2003

which fairly present the Company's assets and liabilities, financial position and profits and losses.

### 10.2 Reporting accountants report on Platinexco

Financial information relating to Platinexco is set out in the independent reporting accountants' report contained in Annexure 3 and 4.

### 10.3 Material changes

The directors confirm that:

- there have been no material changes in the financial or trading position of Thabex and Platinexco between 31 August 2003, the date of the publication of the reviewed unaudited interim results of Thabex for the six months ended 31 August 2003 and 25 March 2004 being the last practicable date prior to finalisation of this Circular:
- save for the proposed disposal of Platinexco as described in this Circular, no material acquisitions or disposals have been effected or agreed to between 31 August 2004 , the date of the publication of the reviewed unaudited interim results of Thabex for the six months ended 31 August 2003 and the last practicable date:
- there has been no material change in the nature of the business of Thabex and its subsidiaries.

### 10.4 Statement of indebtedness

10.4.1 Details of material loans to Thabex are set out in the financial information relating to Thabex in Annexure 2 to this Circular.

There were no material changes in the loans to and from the Thabex group of companies as at 28 February 2004, being the last practical date prior to finalisation of this Circular.

10.4.2 Details of material inter-company loans are as follows:

- loan of R38 583 by Thabex to Diamex;
- loan of R14 740 by Thabex to Pilanesberg;
- loan of R209 754 by Thabex to Platinexco;
- loan of R135 916 by Thabex to Pure Diamonds;
- loan of R1,72 million by Thabex to Thaba Egoli.

These unsecured loans totaling R2,12 million do not bear interest and have no fixed date of repayment.

In terms of the Company's accounting policies the above loans have been impaired by an amount of R2,01 million.

**10.5 Dividend policy**

Thabex does not anticipate paying dividends for the next few years, but will concentrate its efforts on enhancing its capital base. Thabex will endeavour to pass on the benefits of its exploration successes to its shareholders via dividends *in specie* or direct participation in new mine development listings.

**10.6 Details of principal subsidiary companies**

The principal subsidiary companies of Thabex are listed as follows

| Name of company | Registration number | % held | Held by | Nature of business |
|---|---|---|---|---|
| **Subsidiary** | | | | |
| Diamex JV (Pty) Ltd | 1997/014096/07 | 67,3 | Thabex | Mining and exploration |
| Pilansberg Gold Holdings (Pty) Ltd | 1987/000711/07 | 50 | Thabex | Mining and exploration |
| Platenexco (Pty) ltd | 1988/002343/07 | 100 | Thabex | Mining and exploration |
| Pure Diamonds Ltd | 1998/008449/06 | 100 | Thabex | Mining and exploration |
| Egoli Mining & Exploration Ltd | 1994/008806/06 | 100 | Thabex | Mining and exploration |
| **Associate** | | | | |
| Taung Diamonds Mines Ltd | 1995/001724/06 | 37,5 | Pure Diamonds | Mining and exploration |

Details of the subsidiaries and associate is contained in the Company's Annual Report for the period ended 28 February 2003, which was published on 20 May 2003 and is available for inspection as per paragraph 22 of the Circular. A copy of all the Thabex's Annual Audited Reports, Circulars and Prospectus are available on the website at http://www.thabex.com.

**10.7 Alterations to share capital and premium during the past three years**

10.7.1 Thabex

The following alterations to the share capital and premium on share issues of Thabex took place during the three years preceding the date of this Circular:

- on 31 January 2001, 2 218 290 ordinary shares of 10 cents each in the issued ordinary share capital of Thabex were issued for cash at a premium of 20 cents per share (total issue price is 30 cents per ordinary Thabex share).

10.7.2 Subsidiaries

No alterations occurred in the share capital and premium accounts of Thabex's subsidiaries during the past three years.

**11. MAJOR HOLDINGS**

On 26 March 2004, being the last practical date prior to the finalisation of this Circular, the direct interests of shareholders holding 5% or more in the issued ordinary shares in Thabex, were as follows:

| Major shareholders | Number of shares held | Percentage of issued capital % |
|---|---|---|
| Citibank Switzerland | 2 641 690 | 15,53 |
| Saminco Ltd | 3 111 456 | 18,30 |
| E Vally | 2 207 788 | 12,98 |
| KAS Depository Trust Company | 1 915 089 | 11,26 |
| Brown Brothers Harriman & Company | 930 000 | 5,47 |
| **Total** | **10 806 023** | **63,54** |

## 12. INFORMATION ON DIRECTORS

### 12.1 Details of directors

The full names, ages, addresses and position of the directors of Thabex are outlined below:

| Name | Age | Address | Position |
|---|---|---|---|
| Jeffrey Raymond Rapoo | 60 | 686 Old Farm Road<br>Faerie Glen<br>Pretoria<br>0043 | Non-executive Chairman |
| Marius Welthagen | 47 | 51 Austin Street<br>Northcliff<br>Johannesburg<br>2195 | Chief Executive |
| Johannes Leopold Bosch | 65 | Unit 4 Octavia<br>474 Ontdekkers Road<br>Florida Park<br>1709 | Non-executive Director |
| Professor David Louis Reid | 55 | 29 Budock Street<br>Claremont<br>Cape Town<br>7700 | Non-executive Director |
| Antonie Petrus Roux | 46 | La Colline<br>Franschoek<br>7690 | Non-executive Director |

All directors, except Prof DL Reid who is a New Zealand national, are South African. The relevant provisions of the articles of association of relating to the appointment, qualification and remuneration of its directors are Annexure 8 to this Circular. All the directors have confirmed in terms of Schedule 21 of the Listings Requirements of the JSE that they have not been:

- disqualified by any court from acting as a director of a company or from acting in the management or conduct of the affairs of any company or been the subject of any public criticisms by statutory or regulatory authorities (including recognised professional bodies);
- convicted of an offence resulting from dishonesty, fraud or embezzlement or, convicted in any jurisdiction of any criminal offence or any offence under legislation relating to the Act; and
- adjudged bankrupt or entered into any voluntary creditors liquidations or been sequestrated in any jurisdiction or been a director of any company at the time or within the 12 months preceding any of the following events taking place receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with creditors generally or any class of creditors, or been barred from entry into any profession or occupation.

### 12.2 Experience of directors

**Jeffrey Raymond Rapoo** (7 years on the board of Thabex)
(Non-executive Chaiman) (BComm (Accounting), Hons B Compt) is at present the Executive - Finance at the 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 Ltd. Mr Rapoo has considerable experience in the field of project development and financial administration. During July 2003 he was appointed to the board of Royal Bafokeng Resources Ltd.

**Marius Welthagen** (11 years on the board of Thabex)
(Chief Executive) has 24 years of mining experience. Mr Welthagen is a qualified mining engineer and specialised in mineral economics (MEng (Mining), MPhil Mineral Economics, BComm Hons (Economics)). He was employed at Kloof Gold Mine, Greenside Coal Mine in the Gold Fields Group as Mining Engineer, at the Minerals Bureau of South Africa as mineral economist and as a gold and platinum analyst for a leading stockbroker on the JSE. He is also chairman of Saminco Limited a mining investment company. He was a founder member of SA Chrome and Alloys Ltd (formerly SouthWits Ltd) and Samroc Ltd (Formerly MangaChem Ltd).

**Leopold Bosch** (4 years on the board of Thabex)
(Non-executive Director) studied at the Potchefstroom University where he obtained his M Sc Geology (cum laude) during 1963 with a thesis on kimberlite occurrences in the Barkly West district of the Northern Cape province. After spending some years as field geologist and mineralogist, he was appointed as geologist with the Industrial Development Corporation of South Africa Limited in 1968, and was involved in numerous geological investigations and projects. He was also responsible for the establishment of IDC's computer facilities and

information systems, and retired in 1995 as deputy General Manager. He consulted to Thabex since October 1997 and joined the Board in March 1999. On 1 October 2003 he was appointed Executive Manager of the Geological Society of South Africa.

**David Reid** (5 years on the board of Thabex)
(Non-executive Director) has been with the University of Cape Town since 1972 and is currently an Associate Professor in the department of geological sciences. He is a member of the Geological Society of South Africa since 1973 and has twice been awarded their Jubilee Medal in recognition for published research in South African geology and geochemistry. David Reid has published, lectured and consulted widely on topics related to economic geology and geochemistry, with particular emphasis on mineralisation in Namaqualand, Bushmanland, Namibia and the Bushveld Complex.

**Anton Roux** (7 years on board of Thabex)
(Non-executive Director) 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. He has been associated with the group since 1981 as director of SA Mineral Investments (Pty) Ltd. He is a graduate of the University of Stellenbosch holding a B Agric degree.

### 12.3 Geological and technical consultants to Thabex

| Name | Age | Address | Position |
|---|---|---|---|
| NG Norman | 59 | PO Box 7690<br>Franschhoek<br>7690 | Consulting Geologist |

### 12.4 Thabex director's interests

The directors of Thabex beneficially hold, directly or indirectly, in aggregate 2 076 423 ordinary shares in the share capital of Thabex, representing 12,18% of the issue share capital.

### 12.5 The direct and indirect beneficial interest of each director

| | Directly | | Indirectly | | Total | % |
|---|---|---|---|---|---|---|
| | Beneficial | Non-beneficial | Beneficial | Non-beneficial | | |
| JR Rapoo | 20 000 | - | - | - | 20 000 | 0,12 |
| M Welthagen | 1 000 | - | 1 808 523 | - | 1 809 523 | 10,64 |
| JL Bosch | 16 000 | - | 23 100 | - | 39 100 | 0,23 |
| Prof DL Reid | 16 000 | - | - | - | 16 600 | 0,10 |
| AP Roux | 16 000 | - | 171 000 | - | 187 000 | 1,10 |
| Total | 69 600 | - | 2 002 623 | - | 2 072 223 | 12,18 |

No director, other than M Welthagen, holds directly and indirectly in excess of 5% of the issued share capital of Thabex.

### 12.6 Thabex directors' dealings in Thabex shares

The changes in the interests of directors since 1 March 2003, being the date from the end of preceding financial period ended 28 February 2003 to the date of this Circular, Thabex directors carried out the following transactions in Thabex shares:

| Director | Date of Transaction | Nature of transaction | Number of Thabex Shares | Price cps | Value R |
|---|---|---|---|---|---|
| M Welthagen | 12 March 03 | Sale | 24 000 | 45 | 10 800 |
| | 18 March 03 | Sale | 30 000 | 45 | 13 500 |
| | 20 March 03 | Sale | 40 000 | 45 | 18 500 |
| | 01 April 03 | Purchase | 5 000 | 40 | 2 000 |
| | 30 June 03 | Purchase | 260 000 | 50 | 130 000 |
| | 01 August 03 | Purchase | 20 000 | 40 | 8 000 |
| | 04 August 03 | Purchase | 9 031 | 40 | 3 612 |
| | 06 August 03 | Purchase | 8 000 | 41 | 3 280 |
| | 07 August 03 | Purchase | 12 000 | 41 | 4 920 |
| | 12 August 03 | Purchase | 48 807 | 41 | 20 011 |
| | 22 August 03 | Purchase | 20 696 | 40 | 8 278 |
| | 28 November 03 | Purchase | 24 072 | 40 | 9 629 |
| | 12 December 03 | Purchase | 5 000 | 45 | 2 250 |
| | 09 February 04 | Purchase | 50 000 | 50 | 25 000 |
| | 20 February 04 | Purchase | 20 000 | 40 | 8 000 |
| | 23 February 04 | Purchase | 50 000 | 40 | 20 000 |
| | 24 February 04 | Purchase | 23 100 | 40 | 9 240 |
| JL Bosch | 22 August 03 | Purchase | 77 300 | 40 | 30 920 |
| | 09 February 04 | Sale | 54 300 | 50 | 27 150 |
| | 24 February 04 | Sale | 23 100 | 40 | 9 240 |
| **Total** | | | **804 406** | **45** | **363 830** |

The directors of the company recorded no further dealings since 24 February 2004 to the date of this Circular.

**12.7 Platinexco directors' interest in Thabex** [7.B.18]

M Welthagen indirectly holds 1 808 523 ordinary shares in Thabex.

**12.8 Directors' interest in transactions and securities**

Save for M Welthagen being the managing director of SA Minerals, which company acts as Company Secretaries to Thabex and M Welthagen acting as Competent Person to Thabex in the preparation of the CPR (See Annexure 5) and an interest in the share capital of Company as disclosed in 12.6 above form the date of the preceding financial year ended 28 February 2003 to the date of this Circular the directors of Thabex have had no other beneficial or non beneficial interest, either direct or indirect, in material transactions effected by the Company.

**12.9 Appointment qualification remuneration and borrowing powers of directors**

The articles according to the Articles of Association of Thabex, relating to the qualification, remuneration and borrowing powers are contained in Annexure 8 of this Circular.

**12.10 The directors of Thabex received in aggregate the following remuneration during the financial year ended 28 February 2003**

The total aggregate remuneration and benefits to be paid to the directors of Thabex for the twelve month period ending 28 February 2003 was as follows:

| **Executive directors** | **Salary R** | **Benefits R** | **Consulting Fees R** | **Directors' Fees R** | **Total R** |
|---|---|---|---|---|---|
| As directors: | | | | | |
| M Welthagen | 172 000 | - | - | - | 172 000 |
| JL Bosch | - | - | - | - | - |
| **Non-executive directors** | | | | | |
| As directors | | | | | |
| JR Rapoo | - | - | - | - | - |
| Prof DL Reid | - | - | - | - | - |
| AP Roux | - | - | - | - | - |
| **Total** | 172 000 | - | - | - | 172 000 |

On 29 August 2003, JR Rapoo was appointed acting non-executive chairman of the board of Thabex and on 1 October 2003, JL Bosch resigned his position as executive director of the Company but, remains on the board as non-executive director.

Save for an amount of R150 000 (excluding VAT) payable to SA Minerals acting, as Competent Person to Thabex in terms of this Circular and the cessation of directors fees received form Platinexco, there will be no variation in the remuneration of directors as a consequence of Thabex's disposal of Platinexco.

**12.11 Management**

Neither Thabex nor any of it subsidiaries have entered into any management agreements or service contracts with its directors or any other entity.

**13. OPINION AND RECOMMENDATIONS**

The board has also considered the Competent Persons' Report (Annexure 5) and accepts the recommendation that the consideration of R20 million in terms of the Agreement is fair and reasonable to Thabex.

SB Gain, as independent geological consultant to the Company, has advised the board of directors of Thabex that he has considered the terms and conditions of the disposal, and is of the opinion that they are fair and reasonable to the shareholders of Thabex. The text of a letter from SB Gain in this regard is set out in Annexure 6 to this document.

The directors of Thabex have considered the terms and conditions of the disposal and are of the opinion that they are fair and reasonable to the shareholders of Thabex. The board recommends that shareholders should vote in favour of the ordinary resolutions as contained in the notice of the general meeting included in the Circular.

**14. WORKING CAPITAL STATEMENT**

The directors of Thabex are of the opinion that the working capital resources of the Thabex Group and the Company will be sufficient for the next twelve months and its Sponsor has made the necessary confirmations as required in terms of the JSE Listings Requirements.

## 15. LITIGATION STATEMENT

Save for the legal proceedings against Belafrique Trading (Pty) Ltd, for failing to pay Thabex's legal costs, in the amount of R28 098, there were no other legal or arbitration proceedings that may have, or have had in the past twelve months, a material effect on the financial position of Thabex. The directors of Thabex are not aware of any such proceedings that are pending or threatened. BCLR acts on behalf of Thabex in the above proceedings.

## 16. MATERIAL CONTRACTS

The significant contracts, which have been entered into by Thabex or any of its subsidiaries during the two years preceding the date of this Circular, other than in the ordinary course of business, are:

- Prospecting agreement between the Local Council of Greater Potgietersrus and Thabex dated 1 December 1999;
- Cession of the Prospecting agreement to Platinexco dated 15 December 2000;
- The Agreement dated 16 October 2003, between Thabex, Platinexco and AIM;
- The Addendum to the above agreement dated 11 December 2003; and
- The agreement, dated 27 January 2004 as announced on SENS on 4 February 2004, regarding the proposed acquisition of Cresta Mining Company (U) Limited.

As at the date of the Circular there are no material contracts in respect of outstanding obligations or outstanding settlements other than the in the normal course of business.

## 17. MINERAL RIGHTS OR OTHER RIGHTS TO MINING TITLES

Please see Annexure 8 relating the mineral reserves and mineral resources of Thabex and Annexure 10 referring to the detailed description of Platinexco's mineral and option rights area, totaling 1456 hectares. In addition this area Platinexco has the right of first refusal to negotiate on the same terms as the above area, with the Municipality of Mogalakwena (formerly the Local Council of Greater Potgietersrus) over the balance of the mineral interest of the Municipality covering approximately 3 000 hectares.

## 18. EXPENSES

The expenses payable by the Thabex Group relating to the disposal including the JSE documentation inspection fees of R10 266 are not expected to exceed R350 000 (All fee estimates exclude VAT).

| **Estimated expenditure relating to the preparation of the Circular** | **R** |
|---|---|
| JSE Documentation fees | 10 266 |
| SAMREC Readers of CPR | 14 000 |
| Sponsor | 60 000 |
| Attorneys | 20 000 |
| Reporting Accountants | 20 000 |
| Competent Persons Report (CPR) | 150 000 |
| Printing and posting | 60 000 |
| Independent consulting geologist - SB Gain | 1 325 |
| Contingency | 14 409 |
| **Total** | **350 000** |

## 19. CONSENTS

Each of Thabex's corporate law advisors, sponsors, bankers, transfer secretaries, the reporting accountants, independent technical and geological consultants and the competent persons have consented in writing to act in the capacities stated and to their names appearing in this Circular and have not withdrawn their consent prior to the publication of these revised listing particulars

## 20. CORPORATE GOVERNANCE

The directors have adopted the Code of Corporate Practices and Conduct as contained in the King Reports on Corporate Governance ("Code"). The Code contains recommendations as to the best practice for the control of reporting functions to the directors. The directors consider that Thabex complies with the provisions of the Code, except for there being no internal audit function, reasons for which are given below:

The directors are responsible for maintaining adequate accounting records and have the general responsibility for taking reasonable steps to safeguard the assets of the Thabex Group and to prevent and detect fraud and other irregularities. To enable the directors to meet these responsibilities, management have set standards and implemented systems of internal accounting control aimed at reducing the risk of error or loss in a cost effective manner.

## 21. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Thabex whose names are given on page 14 of this Circular:

- Have considered all the information contained in this Circular;
- accept, individually and collectively, full responsibility for the accuracy of the information;
- certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement in this Circular false or misleading;
- have made all reasonable enquiries to ascertain such facts; and
- contains all information required by law and the JSE Listings Requirements.

## 22. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Thabex and at the office of the Company Secretaries, from the date of issue of this circular, up to and including Friday, 30 April 2004:

- the memorandum and articles of association of Thabex;
- the Thabex Group audited financial statements for the financial periods ended 28 February 2003;
- the audited financial statements for Platinexco for the financial periods ended 28 February 2001 to 28 February 2003;
- the letters of consent of the corporate and corporate law advisors, sponsors, bankers, transfer secretaries, the reporting accountants and the independent competent person:
- the reporting accountants' report on the pro forma balance sheet, pro forma income statement and the pro forma financial effects;
- the competent person's report:
- the material contracts/agreements referred to in paragraph 16 of this Circular; and
- the public domain documents as per CPR references (Appendix 1 and 2 of the CPR - Annexure 5) and the financial models for DCF analysis.

By order of the board

**Thabex Exploration Limited**

SA Mineral Investments (Pty) Ltd
Company Secretaries

Johannesburg
13 April2004

## Report of the independent reporting accountant to the directors of Thabex

"The Directors
Thabex Exploration Limited
PO Box 3899
Northcliff
Johannesburg
2115

13 April 2004

Dear Sirs

**Report of the independent reporting accountant to the directors of Thabex Exploration Limited relating to the pro forma financial information**

**Introduction**
We have conducted certain procedures with regard to the pro forma financial effects and pro forma before and after balance sheet, income statement and statement of changes in equity of Thabex ("pro forma financial information") set out in paragraph 6 of the Circular to Thabex shareholders dated on or about 13 April 2004.

The pro forma financial information has been prepared, for illustrative purposes only, to provide information about how the proposed disposal of the entire issued shares in Platinexco (Proprietary) Limited, (collectively "the proposals") might have affected the financial information presented.

Because of its nature the pro forma financial information may not fairly present the financial position of Thabex, after the proposals, nor of the effect on earnings.

At your request and for the purpose of the proposals we present our report on the pro forma financial information relating to the proposals in compliance with the JSE Listings Requirements.

**Responsibilities**
The directors of Thabex are solely responsible for the preparation of the pro forma financial information to which this reporting accountants' report relates and for the financial statements and financial information from which it has been prepared.

It is our responsibility to express an opinion on the basis of preparation of the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Scope**
We have conducted certain procedures which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted reviewed historical financial information with the source documents, evaluating whether the accounting treatment is consistant with the accounting policies of Thabex, considering the evidence supporting the adjustments, recalculating the amounts based on the information obtained and discussing the pro forma financial information with the directors of Thabex.

Because the above procedures do not constitute either an audit or review undertaken in accordance with the Statements of South African Auditing Standards, we do not express any assurance on the fair presentation of the unaudited pro forma financial information.

Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with the Statements of South African Auditing Standards, other matters might have come to our attention that would have been reported to you.

**Opinion**
Based on our procedures, nothing has come to our attention that causes us to believe that:

- the pro forma financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Thabex, and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed pursuant to section 8.30 of the JSE Listings Requirements.

**Consent**
We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued to Thabex shareholders in the form and context in which it appears.

Yours faithfully

KPMG Inc.
*Registered Accountants and auditors*
Chartered Accountants (SA)
PO Box 11265
Hatfield
0028
South Africa"

## Financial information on Thabex

### 1. Consolidated balance sheets

The consolidated balance sheets of Thabex and its subsidiaries for the year ended 28 February 2003 and the six months ended 31 August 2002 and 31 August 2003, as set out below, have been extracted from the financial statements:

| | Six months ended 31 August 2003 Reviewed R'000 | Six months ended 31 August 2003 Unaudited R'000 | Year ended 28 February 2003 Audited R'000 |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets | 41 | 72 903 | 54 |
| Mining assets and equipment | 41 | 72 403 | 54 |
| Interest in associated companies | - | 500 | - |
| **Current assets** | 2 158 | 3 001 | 2 616 |
| Inventories | 937 | 1 377 | 1 005 |
| Trading investments | 308 | 571 | 380 |
| Trade and other receivables | 479 | 716 | 1 090 |
| Cash and cash equivalents | 434 | 337 | 141 |
| **Total assets** | 2 199 | 75 904 | 2 670 |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | 1 701 | 1 701 | 1 701 |
| Share premium reserve | 17 203 | 17 203 | 17 203 |
| Revaluation reserve | - | 63 536 | - |
| Accumulated loss | (16 941) | (6 838) | (16 473) |
| **Ordinary shareholders funds** | 1 963 | 75 602 | 2 431 |
| Non-current liabilities | 79 | 78 | 83 |
| Outside shareholders interest | 11 | 28 | 14 |
| Long-term Liabilities | 68 | 50 | 68 |
| Current liabilities | | | |
| Trade and other payables | 157 | 224 | 156 |
| **Total equity and liabilities** | 2 199 | 75 904 | 2 670 |
| Shares in issue | 17 006 887 | 17 006 887 | 17 006 887 |
| Net asset value per share (cents) | 11,54 | 444,53 | 14,29 |

### 2. Consolidated income statements

The consolidated results of Thabex and its subsidiaries for the year ended 28 February 2003 and the six months ended 31 August 2002 and 31 August 2003, as set out below, have been extracted from the financial statements:

| | Six months ended 31 August 2003 Reviewed R'000 | Six months ended 31 August 2002 Unaudited R'000 | Year ended 28 February 2003 Audited R'000 |
|---|---|---|---|
| **Revenue** | 132 | 527 | 594 |
| Net operating (loss)/profit | (458) | (146) | (439) |
| Depreciation | (13) | (11) | (30) |
| Net interest received | 3 | 37 | 48 |
| Impairment losses | - | - | (9 342) |
| Outside shareholders' interest | - | - | 9 |
| **Net(loss)/income for the period** | (468) | (120) | (9 754) |
| Weighted average of number of shares in issue | 17 006 887 | 17 006 887 | 17 006 887 |
| (Loss)/earnings per share (cents) | (2,75) | (0,71) | (57,36) |
| Headline(loss)/earnings per share (cents) | (2,75) | (0,71) | (2,99) |

| | Six months ended 31 August 2003 Reviewed R'000 | Six months ended 31 August 2002 Unaudited R'000 | Year ended 28 February 2003 Audited R'000 |
|---|---|---|---|
| **RECONCILIATION OF HEADLINE (LOSS)/EARNINGS** | | | |
| Reconciliation between (loss)/earnings and headline(loss)/earnings | | | |
| Loss/income attributable to ordinary shareholders | (468) | (120) | (9 755) |
| Impairment losses | - | - | 9 342 |
| Headline(loss)/earnings | (468) | (120) | (413) |

**3. Consolidated cash flow statements**

The consolidated cash flow statements of Thabex and its subsidiaries for the year ended 28 February 2003 and the six months ended 31 August 2002 and 31 August 2003, as set out below, have been extracted from the financial statements for comparison purposes:

| | Six months ended 31 August 2003 Reviewed R'000 | Six months ended 31 August 2002 Unaudited R'000 | Year ended 28 February 2003 Audited R'000 |
|---|---|---|---|
| Cash generated/(utilised) in operating activities | 289 | (520) | (692) |
| Cash (expended in)/generated from investing activities | - | 68 | 39 |
| Cash effects of financing activities | 4 | (117) | (112) |
| Increase/(Decrease) in cash resources | 293 | (569) | (765) |
| Cash at beginning of period | 141 | 906 | 906 |
| Cash at end of period | 434 | 337 | 141 |

**4. Statement of changes in equity**

The consolidated change in equity for Thabex and its subsidiaries for the year ended 28 February 2003 and the six months ended 31 August 2002 and 31 August 2003, as set out below, have been extracted from the financial statements:

| | Six months ended 31 August 2003 Reviewed R'000 | Six months ended 31 August 2003 Unaudited R'000 | Year ended 28 February 2003 Audited R'000 |
|---|---|---|---|
| Share Capital | 1 701 | 1 701 | 1 701 |
| Share Premium | 17 203 | 17 203 | 17 203 |
| Accumulated Loss | (16 941) | (6 838) | (16 473) |
| Accumulated Loss at the beginning of period | (16 473) | (6 718) | (9 755) |
| Net (loss)/profit for period | (468) | (120) | (6 718) |
| Revaluation Reserve | - | 63 536 | - |
| Revaluation reserve at beginning of period | - | 63 536 | - |
| Deferred tax not provided in prior year | - | - | (19 061) |
| Additions to revaluation reserve | - | - | 6 965 |
| Impairment losses | - | - | (51 440) |

**5. Accounting Policies**

The Company's financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice. The accounting policies used in the preparation of the interim financial results are consistent with those applied in the audited financial statements for the year ended 28 February 2003.

**6. Auditors' report**

The auditors' report for the year ended 28 February 2003 and the review report of the reporting accountants for the period ended 31 August 2003 were issued without qualification.

## Independent reporting accountants' report on the historical financial information of Platinexco

"The Directors
Thabex Exploration Limited
PO Box 3899
Northcliff
Johannesburg
2115

13 April 2004

Dear Sirs

**Independent reporting accountants' report on the historical information of Platinexco (Proprietary) Limited**

**Introduction**
Subject to certain conditions precedent, it is proposed that Thabex Exploration Limited dispose of Platinexco (Proprietary) Limited with effect from the date of exercise by AIM Resources Limited of its option in terms of an the Agreement and Addendum to the Agreement dated, 16 October 2003 and 11 December 2004, respectively.

**Purpose of this report**
At your request, we have attached our report for the purposes of complying with the JSE Listings Requirements and for inclusion in the Circular to Thabex Exploration Limited shareholders dated 13 April 2004.

**Responsibility**
The directors of Thabex Exploration Limited are responsible for the compilation, contents and preparation of the Circular and for the accuracy of the information contained therein. The directors of Platinexco (Proprietary) Limited are responsible for the financial information to which both this Reporting Accountants' Report and the report of historical financial information on Platinexco (Proprietary) Limited relate, and from which such reports have been prepared.

Our responsibility is to express an opinion on the report of historical financial information on Platinexco (Proprietary) Limited.

**Historical financial information for the year ended 28 February 2003**
We have audited the historical financial information of Platinexco (Proprietary) Limited relating to the financial year ended 28 February 2003 set out in the report of historical financial information attached as Annexure 4 to the Circular dated 13 April 2004 issued in connection with the disposal of 100% interest in Platinexco (Proprietary) Limited to AMI Resources Limited.

**Scope of the audit**
We conducted our audit in accordance with the Statements of South African Auditing Standards. These statements require that we plan and perform the audit to obtain reasonable assurance that the historical financial information relating to the financial year ended 28 February 2003 is free from material misstatement.
Our audit included the following:

- Examining, on a test basis, evidence supporting the amounts and disclosures of the above-mentioned historical financial information. The evidence included that previously obtained by us relating to the audit of the annual financial statements underlying the historical financial information;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall historical financial information presentation.

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

**Audit opinion**
In our opinion, the historical financial information of Platinexco (Proprietary) Limited relating to the financial year ended 28 February 2003, for the purposes of the circular dated 13 April 2004 relating to disposal of 100% interest in Platinexco (Proprietary) Limited to AMI Resources limited, fairly presents, in all material respects, the financial position of Platinexco (Proprietary) Limited for the year ended 28 February 2003 and the results of its operations and cash flows for the period then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa and the JSE Securities Exchange South Africa ("JSE") Listings Requirements.

**Emphasis of matter - Going concern**
Without qualifying our opinion, we draw attention to note 9, which indicates that, at 28 February 2003, the company's total liabilities exceeded its total assets by R203 556. Note 9 also indicates why, in these circumstances, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

**Historical financial information for the years ended 28 February 2001 to 28 February 2002 and for the period ended 31 August 2003**
We have reviewed the historical financial information of Platinexco (Proprietary) Limited for the years ended 28 February 1999 to 28 February 2002 set out in the report of historical financial information attached as Annexure 4 to the Circular dated 13 April 2004 issued in connection with the disposal of 100% interest in Platinexco (Proprietary) Limited to AMI Resources limited.

**Scope of the review**
We conducted our review in accordance with the statement of South African Auditing Standards applicable to review engagements. This statement requires that we plan and perform the review to obtain moderate assurance that the historical financial information for the years ended 28 February 2001 to 28 February 2002 and the financial information for the period ended 31 August 2003 are free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit of the above-mentioned historical financial information and, accordingly, we do not express an audit opinion thereon.

**Review opinion**
Based on our reviews, nothing has come to our attention that causes us to believe that the historical financial information of Platinexco (Proprietary) Limited for the years ended 28 February 2001 to 28 February 2002 and the financial information for the period ended 31 August 2003, for the purposes of the Circular dated 13 Arpil 2004 relating to the disposal of 100% interest in Platinexco (Proprietary) Limited to AMI Resources limited, is not fairly presented in accordance with the South African Statements of Generally Accepted Accounting Practice and in the manner required by the JSE Listings Requirements.

**Emphasis of matter - Going concern**
Without qualifying our review opinion, we draw attention to note 9, which indicates that, at 28 February 2003, the company's total liabilities exceeded its total assets by R203 556. Note 9 also indicates why, in these circumstances, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

Yours faithfully

KPMG Inc.
*Registered Accountants and auditors*
Chartered Accountants (SA)
PO Box 11265
Hatfield
0028
South Africa”

## Report of historical financial information in respect of Platinexco

### 1. Introduction

The directors are responsible for the preparation of the Circular and all the information contained therein, and for the financial statements and the financial information from which it has been prepared.

### 2. Balance sheets

The balance sheets of Platinexco (Pty) Ltd for the three years, set out below, have been extracted from the financial statements without adjustments:

| CONSOLIDATED BALANCE SHEET | Notes | Six months ended 31 August 2003 Reviewed R | Year ended 28 February 2003 Audited R | Year ended 28 February 2002 Reviewed R | Year ended 28 February 2001 Reviewed R |
|---|---|---|---|---|---|
| **Assets** | | - | - | | |
| **Non-current assets** | 2 | - | - | 10 478 164 | 243 833 |
| Mining assets and equipment | | - | - | 10 478 164 | 243 833 |
| Interest in associated companies | | | | - | - |
| **Current assets** | | 11 103 | 10 198 | 10 371 | 669 |
| Trade and other receivables | | - | - | - | 442 |
| Cash and cash equivalents | | 11 103 | 10 198 | 10 371 | 227 |
| **Total assets** | | 11 103 | 10 198 | 10 488 535 | 244 502 |
| **Equity and liabilities** | | | | | |
| **Capital and reserves** | | | | | |
| Share capital | 3 | 2 500 | 2 500 | 2 500 | 2 500 |
| Share premium reserve | 4 | 108 344 | 108 344 | 108 344 | 108 344 |
| Revaluation reserve | | - | - | 10 200 000 | - |
| Accumulated loss | 5 | (322 675) | (314 400 | - | - |
| Ordinary shareholders funds | | (211 831) | (203 556) | 10 310 844 | 110 844 |
| Long-term Liabilities | 7 | 210 954 | 209 754 | 174 191 | 126 818 |
| Current liabilities | | | | | |
| Trade and other payables | | 11 980 | 4 000 | 3 500 | 6 840 |
| **Total equity and liabilities** | | 11 103 | 10 198 | 10 488 535 | 244 502 |
| Shares in issue | | 2 500 | 2 500 | 2 500 | 2 500 |
| Net asset value per share (cents) | | (84,73) | (81,42) | 4 124,34 | 44,34 |

### 3. Profit history

The income statements of Platinexco (Pty) Ltd for each of the three years preceding 28 February 2003, as set out below have been extracted from the income statements without adjustments:

| CONSOLIDATED INCOME STATEMENT | Notes | Six months ended 31 August 2003 Reviewed R | Year ended 28 February 2003 Audited R | Year ended 28 February 2002 Reviewed R | Year ended 28 February 2001 Reviewed R |
|---|---|---|---|---|---|
| Revenue | | - | - | - | - |
| Net operating (loss)/profit | 8 | (8 511) | (9 792) | (10 483) | (5 996) |
| Net interest received | | 236 | 442 | 159 | - |
| Impairment losses | | | (314 400) | - | |
| Cost of mineral options transferred to | | - | | | - |
| mining assets | | - | 9 350 | 10 324 | 5 996 |
| Net (loss)/income for the period | | (8 276) | (314 400) | - | - |

| CONSOLIDATED INCOME STATEMENT (Continued) | Notes | Six months ended 31 August 2003 Reviewed R | Year ended 28 February 2003 Audited R | Year ended 28 February 2002 Reviewed R | Year ended 28 February 2001 Reviewed R |
|---|---|---|---|---|---|
| Weighted average of number of shares in issue | | 2 500 | 2 500 | 2 500 | 2 500 |
| (Loss)/earnings per share (cents) | | 331,02 | (12 576,00 | - | - |
| Headline (loss)/earnings per share (cents) | | - | - | - | - |
| **RECONCILIATION OF HEADLINE (LOSS)/EARNINGS** | | | | | |
| **Reconciliation between (loss)/earnings and Headline (loss)/earnings** | | | | | |
| Loss/income attributable to ordinary shareholders | | - | (314 400) | - | - |
| Impairment losses | | - | 314 400 | - | - |
| Headline (loss).earnings | | - | - | - | - |

**4. Statement of changes in equity**

The statement of changes in equity of Platinexco for each of the three years preceding 28 February 2003, as set out below have been extracted from the statements of change in equity without adjustments:

| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | Notes | Six months ended 31 August 2003 Reviewed R | Year ended 28 February 2003 Audited R | Year ended 28 February 2002 Reviewed R | Year ended 28 February 2001 Reviewed R |
|---|---|---|---|---|---|
| **Share capital** | | 2 500 | 2 500 | 2 500 | 2 500 |
| **Share premium** | | 108 344 | 108 344 | 108 344 | 108 344 |
| **Accumulated Loss** | | (322 675) | (314 400) | - | - |
| Accumulated Loss at the beginning of period | | (314 400) | - | - | - |
| Net (loss)/profit for period | | (8 275) | (314 400) | - | - |
| **Revaluation Reserves** | | - | - | 10 200 000 | - |
| Revaluation reserve at beginning of period | | - | 10 200 000 | - | - |
| Deferred tax not provided in prior year | | - | (3 060 000) | - | - |
| Additions to revaluation reserve | | - | 6 695 000 | 10 200 000 | - |
| Impairment losses | | - | (14 105 000) | - | - |

**5. Cash flow statements**

The cash flow statements of Platinexco for each of the three years preceding 28 February 2003, as set out below have been extracted from the cash flow statements without adjustments:

| CONSOLIDATED CASH FLOW STATEMENT | | Six months ended 31 August 2003 Reviewed R | Year ended 28 February 2003 Audited R | Year ended 28 February 2002 Reviewed R | Year ended 28 February 2001 Reviewed R |
|---|---|---|---|---|---|
| **Cash generated/(utilised) in operating activities** | 12.1 | (531) | (9 292) | (13 381) | (5 996) |
| Cash generated from /(ulitised for) working capital interest | | 236 | 442 | 159 | 5 130 |
| received | | (295) | (8 850) | (13 222) | - |
| Net cash outflow from operating activities | | | | | |
| **Cash (expended in)/generated from investing activities** | | - | (26 886) | (24 007) | (866) |
| Increase in mining operations | | | | | |
| **Cash effects of financing activities** | | 1 200 | 35 563 | 47 373 | (21 125) |
| Increase in long-term liability | | 905 | (173) | 10 144 | (466) |
| Increase/(decrease) in cash resources | | 10 198 | 10 371 | 227 | 693 |
| Cash at beginning of period | | 11 103 | 10 198 | 10 371 | 227 |

## 6. Accounting policies

The financial statements have been prepared in accordance with South African Generally Accepted Accounting Practice. The financial statements incorporate the following principal accounting policies, which are consistent with those adopted in the previous financial year, except as disclosed in the separate notes.

The financial statements are prepared on the historical cost basis, except as stated below.

### 6.1 Options, mineral and participation rights

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

Mineral and participation rights are maintained at cost less recoupments, but are written down to nominal value when there is little likelihood of the particular right being exploited. Where considered appropriate mineral and participation rights are revalued to reflect current values.

### 6.2 Impairments

Carrying amounts of assets are reviewed at each balance sheet date to determine whether they may be impaired or not. Assets are shown at recoverable amount, which is the higher of net selling price or value in use.

The value in use of an asset is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A pre-tax discount rate, which reflects the current market assessments of the time value of money and the risks specific to the asset, is used to discount cash flows to their present value.

An impaired loss is recognised when the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The impairment loss is not reversed to an amount higher than the carrying amount, which it would have been shown at (net of depreciation) had no impairment been recognised.

### 6.3 Taxation

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

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset was not recognised because a deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 6.4 Investment income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the company.

### 6.5 Financial instruments

*Measurement*

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

*Offset*

Financial assets and financial liabilities are off set and the net amount reported in the balance sheet when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 6.6 Provisions

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

### 6.7 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts, all of which are available for use by the company unless otherwise stated.

**6.8 Comparative figures**
Where necessary comparative figures have been reclassified.

**7. Notes to the financial statements**

| NOTES TO THE FINANCIAL STATEMENTS | Six months ended 31 August 2003 Reviewed R | Year ended 28 February 2003 Audited R | Year ended 28 February 2002 Reviewed R | Year ended 28 February 2001 Reviewed R |
|---|---|---|---|---|
| **7.2 Options, mineral and participation rights** | | | | |
| Opening balance | - | 10 478 164 | 243 833 | (5 966) |
| Additions at cost | - | 36 236 | 34 331 | - |
| Revaluation in current year | - | 9 950 000 | 10 200 000 | - |
| Impaired loss | - | (20 464 400) | - | - |
| | - | - | 10 478 164 | (5 966) |
| Options, mineral and participation rights have been revalued by a Competent Person in terms of the SAMREC Code | | | | |
| **7.3 Share capital** | | | | |
| *Authorised* | | | | |
| 200 000 ordinary shares of R 1.00 each | 200 000 | 200 000 | 200 000 | 200 000 |
| *Issued* | | | | |
| 2 500 ordinary shares of R 1.00 each | 2 500 | 2 500 | 2 500 | 2 500 |
| **7.4 Share premium** | | | | |
| Arising on the issue of 1 500 ordinary shares at premium of R 72.23 per share | 108 344 | 108 344 | 108 344 | 108 344 |
| **7.5 Revaluation reserve** | | | | |
| *Arising on the revaluation of mining rights* | | | | |
| Open balance | - | 10 200 000 | - | - |
| Deferred tax not provided in prior year | - | (3 060 000) | - | - |
| Addition to revaluation reserve | - | 6 965 000 | 10 200 000 | - |
| Impairment loss | - | (14 105 000) | - | - |
| | - | - | 10 200 000 | - |
| **7.6 Deferred taxation** | | | | |
| Opening balance | - | - | - | - |
| Underprovision on revaluation in prior year | - | 3 060 000 | - | - |
| Arising from revaluation in current year | - | 2 985 000 | - | - |
| Reversal due to impairment of revalued assets | - | (6 045 000) | - | - |
| | - | - | - | - |
| **7.7 Long-term liability** | | | | |
| Thabex Exploration Limited | 210 954 | 209 754 | 174 191 | 126 818 |
| The above loan is unsecured, interest free and Terms of repayment have not been determined. Arising from working capital finance extended by the holding company. | | | | |

| NOTES TO THE FINANCIAL STATEMENTS (Continued) | | Six months ended 31 August 2003 Reviewed R | Year ended 28 February 2003 Audited R | Year ended 28 February 2002 Reviewed R | Year ended 28 February 2001 Reviewed R |
|---|---|---|---|---|---|
| **7.8** | **Operation loss** | | | | |
| | Is arrived at after taking into account | | | | |
| | **Other Income** | | | | |
| | Interest received | 235 | 442 | 159 | - |
| | **Expenditure** | | | | |
| | **Audit fee** | 7 960 | 7 226 | 4 850 | 5 130 |
| | **- current period** | 7 960 | 4 000 | 3 500 | 3 420 |
| | **- under/(over) provision prior period** | - | 3 226 | (20) | - |
| | **- other services** | - | - | 1 370 | 1 710 |
| | | 8 195 | 7 668 | 5 009 | 5 130 |
| **7.9** | **Taxation** | | | | |
| | Provision for tax is not necessary as the company has a computed tax loss of R 314 400 | - | - | - | - |
| **7.10** | **Contingencies and commitments** | | | | |
| **7.10.1** | **Capital commitments** | | | | |
| | No capital commitments were contracted or Approved at year end | - | - | - | - |
| **7.11** | **Related parties** | | | | |
| **7.11.1** | **Identity of related parties** | | | | |
| | The holdingcompany of Platinexco (Propriety) Limited is Thabex Exploration Limited, which holds 100% of the company's ordinary shares | | | | |
| | M Welthagen, a director of Platinexco (Propriety) Limited, holds directorship in: | | | | |
| | Thabex Exploration Limited | | | | |
| **7.11.2** | **Material related party transaction** | | | | |
| | Loan from related party - see note 7.7 | | | | |

| 8.1 | NOTES TO THE CASH FLOW STATEMENTS | Six months ended 31 August 2003 Reviewed R | Year ended 28 February 2003 Audited R | Year ended 28 February 2002 Reviewed R | Year ended 28 February 2001 Reviewed R |
|---|---|---|---|---|---|
| **8.1.1** | **Cash utilised in/by operations** | | | | |
| | Operating loss for the period | (8 275) | (314 400) | - | (5 966) |
| | Adjusted for cost of material options transferred to mining options | - | (9 350) | (10 324) | - |
| | Interest received | (236) | (442) | (159) | - |
| | Impaired loss | - | 314 400 | - | - |
| | | (8 511) | (9 792) | (10 483) | (5 966) |
| **8.1.2** | **Cash generated from /(utilised for) working capital** | | | | |
| | Increase /(decrease) in accounts receivable | - | - | 442 | - |
| | Increase /(decrease) in accounts payable | 7 980 | 500 | (3 340) | 5 130 |
| | | | 500 | (2 898) | 5 130 |
| | **Cash generated/(utilised) in operating activities** | (531) | (9 292) | (13 381) | (836) |

**9. Going concern**

The company incurred a net loss for the year ended 28 February 2003 of R314 400 (2002: Rnil) and for the period ended 31 August 2003 of R8 276 and as of 28 February 2003 its total liabilities exceeded its total assets by R203 556 and as of 31 August 2003 its total liabilities exceeded its assets by R211 831. As indicated in note 7 the holding company has subordinated its right to claim or accept repayment of its loan to the company in favour of other creditors until the assets of the company, fairly valued exceed its liabilities. The directors expect to receive the continued financial support from the holding company. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

**10. Contingent liabilities**

As at 28 February 2003 Platinexco (Pty) Ltd had no material contingent liabilities, capital commitments or lease payments.

**11. Subsequent events**

We are not aware of any significant events subsequent to 28 February 2003, which have or are likely to have a material effect on the financial information contained in this report.

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# SA Mineral Investments (Pty) Ltd

Registration Number 1981/004619/07
51 Austin Street, Northcliff, Johannesburg, 2195
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Tel +27 11 678-0791 Fax +27 11 476-3960

The Directors
Thabex Exploration Limited
PO Box 3899
Northcliff
2115

13 April 2004

Dear Sirs

**COMPETENT PERSONS' REPORT ON THE DISPOSAL OF PLATINEXCO BY THABEX**

**1. Introduction**

Marius Welthagen has prepared this Competent Persons' Report for Thabex, and Dexter Ferreira has reviewed the CPR. The report provides the relevant technical and financial information on Mokopane Platreef Project held by Platinexco and was prepared to assist the board of Thabex in defining its policy towards the risks, opportunities and strengths relating to the disposal of Platinexco.

**2. Professional qualifications of Competent Persons**

The report has been reviewed and signed off by the Competent Persons as defined by the SAMREC Code, Mr Ferreira, consultant, and Mr Welthagen, managing director of SMI, respectively. The CPR contains all materially important information available at the time of signature of the Agreement relating to the disposal of Platinexco.

Dexter Ferreira resides at Plot 111, Waterpan, Westonaria, Gauteng, South Africa, and has over 15 years of experience in mining, exploration and geostatistics. He has a BSc in geology, a BEng in mining, a MBA and is a Pr Sci Nat. His specialty is the estimation and evaluation of precious metal resources and reserves. He is a registered Competent Person with respect to mineral resources and reserves and is a member of SACNASP. He has spent over eight years with Placer Dome Inc of Canada within its Resource Estimation Group in Vancouver evaluating base and precious metals deposits all over the world.

Mr Welthagen was appointed in terms of a resolution by the board of the Company, dated 23 July 2003. As the Responsible Person for SMI he indirectly owns 10,35% of the issued share capital of Thabex. Mr Welthagen recused himself from the meeting of directors when this resolution was adopted.

Mr Welthagen resides at 51 Austin Street, Northcliff, Johannesburg, South Africa, 2195, has more than 25 years experience in mining and exploration, including the estimation assessment of mineral resources and mineral reserves of various commodities. He has more than 17 years experience in the specific estimation and valuation of precious metal resources and reserves. He is a registered Competent Person with respect to mineral resources and reserves. Mr Welthagen is a member of the Diamond Sub-Committee of SAMREC.

Mr Welthagen is a mining engineer and graduated as a Gold Fields of South Africa Limited bursar from the University of Pretoria in 1977 and obtained a Hons BSc (Mining) degree at the same university in 1978.

He commenced his mining career at Kloof Gold Mining Company Ltd during 1979 as a learner official. On completion of his two year National Service in the Engineers Corps he was employed at Greenside Colliery he also completed his BCom (Economics) at UNISA and MEng (Mining) at the University of Pretoria during this period. During 1983 Mr Welthagen was employed at the Minerals Bureau of South Africa and obtained MPhil (Mineral Economics) degree from the Rand Afrikaans University, and also completed his Hons BCom (Economics) at UNISA during the same year. He was employed as a gold and platinum mining analyst at stockbrokers Ed Hern Rudolph Inc for four years.

He was a founder member and former director of SA Chrome and Alloys Ltd (formerly named Southern Witwatersrand Exploration Company Ltd ("SouthWits")), which company was successfully listed on the JSE on 20 July 1988. He was also appointed a director of Thabex (formerly Southern Platreef Mining Company Limited ("SouthPlats")) during 1998. During the period 1989 to early 1992 he was responsible for the resource valuation of the Mokopane Platreef Project. During this period he was also responsible for the operations of Deep River Diamond Mine (Pty) Ltd an alluvial diamond mine in the Lichtenburg district of the North West Province. He resigned as director of SouthWits and SouthPlats during March 1992.

During June 1992, Mr Welthagen founded Saminco Ltd, a mining investment holding company. As managing director of Saminco, Mr Welthagen acted as founding member of SA Mineral Resources Corporation Ltd (formerly named MangaChem Ltd) and successfully listed this company on the JSE on 5 June 1993. Saminco became a major shareholder of Thabex during the take-over of the previously listed SouthPlats in February 1996. At present Saminco holds 18,30% of the issued share capital of Thabex.

Mr Welthagen is registered as a Professional Engineer with The International Society of Professional Engineers and is a member of the Engineering Council of South Africa (ECSA). He is also a member of the South African Institute of Mining and Metallurgy (SAIMM) and a fellow member of The Geological Society of South Africa (GSSA). He is also a member of the Free Market Foundation, the Investment Analysts Society of Southern Africa (IAS) and the Economic Society of Southern Africa (ESSA). He is also a Core member of the Prospectors and Developers Association of Canada (PDAC).

## 3. Definitions, terminology, units, abbreviations and references

A glossary of definitions, industry specific definitions, units of measurement and abbreviations is included as Appendix I to this report. References are made to both confidential reports and public domain reports. The Ni and Cu grades quoted in this report are the grades for acid soluble copper and nickel. Only public domain reports listed in Appendix I will be available for inspection as per Section 22 of the Circular. Thabex granted the Competent Person written permission to present Maps 1 to 4, images 1 to 4 and photographs in Annexure 11 in this CPR.

## 4. Overview of the Project

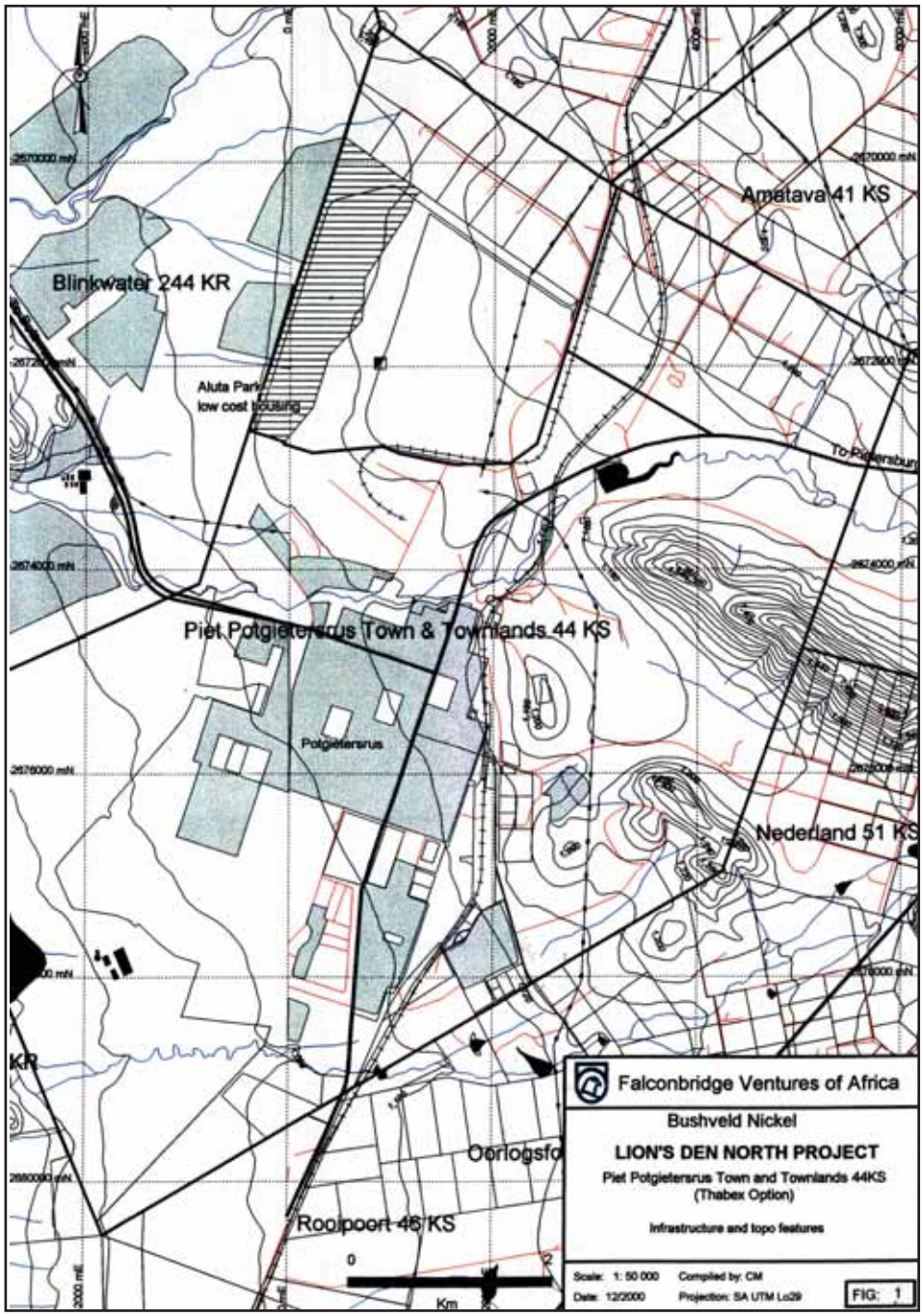
### 4.1 Location and geographic setting

The Mokopane Platreef Project is located in the northwestern portion on the farm Piet Potgietersrus Town and Townlands 44KS (See Map 2) and the geological setting is at the southern end of the Potgietersrus Limb of the Bushveld Complex near the town of Mokopane (Formerly Potgietersrus) (See Map 1 Annexure 10).

The topography of the Project area is generally of low relief. A prominent hill of quartzite occurs in the northwest corner of the property. Small positive undulations are scattered over the plain and are caused by the presence resistant Transvaal quartzites. Outcrop of Platreef throughout the area is sparse and the area is mostly covered by soil and sand. No rivers cross the area and surface water movement occurs largely along sandy drainage channels.

The Project area is characterised by dense thornveld with occasional Maroela and other indigenous thorn trees. Some areas have been overgrazed. The northern sector of the Project, particularly over the ultramafic portions of the Bushveld Complex, the area is covered by thick fertile soils where tobacco, vegetables and livestock feed are grown.

On western border of the Project area a low cost housing township, Aluta Park, has been established during 1995, whilst Thabex held a valid Prospecting Permit. The establishing of the township occurred prior to the change in management of Thabex during 1996 (See 3.1 of the Circular).




**Map 2: Locality plan of the Project.**

### 4.2 Mokopane Platreef Project

Three periods of prospecting, exploration and evaluation occurred during the past 15 years of investigating the Project. Due to the amount of information contained in the Platinexco database of the Project, only a summary of this time line of information is presented in this CPR.

**Period I, February 1988 to March 1996**

During this period Thabex conducted a comprehensive prospecting, exploration and bulk sample programme. Consultants Rocklabs cc, SRK and LTA-PE were contracted to produce a bankable feasibility study of the Project at a total cost of R4,5 million. The results of this Period -are presented in historic terms, as these are significant to the total database of information on the Project. The work programme conducted during this Period I was executed in a professional manner and conforms to the reporting requirements of the SAMREC Code as effective March 2000.

**Period II, April 1996 to April 2002**

After the takeover of Thabex during April 1996, Thabex re-tendered for the rights to the Project. Thabex consulted Lynx to do a preliminary audit of the results obtained during Period 1. On 29 March 1996, Lynx recommended that Thabex proceed to re-tender for the mineral rights of the Project. The Mogalakwena Municipality (formerly the Transitional Local Council of Greater Potgietersrus) informed Thabex on 15 November 1999, that the company's tender (11/1997) for the prospecting rights on the farm Pogietersrus Town and Townlands 44KS covering an area of 960 hectares, was successful.

A Prospecting Agreement was concluded between Thabex and the Local Council on 1 December 1999. In terms of the agreement Thabex has an option to acquire the mineral rights from the Local Council at a minimum price of R25 000 per hectare escalating with the consumer price index The option can be exercised at any time during the next five years. Option fees are R20 per hectare for the first year increasing to R30 per hectare in the fifth year. Thabex will also have to pay the Local Council an annual royalty of 5% on profit should mining operations commence. The surface rights are held by the Local Council and - have to be purchased at market related prices estimated at R2000 per hectare. The prospecting agreement also provides for of first right of refusal to Thabex to negotiate on the same terms with the Local Council over the remaining portions of the Potgietersrus Town and Townlands measuring approximately 3 000 hectares.

Thabex's application for a prospecting permit (PP19/2000) on the Project was approved by the DME on 25 April 2000. Included in this application was an EMPR, which was also approved by the DME.

Thabex embarked on an initiative to revalue the Project and to seek possible joint venture partners to assist in the funding of this process. On 3 October 2000 Thabex entered into an agreement with FVA to explore the Project.

The agreement provided for a joint venture to be established (51% FVA and 49% Platinexco) once FVA had spent R5,2 million further exploration of the Project area. The agreement with FVA provided for an exploration programme did not only provided for a review of the results of the previous work, completed by Thabex during 1992, but also included a new exploration programme on other portions of the Project area. In terms of the agreement FVA acted as manager and operator of the project and the exploration programme was conducted in a manner compliant with the SAMREC requirements.

Once the joint venture had been established (ie FVA has spent R5,2 million) it was envisaged that the joint venture will undertake further exploration of the area with the objective to produce a bankable feasibility study in respect of a mining project on the Project area. Should Platinexco not participate during this phase, pro rota to its interest in the joint venture, the Platinexco's interest would have decreased to 25% and FVA's interest would have increased to 75%.

On 31 August 2000 the Prospecting Agreement was ceded to Platinexco. On 15 December 2000, at the request of FVA, the Mogalakwena Municipality agreed to Platinexco's application for an additional prospecting area of 496 hectares in size.

Platinexco applied for a new prospecting permit over the Project area (See Appendix 10 of the Circular). The DME approved Platinexco's application and EMPR and on 22 June 2001, PP49/2001 was issued. The prospecting permit was renewed on 18 September 2002.

FVA spent R1,39 million of the R5,2 million in terms of the Joint Venture on exploration and drilling on the Project. FVA terminated its agreement with Thabex on 30 April 2002.

**Period III, May 2002 to October 2003**

Thabex continued with the re-valuation of the project and appointed LQS, a mining engineering consultancy, to conduct a review of all the work done during Periods 1 and 2. A total of R185 000 was spent during this period. An application for a further renewal was submitted to the DME on 25 August 2003. On 5 December 2003 the Prospecting Permit (PP49/2003) was renewed until 30 November 2004.

During these three periods the Project database has been developed to a stage where almost all the modifying factors have been investigated and evaluated.

SMI determined the value of the Project in this CPR (See 5.3 below) in current terms and inter alia utilising the review results from the LQS review report.

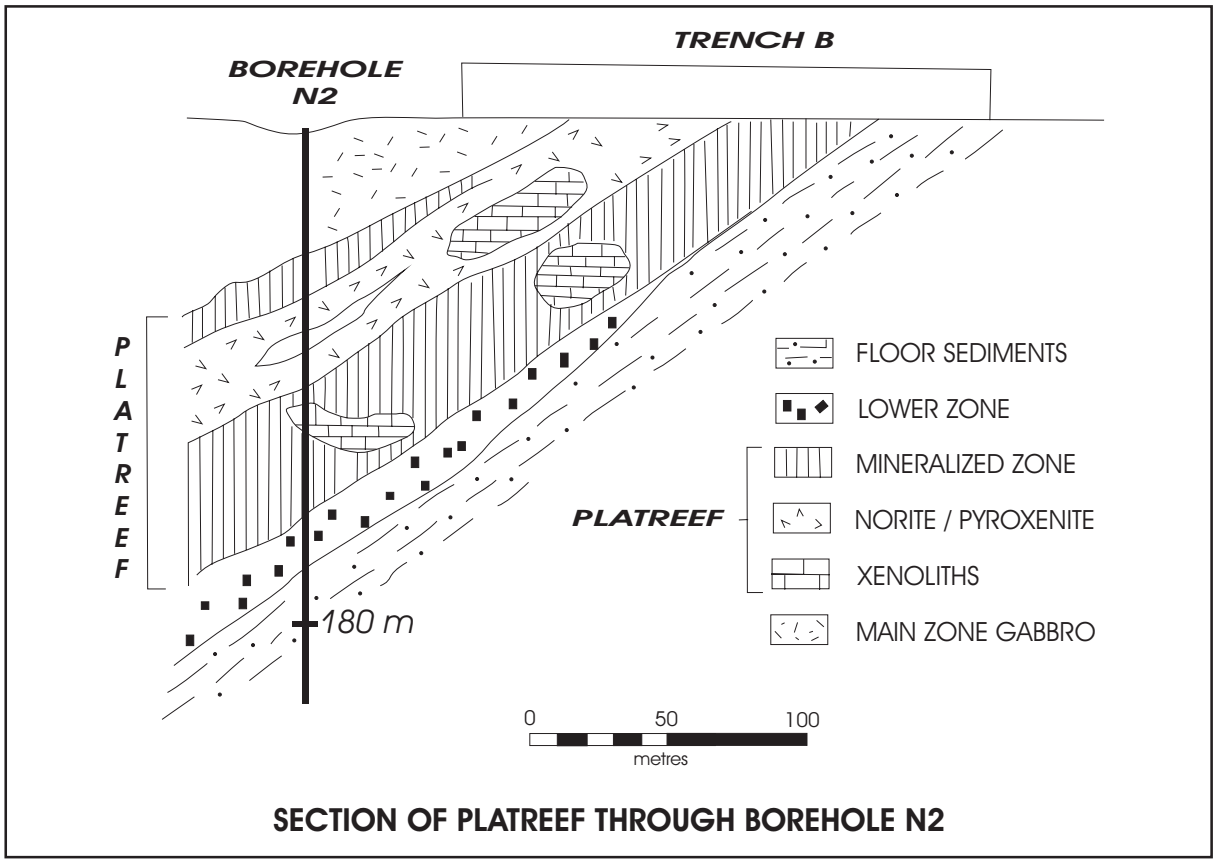
### 4.3 Overview of the geology of the Project

The Project lies along the basal contact of the Bushveld Complex (see Map1 -Appendix 11 and Map 3) with the underlying Transvaal Sequence. The Transvaal Sequence around Potgietersrus is mainly made up of sedimentary rocks and their metamorphosed equivalents including quartzite, dolomite, limestone, banded-iron-formation, hornfels and leptite.

In the Potgietersrus area the base of the main mafic portion of the Bushveld Complex (the Rustenberg Layered Suite) is formed by rocks of the lower zone which are commonly found as large, transgressive and typically faulted bodies composed of bronzitite, horzburgite and serpentinite with associated high grade chromitite layers. A tongue of lower zone ultramafic rocks occupies the north-east portion of the Project area (the Uitloop 2 ultramafic body).

North of Potgietersrus, the main part of the Rustenberg Layered Suite is divided into three distinct zones based on mineral and lithological composition. These zones, in common with all other areas of the Bushveld Complex, are known as the critical, main and upper zones. The critical zone consists of a sequence of mafic rocks that generally hosts a discordant basal unit in which economic deposits of PGM and sulfides are found. This zone is commonly known as the Platreef (indicated in red on Map 3). It is typified by the presence of irregularly distributed sedimentary xenoliths, which are in various stages of chemical dissolution and/or mechanical attrition, which hove been responsible for the significant contamination of the parent liquid. The predominant mafic lithologies present in the Platreef are pyroxenite, norite, gabbro, melanorite, with local patches of serpentinite and associated pegmatoids.

**Figure 1: Schematic Section of Platreef**

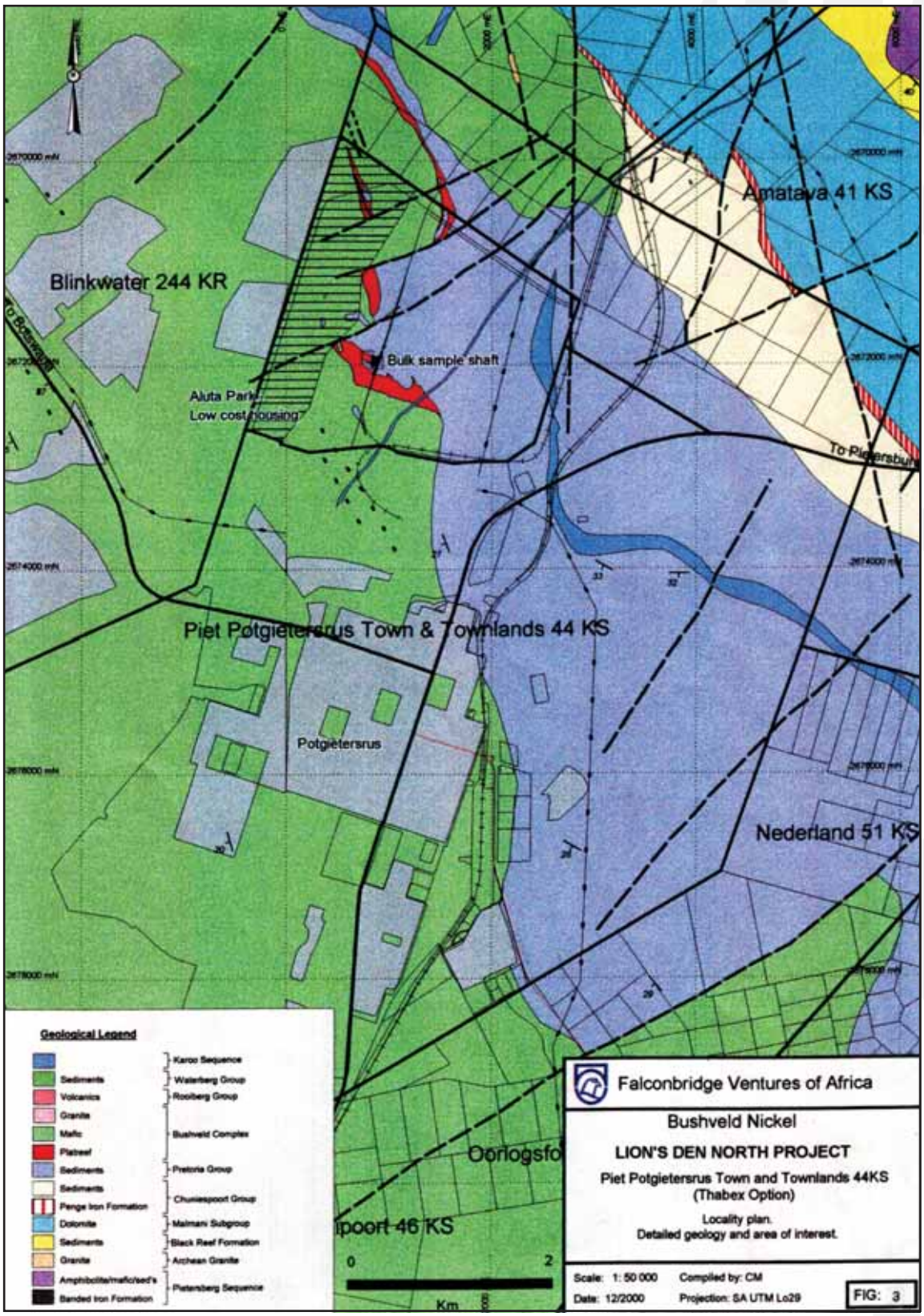



The Platreef (See Figure 1 above through the diamond drill borehole N2 in the center of the South West Anomaly) is situated on the basal contact of the Bushveld Complex and has been mapped throughout the Project area and its presence is indicated over large portions of the main Townlands to the south of Potgietersrus. Economic concentrations of copper, nickel and cobalt in sulfide ore commonly associated with gold, platinum and palladium and other minor concentrations of the balance of the PGM are found in the Platreef. Although sulphides and associated PGM are found in anomalous quantities along the entire strike length of the Platreef in the Potgietersrus compartment, potentially economic concentrations occur in broad zones. Such targets have been defined in the Project area and exploration was mainly concentrated on these anomalies.

The Platreef is overlain by uncontaminated Bushveld mafic cumulates of the about 2000 metre-thick main zone, which are largely gabbroic to noritic in composition with laterally persistent anorthosite layers. A distinctive pyroxenite marker defines the 110 metre-thick upper zone, which overlies the main zone. Above this pyroxenite, the norites and gabbros contain cumulus magnetite and apatite. Magnetite is found as conformable layers and plugs. A small magnetite plug that crops out on the western boundary of the prospect occurs within the main zone, but is genetically related to the upper zone lithologies.

The upper zone rocks of the Bushveld Complex in the Potgietersrus area are overlain by a string of quartzite, hornfels, dolomite and leptite xenoliths, apparently derived from the Transvaal Sequence. These are in turn overlain (intruded) by a thick metabasite and dolerite complex of possible Waterberg age. Various granites and granophyres of the slightly younger acid phase of the Bushveld Complex cap the sequence. This granitoid suite also intrudes the Rustenberg Layered Suite in the form of minor dykes and sills. Younger dolerite dykes of Waterberg or Karoo age have also intruded these layered rocks.

**Map 3: Surface geology of the Project**




## 4.4 Prospecting and exploration

Three periods of prospecting and evaluation occurred during the past 15 years of investigating the Project.

**Period I**

The bulk of the exploration during this period was contracted to independent geological consultants, Rocklabs cc, represented by Dr Martin Sharpe and Steve Gain. Rocklabs proposed a phased exploration programme:

**Phase 1**

***Stage 1*: Planning and data collections.**
This stage took three months to complete and involved all aspects of establishment, surveying and primary data collection.

***Stage 2:* Compilation and planning.**
This stage involved data capture, computer modelling and plotting of geochemical data, including the data from Stage 1.

***Stage 3:* Detailed follow-up and target definition.**
This stage covered trenching, diamond and percussion drilling, detailed PGE analyses and geophysical work.

***Stage 4:* This stage was flexible and involved infill diamond core drilling, detailed mineralogy and bench scale metallurgical test work.**
Infill diamond drilling, detailed mineralogy and bench scale metallurgical test work were conducted during this stage.

The Platreef outcrop in the Project area is limited and the initial phase of exploration was directed to the establishment of a surveyed grid. This was followed by a soil geochemical programme, which was combined with soil and outcrop mapping. Geochemical mapping emerged as a powerful means of defining the position of sulfide mineralisation associated with the Platreef. Elements that best indicate the Platreef ore copper and nickel with cobalt and zinc being a less efficient indicator. Manganese (as MnO) was useful in the control of spurious copper anomalies, whilst chromium was correlated with the critical zone (Platreef) lower zone lithologies.

In addition, a magnetic survey was conducted and was assisted in detecting several key rock units such as the upper contact of the Platreef with the main zone and also helped to confirm the position of the major faults, which had been suggested by geologic mapping and geochemistry. This phase of exploration confirmed the presence of five specific target areas, of which the South-West Anomaly was the main target, was selected as a potential exploration target as the basis of the programme.

Ten trenches, 1m wide (Figure 2) were dug by backhoe and sampled for Cu and Ni at 1m intervals over an average depth of 2m. A total of 15331m were drilled over the period of the exploration programme. This comprised 31 cored boreholes (5532m) and 96 percussion holes (9799m). The drilling grid was 50x50m with some 25x25m infill drilling. The bulk of this drilling was concentrated on the South West Anomaly (Map 4). Percussion drilling was utilized for infill drilling due to it being substantially cheaper than core drilling. A comparison study between diamond and percussion holes was done and indicated that, the results are directly comparable.

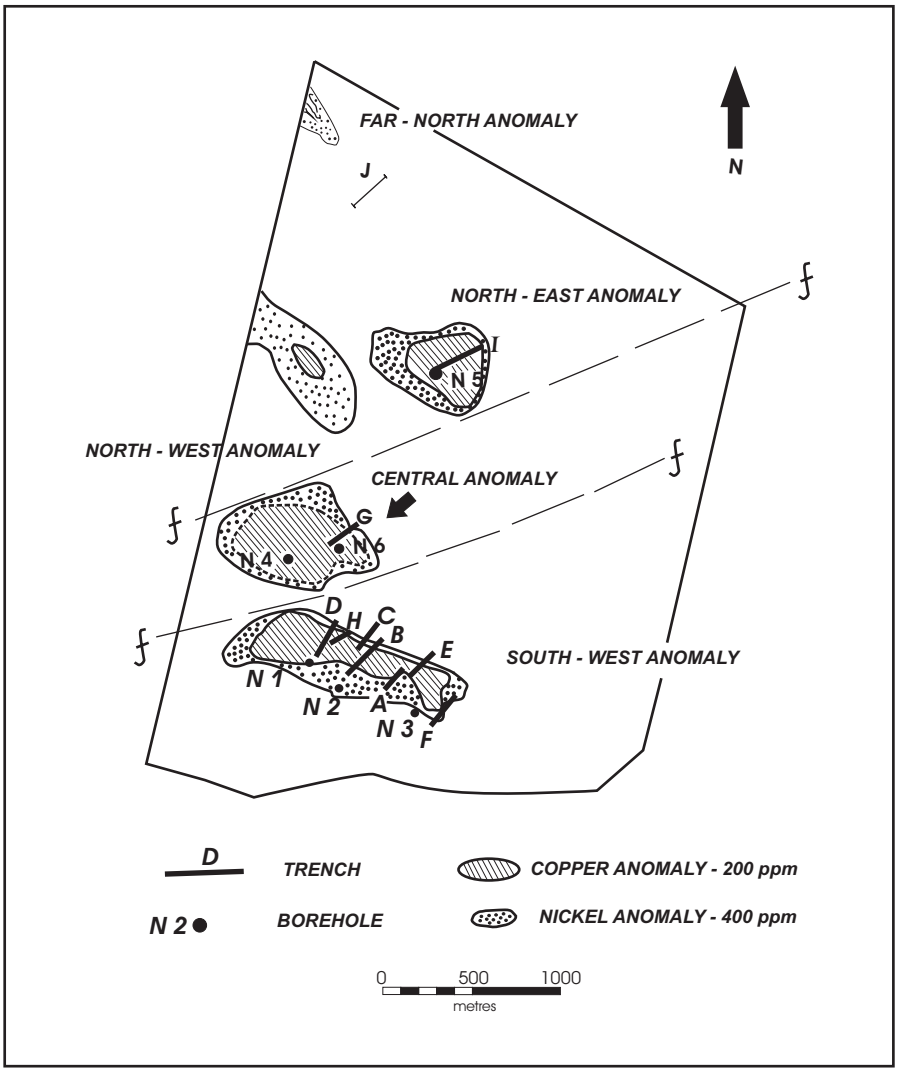
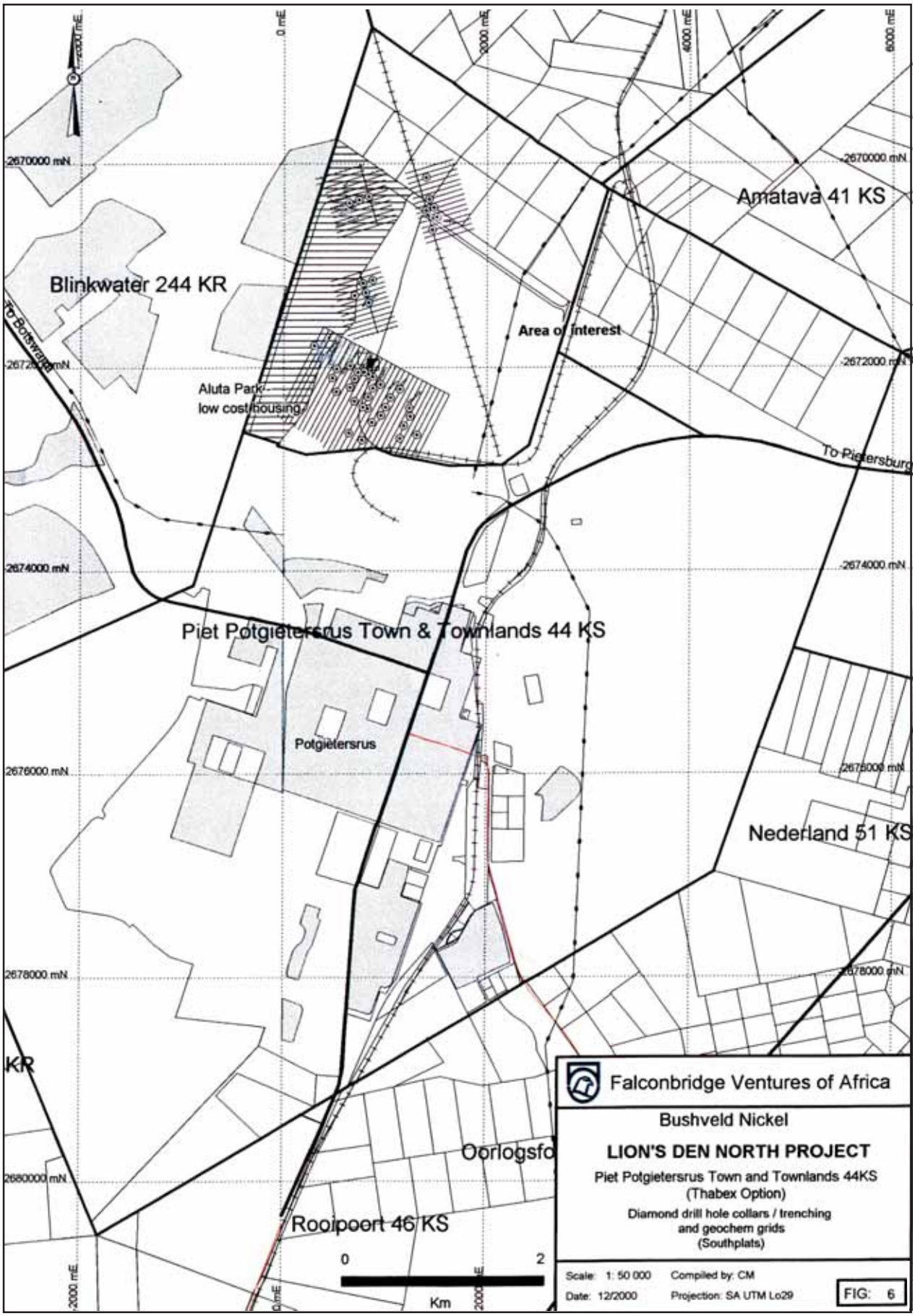



**Figure 2; Positions of Ni and Cu geochemical anomalies, trenches and the initial six diamond drill cored boreholes.**

Sampling of percussion chips and diamond drill core was done at 1m intervals throughout the Platreef. The samples were analysed by pyrosuphate fusion (XRF) for Cu, Ni, Fe, Pb, and Mn; with a detection limit of 0,05 During this step, samples were screened and samples that contained >1% Cu or total Ni (silicate and acid soluble Ni) were analysed for Pt, Pd and Au via lead collection file assay (ICP-OES); with a detection limit of 0.02g/t. The assay methods employed were appropriate and a thorough QA/QC protocol (inclusion of known standards, blanks and repeats) demonstrated a high level of confidence in the results.

**Map 4: Locality of diamond drill cored boreholes drilled during Period I**



The two methods used in the measurement of Mineral Resources were:

- calculations were done by using computer modeling (Pc-mine used by SRK) of a open cast mine with 5m benches a production rate of 60 000 tpm and
- by hand using geometric methods (Rocklabs).

The database comprised the analyses of one-metre sample intervals from both the diamond and percussion drilling programmes. Grades have been expressed in values of equivalent nickel. At the time, Rocklabs sent the samples for assay analysis from the drilling core to three independent laboratories namely, Rio Tinto, Bergstrom & Bakker and McLlachlan & Lazar. The Measured Mineral Resources have been calculated to a maximum depth of 250 metres in the case of the South West Anomaly and 100 metres for the Central and Far North Anomalies on the Project area. The oxidized material down to a depth of 20 metres was not included in the total as this depth is the oxide sulphide interface on the Project area. During Period I the technology did not exist to efficiently process the oxide zone and was classified as waste, which had to be stripped away to expose the sulfide ore.

The results from the drilling programme were considered as sufficient to provide a high level of confidence to proceed with mine evaluation. A number of computer models were used by SRK to complete the mining evaluation. These included Gemcom software Geomodel and Pc-mine.

Taking into account the grade distribution within the ore body and the envisaged open cast mining method, the model dimensions were 12m x 12m mining block sizes with 5m bench heights.

The Geomodel was used to construct a three-dimensional grid model of the deposit. Bench plans were produced at 5m intervals indicating section lines marked with each of the identified rock types. Rocklabs conducted the interpretation of the geological contact between section lines. The completed bench plans were imported into the PC-mine software programme to produce a three-dimensional block model of the deposit.

The raw grade data was composited at 5m intervals and used to estimate grade values for all mineralized blocks. Four rock types were identified and ordinary Kriging was used with separate variogram parameters for each the grade labels (Ni, Cu, Pt and Pd) determined during geostatistical analyses.

Mineral Resources were calculated for each of the four labels and the cut off grade categories ranged from 0,1% equivalent Ni to 0,5% equivalent Ni. The economic model used by SRK assigned an economic factor to every block in the model, which was the net value of revenue minus expenditure. Revenue was calculated by converting each grade label to an equivalent recovered Ni grade utilising the following formula:

Ni equivalent grade = (grade of label x price of label x recovery)/ price of Ni

Although Mineral Resources were calculated for the Central and Far North Anomalies, both Rocklabs SRK and Rocklabs considered only the Measured Mineral Resources from the South West Anomaly as 'mineable' at that stage. Results of these calculations are tabulated below at various grade thresholds for comparative purposes.

**Table 1: Measured Mineral Resources**

**LTA PE**

| In situ eq Ni % | | Average Grades | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| From | To | eq Ni% | Ni % | Cu % | Pt g/t | Pd g/t | Remaining PGM g/t | tonnes mt |
| 0.0 | 0.1 | 0.048 | 0.035 | 0.019 | 0.033 | 0.044 | 0.014 | 6.399 |
| 0.1 | 0.2 | 0.153 | 0.096 | 0.069 | 0.154 | 0.221 | 0.066 | 24.357 |
| 0.2 | 0.3 | 0.242 | 0.151 | 0.110 | 0.241 | 0.387 | 0.111 | 10.328 |
| 0.3 | 0.4 | 0.341 | 0.221 | 0.157 | 0.293 | 0.511 | 0.142 | 4.689 |
| 0.4 | 0.5 | 0.430 | 0.281 | 0.205 | 0.356 | 0.591 | 0.167 | 0.876 |
| 0.5 | 0.6 | 0.547 | 0.418 | 0.205 | 0.271 | 0.519 | 0.140 | 0.038 |
| | | **0.182** | **0.116** | **0.083** | **0.175** | **0.270** | **0.078** | **46.687** |

**Phase 2**

This phase was planned to consist of pre-trial mining operations and the sinking of a prospecting shaft to provide a 200t bulk sample for pilot plant metallurgical test work to verify the viability of the any future mining operations.

During this phase bench scale test work was conducted on borehole cores, which were considered representative of the South West Anomaly. The metallurgical results reported in this CPR are obtained from the director's report of Thabex for the period ended 28 February 1992 (See Appendix I) The samples submitted to Mintek showed PGE + Au contents ranging between 0,51 and 2,26 g/t. Acid soluble copper head values ranged between 0,08 and 0,24% and acid soluble nickel head values ranged between 0,13 and 0,74%. The average head values were 0,97 g/t (PGE + Au), 0,15% (Cu) and 0,24% (Ni). All samples were subjected to batch floatation. Recoveries were very acceptable especially in the light of the low head grade with: PGE + Au rougher recoveries ranging between 47% and 83% and recleaner concentrate grades of 8 to 45 g/t; Nickel rougher recoveries ranging between 43% and 88% and recleaner concentrate grades of 2% to 10% Nickel; Copper rougher recoveries ranging between 59% and 88% with recleaner concentrate grades of 2% and 7% Copper.

Based on the encouraging results obtained from Mintek's benchscale test work a 200 tonne bulk sample was extracted from a vertical shaft, which was sunk to a depth of 57 metres in the ore zone of the South West Anomaly, for the purpose of having further metallurgical test work done using Mintek's pilot plant. The aim of this work was to determine the effects of grind and flotation contact time on metal recoveries.

Four pilot plant runs were carried out with each run lasting nine shifts. Results were very similar to those obtained from the batch flotation test work, the main difference being an improvement of metal concentrate recoveries, by 15% on average, over those of the bench scale work.

During the pilot plant test work it was found that in general increased recoveries were accompanied by lower concentrate grade.

SRK was also contracted to do a a geohydrology study for Thabex. This study concluded that surface and groundwater supplies would be necessary to mine at a rate of 100 000tpm, but at a rate of 20 000 to 50 000tpm the groundwater sources would be sufficient.

**Phase 3**

This phase was to cover all aspects of final decision-making as to whether mining should proceed on the Project area.

LTA-PE concluded that, based on the Measured Mineral Resources and the grades of base metals and PGM contained therein, the venture was marginal at 1992 metal prices. The project, they state, is especially sensitive to nickel price, but should be viable once this price exceeds R30 000/t (the price was approximately R21 000/t at the time of the completion of the LTA PE bankable feasibility report). Based on SRK's recommendation the scale of operation proposed by LTA PE is 60 000 tpm and they had designed a modular plant capable of handling this tonnage. A 10 year LOM was envisaged.

**Period II**

FVA compiled a new database, which incorporated the exploration work as recorded during Period I. See Map 4 for the positions of the diamond cored boreholes drilled during the first Period and also indicate the positions of the three diamond drill boreholes drilled by FVA.

Exploration activities commenced during February 2001, consisting of gridding for a TDME survey**,** a ground magnetic survey and soil geochemical survey (over the additional 496 ha 66,45 km line of gridding had been completed by April 2001 and TDME fixed loop survey across the western portion of the Project area was completed during the some month. Three loops Have been completed, two tested the Uitloop 2 ultramafic body (See Map 1 Annexure 11) and one tested the Platreef in the Southwest anomaly previously defined by Thabex during Period I. Diamond core drilling and trenching followed the interpretation of the TDEM and ground magnetic survey results.

The two diamond drill boreholes drilled by FVA on the Uitloop 2 ultramafic body, in the northern area of Project did not intersect any mineralisation. A third diamond drill borehole was drilled on the Platreef mineralisation near the prospecting shaft in the south of the Project area. All three FVA boreholes were drillied at a 50° degree incline. This intersection indicated a mineralised zone of 37 meters thick similar to the Platreef zone, which was discovered by Thabex during 1991 (See Map 3). The assay results of borehole TL01 3 were published in Thabex's annual report for the period ended 28 February 2002 and are available for inspection (See Section 22 of the Circular). Although it is considered inappropriate to publish the single result in this CPR without listing the results of all the boreholes (130 in total), it is significant to note that this was the first Platreef diamond drill hole result ever published in the public domain in South Africa.

**Period III**

During this period Platinexco investigated the possibility of establishing a small open cast mining operation on the oxidised zone of the Platreef. Rocklabs estimated approximatly 20mt of oxidised mineral resources, which were not included in to bankable feasibility conducted during Period I. This investigation included the remodelling of Resource Model by LQS of the South West Anomaly as defined during Period 1.

Platinexco was unable to obtain a digital version of the geological model from SRK. This necessitated LQS to digitise the geological sections obtained from the LTA PE feasibility. After this process the entire model could then be visualised with the digital drill hole file (See Image 1 Borehole Plan a three dimensional view of Map 3).

The Mineral Resources of the South West Anomaly was revisited by LQS utilising newer modelling techniques. The database consists of borehole assays for Ni, Cu, soluble Ni (Ni in sulfides) and Pt, Pd and Au in g/t, A total of 121 drill holes was drilled on the South West Anomoly (See Image 1). The borehole data was exported to software program Datamine™. The assay values for PtPd were added and the values for PGM were the addition of the PT, Pd and Au values. Where Au was not reported the AU assay values were left as a missing sample.

A complete set of naïve statistics was performed on the borehole database The statistics looked into the characteristics of metal grade values of uncut samples (raw), as well as composites coded per reef type. All populations displayed typical skewed log normal distributions with one peak with the exception of PGM, which displayed two peaks. This were expected since PGM is comprised of three metals each with its own population (Pt, Pd and Au). More specifically, the Pt and Pd populations were very similar whereas Au has a different one.

The sample data was composited to regular 1, 2, and 5m composites beginning at the collar of each borehole. The values demonstrated very low coefficients of variation (standard.deviation / mean), which indicated a very low level of variability. A number of bivariate statistics were investigated in order to assess the relationship of one metal relative to another. Bivariate statistics indicated that Ni has a much better correlation to Pt than Cu. The highest correlation is seen between Ni and Cu; a near perfect coefficient of 0.91. Note that Ni is a much better indicator of PGM (Pt, Pd, Au) than soluble Ni; correlation coefficients of 0.81 versus 0.78 respectively. This is so because Ni correlates well with Pd (0.71), followed by Au (0.58) and lastly by Pt (0.53). Pt correlated better with Pd (0.73) compared to Au (0.55).

The Euclidean spacing between samples was examined by rock type. Calculations revealed the largest minimum distances for rock type 5 while the largest maximum distances rests with rock type 4. Overall, the distances typically range from 36.1 m to 147.9 m. The figures quoted are the medians of the respective rock types.

The geological model identified four mineralised rock types and eleven other lithological different rock types for modelling purposes. The four mineralised rock types were further parsed by grade-cutting thresholds determined for each rock type by utilising kinks, plateaus and/ or changes in cumulative log probability plots suggesting changes in populations of grades in a rock type. Sample spacing calculations were performed in order to assess what block dimensions would be appropriate in block modeling. With typical median values of about 50m, a

block size of 10m x 10m (XY) (See Image 3 Ni block model) was deemed appropriate since this would imply that between any two boreholes, there would be no more than three unsupported blocks in between. That is assuming that the two boreholes are piercing the end blocks. Therefore, in the ideal case, there would be three unsupported blocks in between two supported blocks.

The geological sections were digitized, every section had each individual lithological unit color-coded and every string was closed yielding individual units. Each section was then rotated into its proper location in three-dimensional space and all sections finally merged into one drawing file in proper coordinates. This file was then imported into Datamine/Guide and wireframed. Wireframing was performed by linking individual strings of identical color. Checks were performed on each final wireframe in order to ensure closure integrity. Once finalized, three final models were exported, a mineralized lithological model, a waste lithological model and a complete geological model (See Image 2).

Numerous cross validation tests were performed on the final blockmodel; one of them being naïve cross-validation. This technique consists of removing one sample and using the Kriging parameters to estimate it, and them comparing it to the original sample. This was done systematically for all samples with a final correlation, comparing estimates to actual values, being reported. It allowed for the testing of the Kriging parameters utilized in the estimation process. Using this process, the base case Kriging run revealed correlation coefficients ranging from 0.61 (Pt) to a high of 0.79 (Ni). These values are relatively high and therefore an indicator that the estimation models are robust. The amount of conditional bias was also studied by determining the difference between the actual grade and the estimated grade; a test done via naïve cross-validation. The unit that displays the highest amount of bias is Ni with a slightly positive mean, or biased high, meaning that this unit is slightly over-estimated on average of about 0.0107%, followed by soluble Ni at 0.008%. All precious metals demonstrate no bias in their final estimate.

A number of drill holes occurring outside the limits of the geological model demonstrate that mineralisation continues down dip in the southwestern portion of the deposit, whilst the eastern extremity demonstrates no continuity down dip. A more comprehensive geological model would include this information.

Resultant statistics show that the final geological model is very robust particularly for Ni, Cu and Pd. Pt displays results of robustness similar to that of typical Au deposits. Final mean grades clearly show that there is very little over-estimation of Ni and Cu estimates whereas other metals show no particular bias. Final figures show that that largest mineralized unit Rock type 3 with over 21mt at 0.18%Ni at a 0.1% Ni cut off. Just over one million of those tonnes are within the oxidized zone itself. Bivariate statistics easily demonstrate that there is a better correlation between Ni and Pd than the former with Pt (correlation coefficient 0.53 and 0.71 respectively).

In summary, within the limitations of validation, the final block model estimate with has a high level of certainty for the South West Anomaly and is a very good representation of the actual oxidized and in situ Mineral Resources.

The classification of the sulfide (in situ) Mineral Resources of the Project as Measured Mineral Resources is listed in Table 2.1, individually for Ni and Cu grades and Table 2.2 with Pt and Pd grades. Finally, Table 2.3 lists the corresponding base and precious metal grades at various Ni% grade thresholds.

**Table 2.1: Measured Mineral Resources - Sulfide (in situ)**

**LQS**

| Ni | | | Cu | | |
|---|---|---|---|---|---|
| Cut off % | Ni % | mt | Cut off % | Pd g/t | mt |
| 0.00 | 0.143 | 38.724 | 0.00 | 0.082 | 38.724 |
| 0.02 | 0.145 | 38.093 | 0.02 | 0.089 | 35.431 |
| 0.04 | 0.150 | 36.562 | 0.04 | 0.099 | 29.936 |
| 0.06 | 0.154 | 35.211 | 0.06 | 0.114 | 22.849 |
| 0.08 | 0.165 | 30.917 | 0.08 | 0.130 | 16.843 |
| 0.10 | 0.180 | 25.800 | 0.10 | 0.146 | 11.933 |
| 0.12 | 0.196 | 20.847 | 0.12 | 0.164 | 8.245 |
| 0.14 | 0.213 | 16.553 | 0.14 | 0.180 | 5.518 |
| 0.16 | 0.231 | 12.960 | 0.16 | 0.202 | 3.274 |
| 0.18 | 0.246 | 10.447 | 0.18 | 0.238 | 1.555 |
| 0.20 | 0.262 | 8.130 | 0.20 | 0.261 | 1.058 |

**Table 2.2: Measured Mineral Resources - Sulfide (in situ)**

**LQS**

| Pt | | | Pd | | |
|---|---|---|---|---|---|
| Cut off g/t | Pt g/t | mt | Cut off g/t | Pt g/t | mt |
| 0.00 | 0.223 | 35.617 | 0.00 | 0.324 | 36.163 |
| 0.01 | 0.233 | 32.664 | 0.01 | 0.338 | 35.418 |
| 0.02 | 0.298 | 18.036 | 0.02 | 0.382 | 27.073 |
| 0.03 | 0.381 | 6.955 | 0.03 | 0.456 | 17.883 |
| 0.04 | 0.454 | 2.283 | 0.04 | 0.526 | 11.027 |
| 0.50 | 0.611 | 0.246 | 0.50 | 0.612 | 4.934 |
| 0.60 | 0.667 | 0.132 | 0.60 | 0.705 | 2.184 |
| 0.70 | 0.770 | 0.029 | 0.70 | 0.789 | 0.956 |
| 0.80 | 0.970 | 0.006 | 0.80 | 0.964 | 0.233 |
| 0.90 | 0.970 | 0.006 | 0.90 | 1.019 | 0.157 |
| 1.00 | - | - | 1.00 | 1.065 | 0.088 |

**Table 2.3: Average Grades at various Ni% cutoffs**

**LQS**

| Ni | Ni | Cu | Pt | Pd | |
|---|---|---|---|---|---|
| Cut off % | % | % | g/t | g/t | mt |
| 0,00 | 0,143 | 0,079 | 0,220 | 0,327 | 32,497 |
| 0,02 | 0,142 | 0,081 | 0,222 | 0,330 | 31,871 |
| 0,04 | 0,148 | 0,084 | 0,226 | 0,334 | 30,362 |
| 0,06 | 0,150 | 0,086 | 0,226 | 0,335 | 29,645 |
| 0,08 | 0,161 | 0,092 | 0,233 | 0,349 | 26,059 |
| 0,10 | 0,175 | 0,102 | 0,233 | 0,363 | 21,710 |
| 0,12 | 0,191 | 0,113 | 0,242 | 0,384 | 17,475 |
| 0,14 | 0,210 | 0,125 | 0,253 | 0,413 | 13,419 |
| 0,16 | 0,227 | 0,137 | 0,255 | 0,427 | 10,450 |
| 0,18 | 0,240 | 0,146 | 0,259 | 0,438 | 8,516 |
| 0,20 | 0,256 | 0,155 | 0,265 | 0,453 | 6,433 |

Note that the tonnages summarized in Table 2.3 represent estimated blocks containing all four metal estimates; they cannot possibly reconcile with the individual metal models tabulated in Tables 2.1 and 2.2. The Measured Mineral Resources for the oxide layer is presented in Table 2.4 (overleaf).

| Table 2.4: Measured Mineral Resources - Oxide | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **LQS** | | | | | | | | | | | |
| **Ni** | | | **Cu** | | | **Pt** | | | **Pd** | | |
| **Cut off %** | **N i %** | **mt** | **Cut off %** | **Pd g/t** | **mt** | **Cut off g/t** | **Pt g/t** | **mt** | **Cut off g/t** | **Pt g/t** | **mt** |
| 0.00 | 0.124 | 1.508 | 0.00 | 0.074 | 1.297 | 0.00 | 0.190 | 1.245 | 0.00 | 0.220 | 1.245 |
| 0.02 | 0.124 | 1.500 | 0.02 | 0.081 | 1.170 | 0.01 | 0.190 | 1.236 | 0.01 | 0.220 | 1.225 |
| 0.04 | 0.125 | 1.488 | 0.04 | 0.092 | 0.960 | 0.02 | 0.250 | 0.555 | 0.02 | 0.310 | 0.481 |
| 0.06 | 0.127 | 1.447 | 0.06 | 0.109 | 0.684 | 0.03 | 0.330 | 0.090 | 0.03 | 0.350 | 0.317 |
| 0.08 | 0.134 | 1.328 | 0.08 | 0.128 | 0.470 | 0.04 | 0.530 | 0.005 | 0.04 | 0.450 | 0.055 |
| 0.10 | 0.144 | 1.112 | 0.10 | 0.144 | 0.332 | 0.50 | 0.580 | 0.003 | 0.50 | 0.510 | 0.001 |
| 0.12 | 0.152 | 0.890 | 0.12 | 0.148 | 0.290 | 0.60 | 0.650 | 0.001 | 0.60 | - | - |
| 0.14 | 0.198 | 0.555 | 0.14 | 0.151 | 0.257 | 0.70 | - | - | 0.70 | - | - |
| 0.16 | 0.207 | 0.462 | 0.16 | 0.170 | 0.023 | 0.80 | - | - | 0.80 | - | - |
| 0.18 | 0.215 | 0.386 | 0.18 | 0.190 | 0.004 | 0.90 | - | - | 0.90 | - | - |
| 0.20 | 0.227 | 0.254 | 0.20 | 0.206 | 0.001 | 1.00 | - | - | 1.00 | - | - |

The Measured Mineral Resources for the oxide layer is presented in Table 3.4. The oxide layer was reviewed by LQS as a separate entity from the rest of the deposit. The trench dataset did not inlcude Pt, Pd or Au assay values. Since the Resource model comes right up to surface, LQS decided not to include the trench data and to use the oxide grade values from the blockmodel compiled from boreholes.

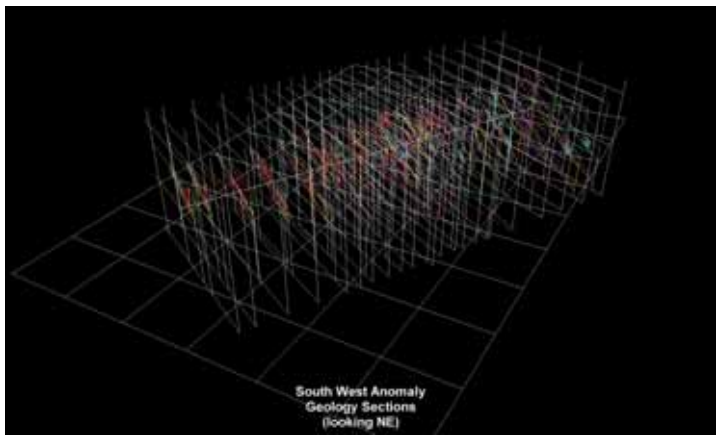



**Image 1**: This image shows the boreholes in 3D along with the plan grid. The coloring depicts Ni at increments of 200ppm with blue being the lowest (0 - 200ppm) up to red/magenta being the highest (=1000ppm).

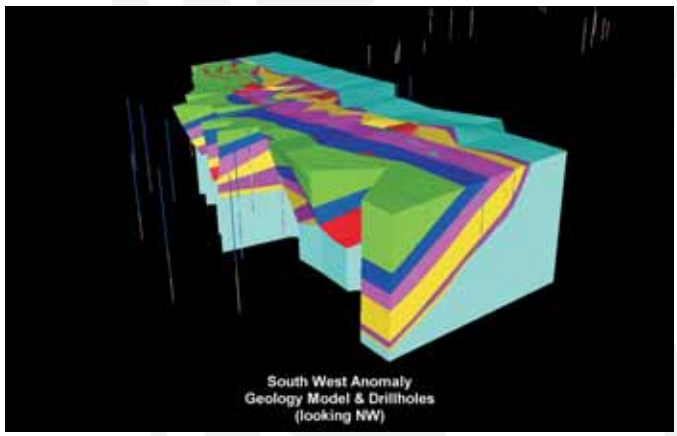



**Image 2**: This image shows all the lithological zones that were modeled for the South West Anomaly. The boreholes are shown as well. The green-colored lithology represents the main zone gabbros, dark blue the mottled anorthosite, magenta the gabbro/melagabbro, yellow the norite pyroxenite, and cyan then quartzite. The red-colored lithology represents the mineralized zones; although dolerite (waste) dykes cutting through the deposit appear as red units as well.

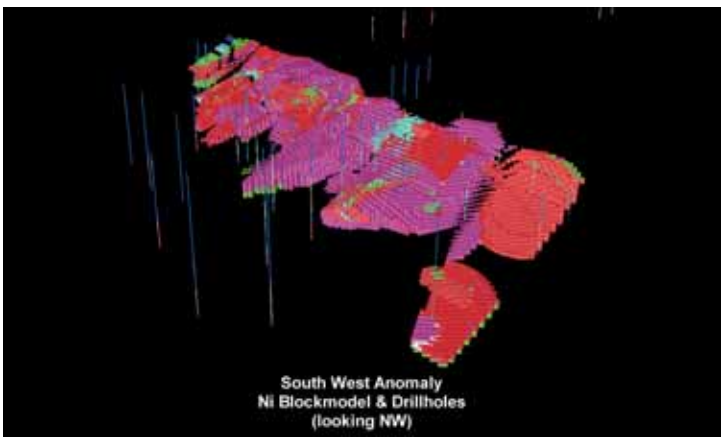



**Image 3**: The Ni block model is shown here (the boreholes are color-coded according to grade; Ni at increments of 200ppm with blue being the lowest (0 - 200ppm) up to red/magenta being the highest ($\geq$1000ppm) and boreholes.

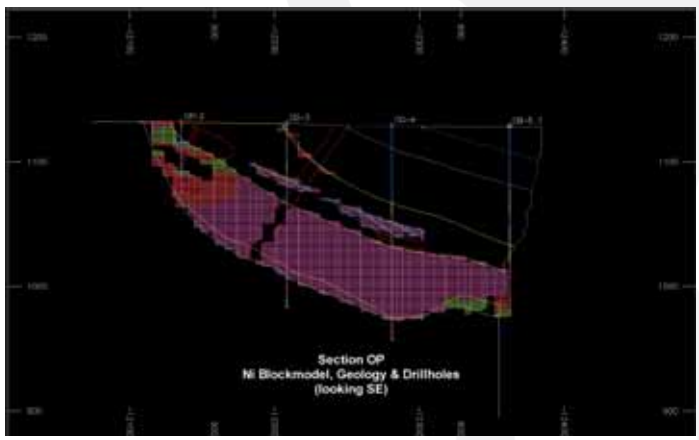


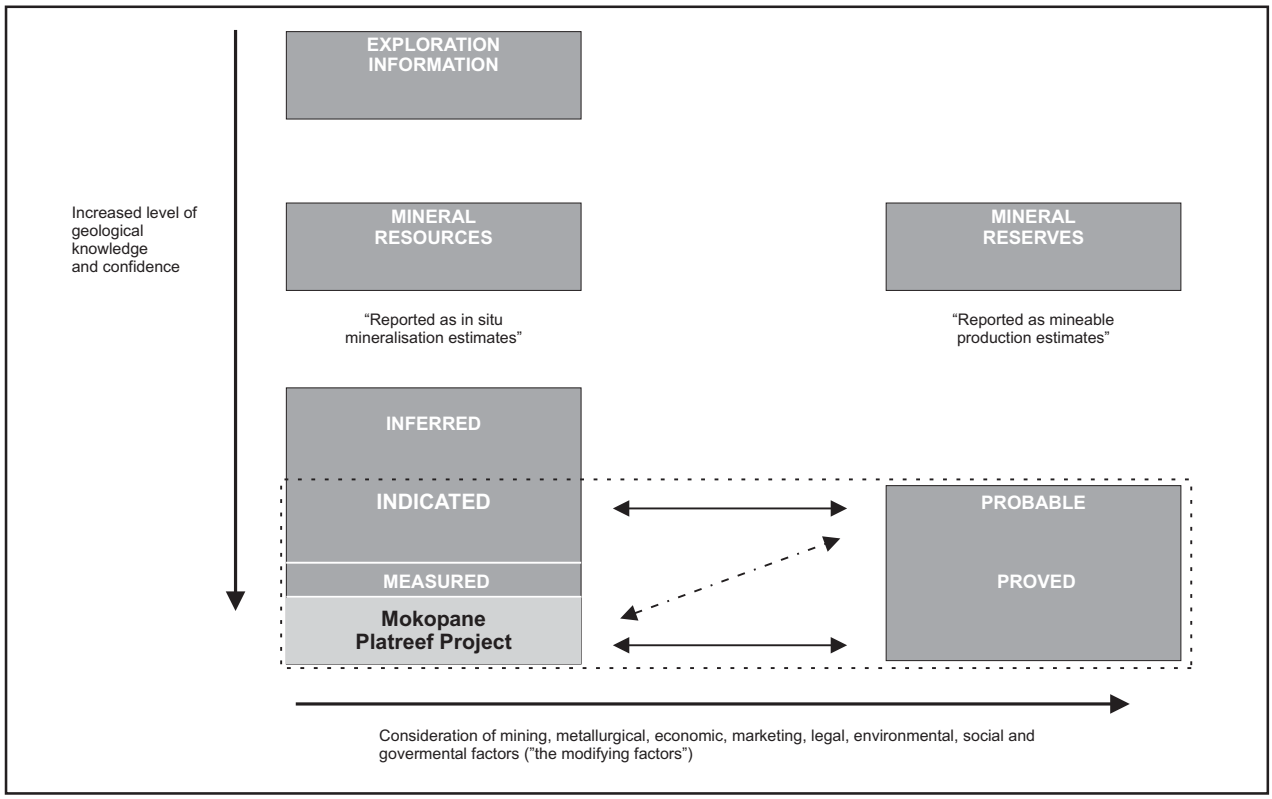

**Image 4**: This image shows a section through the Ni block model. Only the mineralised units were estimated and the rest left as barren. Barren dykes cut through the mineralised units. The blocks fit in the wire frames via their centroids; thus, the lithologies were made up of 10m x 10m x 1m blocks. Color-coding is identical to Image 3.

### 4.5 Mineral resources

#### 4.5.1 Estimation methodology

The methodology used to estimate the Mineral Resources of the Platinexco Project is based on the Framework for classifying tonnage and grade estimates reflecting different degrees of geoscientific confidence and technical and economic evaluation (See figure 3).

**Figure 3: Framework for classifying tonnage and grade estimates reflecting different degrees of geoscientific confidence and technical and economic evaluation as defined by the SAMREC Code:**




The above framework for classifying tonnage and grade estimates reflects different levels of geoscientific confidence and different degrees of technical and economic evaluation. Mineral Resources can be estimated on the basis of geoscientific information, which required the input from various relevant disciplines. Mineral Reserves, which are a modified sub-set of the Indicated and Measured Mineral Resources (shown within the dashed outline in the above figure, require consideration of factors affecting extraction, including mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors ('modifying factors'), and should in most instances be estimated with input from a range of disciplines such as LTA PE, Mintek, SRK and LQS.

## 5. Valuation of Platinexco

The major risk factors in determining the economic value of Thabex's 100% of Platinexco considered were;

### 5.1 Risks

#### 5.1.1 Mining title

One of the major risks for Platinexco will be the proposed change in the new Mineral Rights dispensation, where the South African government has published several draft Mineral Bills with the stated intention to have all mineral rights, which it does not own already, reverting back to the State. It is expected that New Minerals Act will be promulgated during 2004. The increased uncertainty about future ownership and the assurances needed for orderly development of the Project has made it almost impossible to develop a long-term mining plan. The Prospecting Agreement with the Mogalakwena Municipality expires on 30 November 2004 and should the prospecting permit not be converted to a new order prospecting permit by that date, Platinexco's rights will lapse. However, in terms of the New Minerals Act the Mogalakwena Municipality will not be the owner of the mineral rights as these will vest with the State. Having spent R6.08 million on prospecting, exploration and evaluation on the Project. Platinexco's Prospecting Permit was renewed on 5 December 2003.

As at the date of the CPR there were no legal proceedings pending or threatened with regards to the Project.

### 5.1.2 Mineral Resources

| Table 3.1: Measured Mineral Resources | Period 1 | | Period II | Period III | | CPR | |
|---|---|---|---|---|---|---|---|
| | LTA PE | Rocklabs | FVA | LQS Oxide | LQS Sulfide | SMI Oxide | SMI Sulfide |
| 0.3% equivalent Ni cut off | 5,60mt at 0,36% eg Ni | - | - | - | - | - | - |
| 0.4% equivalent Ni cut off | - | 7,3mt at 0,43% eq Ni | - | - | - | - | - |

**Period I**
The Measured Mineral Resource of 5,60mt at 0,36% Ni equivalent at 0,4% equivalent Ni cut-off and 7,3mt at 0,43% Ni equivalent at 0,40% equivalent Ni cut-off of was determined by SRK during the 1992 LTA PE feasibility study. An open pit was designed utilizing the latter estimate, resulting in a LOM of 7,8 years (See Table 3.1).

**Period II**
No mineral resource figures were determined during this period, as the FVA target, the Uittoop 2 ulramafic body in the north east of the Project area did not yield any mineralisation.

| Table 3.2: Measured Mineral Resources | Period 1 | | Period II | Period III | | CPR | |
|---|---|---|---|---|---|---|---|
| | LTA PE | Rocklabs | FVA | LQS Oxide | LQS Sulfide | SMI Oxide | SMI Sulfide |
| 0.18% Ni cutoff | - | - | - | 0,39mt at 0,215% Ni 0,19% Cu | - | 0,39mt at 0,215% Ni 0,19% Cu | - |
| 0.16% Ni cutoff | - | - | - | - | 10,45mt at 0,227% Ni 0,137% Cu 0,255g/t Pt 0,438g/t Pd | - | 10,45mt at 0,227% Ni 0,137% Cu 0,255g/t Pt 0,438g/t Pd |

**Period III**
LQS's report concluded that no optimum open pit, including the Measured Resources of the oxide zone, could be determined using the Whittle mining industry estimation software and including the long-term price, engineering cost and recovery parameters. Utilising the input parameters for the short-term metal prices, the engineering costs and parameters for the latest technology to recover the oxidised zone, LQS determined that 394 000t were available as measured resources for mining (See Table 3.2 above).

The valuation of these results to increased the level of certainty about the Measure Mineral Resource to a high level of certainty and straddled all three phases, described in 4.3. A reasonable confident estimation about the economic mineability of the deposit can be made.

### 5.1.3 Financial

**Period I**
The total financial requirement, including trial mining capital expenditure for the effective completion of prospecting, exploration and development of the Platinexco Project was estimated at R72.25 million.

**Period II**
No estimation of Capex was made during this period as FAV has terminated the agreement with Thabex prior to proceeding with a bankable feasibility study.

**Period III**
The total estimated Capex required to bring the Project into production is R164 million. This amount is generally considered to “small” to attract institutional investors, as they require the market capitalisation of a project to be more than R500 million before considering investment. Furthermore, other institutions, such as the IDC, in general do not consider Mineral Resources as an equity contribution for loan financing leaving the vendor with no option but to consider, either the disposal of the project or a financial arrangement to onerous to participate in.

### 5.1.4 Environmental aspects

**Period I**
Thabex was granted a Certificate of Compliance in terms of the Minerals Act and its approved EPMR.

**Period II**
Platinexco's EMPR was also approved by the DME and the company complied with its obligations in terms of this EMPR.

FAV conducted a baseline environmental impact study prior to commencing its prospecting activities during this Period. No major environmental issues were reported. Except for the potential of squatting and the establishing of further residential areas. A copy of this report was forwarded to the DME and the Mogalakwena Municipality.

FVA recommended that access to should be controlled. That the Municipality should be reminded of the littering on the Project area. The Municipality undertook in a letter dated, 5 April 2000, to prevent squatting on the Project area and that no new residential areas will be established without prior consultation with Platinexco.

FVA also recommended that the prospecting shaft, which was covered with a welded iron plate, be plugged with a cement slab and that the oxidised zone sample pit is filled in by grading sidewalls to an even gradient. The latter two recommendations were implemented during the Period II.

**Period III**
No environmental issues were reported during this period. However, in order for Platinexco to proceed to apply for a Mining License, a full environmental impact study will have to be commissioned. The presence of Aluta Park on the western border of the Project area will have to be carefully investigated. All interested and effected parties will have to be consulted as possible future mining will have a influence on the mine design.

Market conditions during the evaluation of the project continued to be strained by external risk factors other than the four major risk factors mentioned above, resulting in Thabex not being able to access sufficient financial resources to conduct a new bankable feasibility for the Project. The external risk factors to Thabex are mainly related to access to funding of exploration projects in South Africa and the "mindset" prevailing in both institutional and private inventors that exploration is too "risky" that it should not be supported in the South African context. This "mindset" is contrary to that of institutional and private investors in Canada, Australia and in the London mining markets. South African exchange control regulations are also an inhibiting factor to raise funding for local exploration projects.

### 5.2 Strengths and opportunities

**Period I**
Utilising the expertise of mining consultants and consisting of a small team of mining and geological specialists Platinexco and Thabex were ideally placed to develop the Platinexco property to a stage (after Phase 3, in 4.4 above) to attract a major mining concern as joint venture partner.

**Period II**
Eight years after the initial LTA PE bankable feasibility study, Platinexco engaged FVA in a Joint Venture, which was fortuitous in that FVA was a wholly owned subsidiary, of the worlds second largest nickel producer, Falconbridge Limited, listed on the Toronto Stock Exchange. FVA conducted the exploration programme in a professional manner in accordance with the SAMREC requirements and added R1,39 million of the R5,2 million, in terms on the FVA Joint Venture agreement, in prospecting expenditure to the Platinexco database, including a diamond cored borehole on the Platreef, confirming the previous period's drilling results.

**Period III**
Platinexco continued with the revaluation of the Project with the main aim of turning it to account. The database of the Project has improved considerably with the FVA information and considering the modifying factors at the time, including the strengthening of precious metal and base mineral prices. Platinexco was again ideally placed to proceed with a bankable feasibility. LQS was appointed to conduct a review of the Period I bankable feasibility and to advise Thabex and Platinexco on the possibility to proceed with a new bankable feasibility.

However, the strengthening of the Rand against the US$ became a dominant factor in considering to proceed with a new bankable feasibility in an environment of scepticism from South African institutional investors towards mining projects presented by local listed junior mining companies such as Thabex.

### 5.3 Economic valuation

Table 4 lists the price assumptions used by the various independent consultants and the CPR to value the Project during Periods I to III.

**Table 4: Price Assumptions**

| | Period 1 | | Period II | Period III | | CPR | |
|---|---|---|---|---|---|---|---|
| | LTA PE | Rocklabs | FVA | LQS | | SMI | |
| | | | | Oxide | Sulfide | Oxide | Sulfide |
| Pt US$/oz | 500 | 500 | - | 600 | 500 | 600 | 650 |
| Pt US$/oz | 130 | 130 | - | 220 | 180 | 220 | 200 |
| Rh US$/oz | 3 000 | 3 000 | - | 500 | 500 | 500 | 500 |
| Ru US$/oz | 70 | 70 | - | - | - | - | - |
| Os US$/ox | 600 | 600 | - | - | - | - | - |
| Ir US$/oz | 350 | 350 | - | - | - | - | - |
| Au US$/oz | 420 | 420 | - | 350 | 280 | 350 | 280 |
| Ni US$/lb | 5,50 | 5,50 | - | 3,2 | 3,0 | 3,2 | 3,6 |
| Cu US$/lb | 1,25 | 1,25 | - | 0,9 | 0,9 | 0,9 | 0,9 |

The mining assumptions by independent consultants, LTA PE, Rocklabs and LQS for Periods I to III, as well as the CPR, are listed in Table 5.

| Table 5: Mining Assumptions | Period 1 | | Period II | Period III | | CPR | |
|---|---|---|---|---|---|---|---|
| | LTA PE | Rocklabs | FVA | LQS | | SMI | |
| | | | | Oxide | Sulfide | Oxide | Sulfide |
| Mining cost (upper bench) (Includes drilling, blasting, excavating & hauling) R/t | 19,99 | 27,01 | - | 8,8 | 8,8 | 8,8 | 8,8 |
| Mining cost adjustment R/t | - | - | - | 0,68 | [4,9375 - 0,0035* Depth] | 0,68 | [4,9375 - 0,0035* Depth] |
| Mining dilution | - | - | - | - | 5% | - | 5% |
| Mining recovery | - | - | - | - | 95% | - | 95% |
| Re-handling percentage | - | - | - | - | 20% | - | 20% |
| Re-handling cost R/t | - | - | - | - | 2 | - | 2 |
| Monthly Fixed overheads Rm | - | - | - | - | 1,5 | - | 1,5 |

The recovery, smelting and refining, as well as, processing cost estimations are listed in Table 6:

| Table 6: Recovery Assumptions | Period 1 | | Period II | Period III | | CPR | |
|---|---|---|---|---|---|---|---|
| | LTA PE | Rocklabs | FVA | LQS | | SMI | |
| | | | | Oxide | Sulfide | Oxide | Sulfide |
| Mill Throughput tpm | 60 000 | 60 000 | - | 5 000 | 60 000 | 5 000 | 60 000 |
| Variable cost R/t milled | - | - | - | 40 | 40 | 40 | 40 |
| Concentrator recovery | In situ | In situ | - | Oxide | In situ | Oxide | In situ |
| PT | 73% | 73% | - | 50,00% | 80,00% | 50,00% | 80,00% |
| PD | 73% | 73% | - | 50,00% | 80,00% | 50,00% | 80,00% |
| Remaining PGM (Ru,Rh,Ir,Os) | 57% | 57% | - | 50,00% | 50,00% | 50,00% | 50,00% |
| Au | 83% | 83% | - | 50,00% | 80,00% | 50,00% | 80,00% |
| Ni | 79% | 79% | - | 50,00% | 80,00% | 50,00% | 80,00% |
| Cu | 84% | 84% | - | 53,10% | 85,00% | 53,10% | 85,00% |

| Smelting and Refining Assumptions | Period 1 | | Period II | Period III | | CPR | |
|---|---|---|---|---|---|---|---|
| | LTA PE | Rocklabs | FVA | LQS | | SMI | |
| | | | | Oxide | Sulfide | Oxide | Sulfide |
| Smelting cost R/t concentrate | - | - | - | 650 | 650 | 650 | 650 |
| Precious Metal refining r/ox refined | - | - | - | 90 | 90 | 90 | 90 |
| Base Metal refining R/oz refined | - | - | - | 11 500 | 11 500 | 11 500 | 11 500 |
| Precious Metal transport R/oz refined | - | - | - | 2,60 | 2,60 | 2,6 | 2,6 |
| Base Metal transport R/t refined | - | - | - | 220 | 220 | 220 | 220 |
| Marketing (assume no marketing) | - | - | - | - | - | - | - |
| Toll treatment charge | - | - | - | 2% | 2% | 2% | 2% |
| Sales commission (PGM's) | - | - | - | 3% | 3% | 3% | 3% |

| Processing cost estimates | Period 1 | | Period II | Period III | | CPR | |
|---|---|---|---|---|---|---|---|
| | LTA PE | Rocklabs | FVA | LQS | | SMI | |
| | | | | Oxide | Sulfide | Oxide | Sulfide |
| Variable processing R/t | - | - | - | 43 | 40 | 43 | 40 |
| Fixed overheads R/t | - | - | - | 26,90 | 25 | 26,90 | 25,00 |
| Re-handling R/t | - | | - | 0,43 | 0,40 | 0,43 | 0,40 |
| Floating R/t | 16,31 | 21,71 | - | - | - | - | - |
| Smelting and concentrator R/t | 9,00 | 12,00 | - | 20,55 | 19,50 | 20,55 | 19,50 |
| Base Metal refining R/t | 9,00 | 12,00 | - | - | - | - | - |
| PGM Refining R/t | 9,00 | 12,00 | - | - | - | - | - |
| Administration R/t | 9,00 | 12,00 | - | - | - | - | - |
| **Total** | **52,31** | **69,71** | | **90,88** | **84,90** | **90,88** | **84,90** |

Capex during Period I was estimated by LTS PE to be R72,25 million (See Table 7) excluding the exercise of the option with Town Council and surface rights at R3,5 million. For Period III the SMI estimated the Capex requirement as R164 million which estimate included the exercise of the option with the Town Council and the purchase of the required surface area of R25 million. LQS did not estimate Capex as it was not part of the scope of their Review of the Project.

| **Table 7:** | **Period 1** | | **Period II** | **Period III** | | **CPR** | |
|---|---|---|---|---|---|---|---|
| **Capex estimate** Capex Rm | **LTA PE** | **Rocklabs** | **FVA** | **LQS** Oxide | Sulfide | **SMI** Oxide | Sulfide |
| Mineral and surface rights | - | - | - | - | - | 2,4 | 25 |
| Modular plant | - | - | - | - | - | 3,3 | - |
| Crushing and milling | 27,97 | 27,97 | - | - | - | - | 27 |
| Floatation | 13,03 | 13,03 | - | - | - | - | 22 |
| Tailings disposal | 5,88 | 5,88 | - | - | - | - | 7 |
| Infrastructure | 25,37 | 25,37 | - | - | - | 0,3 | 15 |
| **Total** | **72,25** | **72,25** | - | - | - | **6,0** | **96** |

The working costs for Periods I and III were estimated at, R72,30/t and R90,88/t, respectively (See Table 8).

| **Table 8:** | **Period 1** | | **Period II** | **Period III** | | **CPR** | |
|---|---|---|---|---|---|---|---|
| **Working cost estimates** | **LTA PE** | **Rocklabs** | **FVA** | **LQS** Oxide | Sulfide | **SMI** Oxide | Sulfide |
| Working cost R/t | 72,30 | 96,72 | - | 90,88 | 84,90 | 90,88 | 84,90 |

The following assumptions were utilised in the valuation of the Project over the three periods.

| **Table 9:** | **Period 1** | | **Period II** | **Period III** | | **CPR** | |
|---|---|---|---|---|---|---|---|
| **Valuation assumptions** | **LTA PE** | **Rocklabs** | **FVA** | **LQS** Oxide | Sulfide | **SMI** Oxide | Sulfide |
| Exchange Rate r:US$ | 2,5 | 2,5 | - | 11 | 11 | 6,85 | 6,85 |
| *G/oz = 31.103477* | | | | | | | |
| *Kg/lb = 2.2046* | | | | | | | |
| CPI per annum % | 15 | 15 | - | - | - | 10 | 10 |
| Price inflation % | 15 | 15 | - | - | - | 10 | 10 |

**Period I**

During February 1992 when the LTA PE bankable feasibility was completed, precious metal and base metal prices were lower than the estimated prices (US$500/oz for Pt and US$5,50/lb for Ni at an exchange rate of R2,50:US$) used in the feasibility, resulting in the DCF analyses in yielding an IRR of 2,65% and the Project being valued at (R33,26 million). Rocklabs independently estimated the valuation of the Project and reported and IRR of 14,82% valuing the R40,21 million. The main reason for this difference was the inclusion of the Rand value attributed to Co in the ore and Rocklabs did not take the relative recovery of Co into account. Resulting estimated reserves of the Rocklabs Mineral Reserves (not included in this CPR) were 11% higher than that of SRK and serves to demonstrate the sensitivity of the project to grade.

**Period II**

The valuation considered for the FVA Joint Venture was based on a cash spent basis. Thabex at that stage spent R4,5 million and valued the information obtained during Period I at R0,5 million. Therefore FAV had to contribute R5,2 million in exploration expenditure to become a 51% joint venture partner. The Project value was R10,2 million as reported in Thabex's Annual Report for the year ended 28 February 2002.

**Period III**

| Table 10: Valuation | Period 1 LTA PE | Period 1 Rocklabs | Period II FVA | Period III LQS Oxide | Period III LQS Sulfide | CPR SMI Oxide | CPR SMI Sulfide |
|---|---|---|---|---|---|---|---|
| **DCF** | | | | | | | |
| Discount Rate % | 8 | 8 | - | 8 | 8 | 8 | 8 |
| NPV Rm | (33,26) | 40,21 | - | 8,2 | 76,3 | (10,88) | 20,48 |
| IRR % | (2,65) | 14,82 | - | - | - | - | 13,13 |
| LOM years | 7,8 | 11 | - | 23 | 16 | - | 14,5 |
| **Cash spent** | | | | | | | |
| Historical Rm | - | - | 10,2 | - | - | - | - |
| **Appraisal** | | | | | | | |
| Total evaluation expenditure Rm | 4,5 | - | 1,39 | - | 0,19 | - | - |
| Cumulative Total Historical Rm | 4,5 | 4,5 | 5,89 | - | 6,08 | - | 6,08 |
| Cumulative Total Current Rm | - | - | - | - | - | - | 14.59 |

LQS carried out a DCF value estimation of the Project utilising the long-term prices for precious metals and base minerals (US$500/oz for Pt and US$3,00/lb for Ni at an exchange rate of R11:US$), engineering costs and the measured and indicated mineral resources for the oxidised and sulphide zones as determined in their review. The NPV of the Project was determined to be nil at an exchange rate of R8,00:US$. However, at an exchange rate of R11:US$ the a NPV of R76,2 million over a LOM of 16 years was reported. The DCF analysis included no Capex. Considering only the oxide zone the NPV was R8,2 million with the long term price, engineering costs and exchange rate at the same values as determined for the sulphide and oxidised measured mineral resources and excluding any Capex.

A DCF value estimation by SMI, includes the royalty payable to the Town Council in terms of the Prospecting Agreement. The value of the Project is estimated by SMI at R22,09 million at a discount rate of 12% and a LOM of 12 years and utilising the assumptions contained in Tables 4 to 10. The long-term price for platinum was assumed to be US$650/oz (See Table 4 above).

The financial model for the DCF analysis (sulfide) is shown in Appendix 1. The models for previous periods will be available for inspection as per section 22 of the Circular.

An appraisal valuation of the Project is calculated at R14,59 million assuming an average inflation rate of 10% per annum. Therefore the current estimated cost to do or replace the same Rand amount of prospecting, exploration, drilling, metallurgical testing and technical evaluation, during Periods I to III, is about R15 million.

The economic evaluation of Platinexco included, all the modifying factors, including, inter alia, whether or not Thabex could raise sufficient funds in the financial markets. At the time of the signature of the Agreement the economic value placed on Platinexco was R20,44 million, which was the same value as determined in the CPR dated 15 April 2003 as reported by the Competent Person M Welthagen in Thabex's Annual Report for the year ended 28 February 2003.

**6. Conclusion and recommendation**

In considering the significant risk factors involved in the exploration of platinum properties, together with the financial risks to maintain the exploration and evaluation momentum of the future mining of the Project, in particular, it is recommended that Thabex's disposal of its 100% interest in Platinexco for R20 million in cash including the repayment of its loan account of R370 000 was fair and reasonable at the time of the signature of the Agreement.

Yours faithfully

**Marius Welthagen P. Eng. (Int)**
MEng (Mining), MPhil (Mineral Economics), Hons BCom (Economics)
MECSA, MSAIMM, FGSSA, MPDAC

Managing Director
**SA Mineral Investments (Pty) Ltd**

# Mokopane Platreef Project - Forecast cash flow

| Years | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tonnes milled | 0 | 120 | 270 | 360 | 600 | 720 | 720 | 720 | 720 | 720 | 720 | 720 | 720 | 720 | 720 | 720 | 720 | 270 | 160 |
| In situ grage | | | | | | | | | | | | | | | | | | | |
| Pt (g/t) | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 | 0,255 |
| Pd (g/t) | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 | 0,427 |
| Cu (%) | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 | 1370 |
| Ni (%) | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 | 2270 |
| Metal prices (R/kg) | | | | | | | | | | | | | | | | | | | |
| Pt | 138000 | 151800 | 166980 | 183678 | 202046 | 222250 | 244475 | 268923 | 295815 | 325397 | 357936 | 393730 | 433103 | 476413 | 524055 | 576460 | 634106 | 697517 | 767269 |
| Pd | 42610 | 46871 | 51558 | 56714 | 62385 | 68624 | 75486 | 83035 | 91338 | 100472 | 110519 | 121571 | 133728 | 147101 | 161811 | 177993 | 195792 | 215371 | 236908 |
| Cu | 13,59 | 14,95 | 16,44 | 18,09 | 19,90 | 21,89 | 24,08 | 26,48 | 29,13 | 32,04 | 35,25 | 38,77 | 42,65 | 46,92 | 51,61 | 56,77 | 62,45 | 68,69 | 75.56 |
| Ni | 54,37 | 59,81 | 65,79 | 72,37 | 79,60 | 87,56 | 96,32 | 105,95 | 116,55 | 128,20 | 141,02 | 155,12 | 170,64 | 187,70 | 206,47 | 227,12 | 249,83 | 274,81 | 302.29 |
| Working costs (R/t) | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 |
| CAPEX Unescalated Rm | 40,00 | 34,00 | 24,00 | 24,00 | 4,00 | 4,00 | 0,50 | 0,50 | 0,50 | 0,50 | 0,50 | 0,50 | 0,50 | 0,50 | 0,50 | 0,10 | 0,00 | 0,00 | 0,00 |
| Working Cost escalation factor | 1,10 | 1,21 | 1,33 | 1,46 | 1,61 | 1,77 | 1,95 | 2,14 | 2,36 | 2,59 | 2,85 | 3,14 | 3,45 | 3,80 | 4,18 | 4,59 | 5,05 | 5,56 | 6,12 |
| CAPEX escalation factor | 1,10 | 1,21 | 1,33 | 1,46 | 1,61 | 1,77 | 1,95 | 2,14 | 2,36 | 2,59 | 2,85 | 3,14 | 3,45 | 3,80 | 4,18 | 4,59 | 5,05 | 5,56 | 6,12 |
| **Income statement** | | | | | | | | | | | | | | | | | | | |
| Revenue/tonne milled (R/t) | 0,00 | 107,48 | 153,70 | 176,18 | 193,79 | 213,17 | 234,49 | 257,94 | 283,73 | 312,11 | 343,32 | 377,65 | 415,41 | 456,95 | 502,65 | 552,91 | 608,21 | 669,03 | 735,93 |
| Working Cost (R/t) | 93,50 | 102,85 | 113,14 | 124,45 | 136,89 | 150,58 | 165,64 | 182,21 | 200,43 | 220,47 | 242,51 | 266,77 | 293,44 | 322,79 | 355,07 | 390.57 | 429,63 | 472,59 | 519,85 |
| | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** |
| Mining revenue | 0,00 | 12,90 | 41,50 | 63,42 | 116,28 | 153,48 | 168,83 | 185,72 | 204,29 | 224,72 | 247,19 | 271,91 | 299,10 | 329,01 | 361,91 | 398,10 | 437,91 | 180,64 | 117,75 |
| Working cost | 0,00 | 12,34 | 30,55 | 44,80 | 82,14 | 108,42 | 119,26 | 131,19 | 144,31 | 158,74 | 174,61 | 192,07 | 211,28 | 232,41 | 255,65 | 281,21 | 309,33 | 127,60 | 83,18 |
| Profit Royalty | 0,00 | 0,64 | 2,07 | 3,17 | 5,81 | 7,67 | 8,44 | 9,29 | 10,21 | 11,24 | 12,36 | 13,60 | 14,95 | 16,45 | 18,10 | 19,90 | 21,90 | 9,03 | 5,89 |
| Mining Cost | 0,00 | 12,99 | 32,62 | 47,97 | 87,95 | 116,09 | 127,70 | 140,47 | 154,52 | 169,97 | 186,97 | 205,67 | 226,23 | 248,86 | 273,74 | 301,12 | 331,23 | 136,63 | 89,06 |
| Profit before tax | 0,00 | -0,09 | 8,88 | 15,45 | 28,33 | 37,39 | 41,13 | 45,24 | 49,77 | 54,74 | 60,22 | 66,24 | 72,86 | 80,15 | 88,16 | 96,98 | 106,68 | 44,01 | 28,68 |
| Taxation | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 1,84 | 20,10 | 22,11 | 24,32 | 26,75 | 29,42 | 32,37 | 35,60 | 39,16 | 43,92 | 48,54 | 20,02 | 13,05 |
| Profit after tax | 0,00 | -0.09 | 8,88 | 15,45 | 28,33 | 37,39 | 39,29 | 25,14 | 27,66 | 30,43 | 33,47 | 36,81 | 40,50 | 44,55 | 49,00 | 53,06 | 58,14 | 23,98 | 15,63 |
| Appropriation of assets | 0,00 | 0,00 | 8,79 | 15,45 | 28,33 | 37,39 | 37,17 | 1,07 | 1,18 | 1,30 | 1,43 | 1,57 | 1,73 | 1,90 | 2,09 | 0,46 | 0,00 | 0,00 | 0,00 |
| Profit after appropriation | 0,00 | -0,09 | 0,09 | 0,00 | 0,00 | 0,00 | 2,12 | 24,07 | 26,48 | 29,13 | 32,04 | 35,25 | 38,77 | 42,65 | 46,91 | 52,60 | 58,14 | 23,98 | 15,63 |
| Retained surplus brought forward | 0,00 | 0,00 | -0,09 | 0,00 | 0,00 | 0,00 | 0,00 | 2,12 | 26,19 | 52,67 | 81,80 | 113,84 | 149,08 | 187,85 | 230,50 | 277,41 | 330,02 | 388,16 | 412,14 |
| Retained surplus carried forward | 0,00 | -0,09 | 0,00 | 0,00 | 0,00 | 0,00 | 2,12 | 26,19 | 52,67 | 81,80 | 113,84 | 149,08 | 187,85 | 230,50 | 277,41 | 330,02 | 388,16 | 412,14 | 427,77 |
| **Balance sheet** | | | | | | | | | | | | | | | | | | | |
| Mining assets | 4,40 | 45,54 | 77,48 | 112,62 | 119,06 | 126,15 | 127,13 | 128,20 | 129,38 | 130,67 | 132,10 | 133,67 | 135,39 | 137,29 | 139,38 | 139,84 | 139,84 | 139,84 | 139,84 |
| Appropriation of assets | 0,00 | 0,00 | 8,79 | 24,24 | 52,57 | 89,96 | 127,13 | 128,20 | 129,38 | 130,67 | 132,10 | 133,67 | 135,39 | 137,29 | 139,38 | 139,84 | 139,84 | 139,84 | 139,84 |
| Assets post appropriation | 4,40 | 45,54 | 68,70 | 88,38 | 66,50 | 36,20 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Mineral Stock | 0,00 | 0,52 | 1,66 | 2,54 | 4,65 | 6,14 | 6,75 | 7,43 | 8,17 | 8,99 | 9,89 | 10,88 | 11,96 | 13,16 | 14,48 | 15,92 | 17,52 | 7,23 | 4,71 |
| Debtors | 0,00 | 1,03 | 3,32 | 5,07 | 9,30 | 12,28 | 13,51 | 14,86 | 16,34 | 17,98 | 19,78 | 21,75 | 23,93 | 26,32 | 28,95 | 31,85 | 35,03 | 14,45 | 9,42 |
| Cash | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 24,66 | 50,99 | 79,95 | 111,81 | 146,85 | 185,39 | 227,79 | 274,44 | 326,79 | 384,62 | 410,68 | 426,82 |
| Total current assets | 0,00 | 1,55 | 4,98 | 7,61 | 13,95 | 18,42 | 20,26 | 46,95 | 75,50 | 106,92 | 141,47 | 179,48 | 221,29 | 267,28 | 317,86 | 374,56 | 437,17 | 432,36 | 440,95 |
| Tax | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 921,06 | 10,05 | 11,05 | 12,16 | 13,37 | 14,71 | 16,18 | 17,80 | 19,58 | 21,96 | 24,27 | 10,01 | 6,53 |
| Creditors | 0,88 | 9,22 | 8,83 | 10,61 | 7,86 | 10,09 | 9,74 | 10,71 | 11,78 | 12,96 | 14,25 | 15,68 | 17,25 | 18,97 | 20,87 | 22,59 | 24,75 | 10,21 | 6,65 |
| Current liabilities | 0,88 | 9,22 | 8,83 | 10,61 | 7,86 | 10,09 | 10,66 | 20,76 | 22,83 | 25,12 | 27,63 | 30,39 | 33,43 | 36,77 | 40,45 | 44,55 | 49,02 | 20,22 | 13,18 |
| Net assets | 3,52 | 37,87 | 64,84 | 85,38 | 72,59 | 44,52 | 9,60 | 26,19 | 52,67 | 81,80 | 113,84 | 149,08 | 187,85 | 230,50 | 277,41 | 330,02 | 388,16 | 412,14 | 427,77 |
| Retained surplus carried forward | 0,00 | -0,09 | 0,00 | 0,00 | 0,00 | 0,00 | 2,12 | 26,19 | 52,67 | 81,80 | 113,84 | 149,08 | 187,85 | 230,50 | 277,41 | 330,02 | 388,16 | 412,14 | 427,77 |
| Distributalble reserves | 0,00 | -0,09 | 0,00 | 0,00 | 0,00 | 0,00 | 2,12 | 26,19 | 52,67 | 81,80 | 113,84 | 149,08 | 187,85 | 230,50 | 277,41 | 330,02 | 388,16 | 412,14 | 427,77 |
| Shareholders funds | 0,00 | -0,09 | 0,00 | 0,00 | 0,00 | 0,00 | 2,12 | 26,19 | 52,67 | 81,80 | 113,84 | 149,08 | 187,85 | 230,50 | 277,41 | 330,02 | 388,16 | 412,14 | 427,77 |
| Other loans | 3,52 | 37,96 | 64,84 | 85,38 | 72,59 | 44,52 | 7,49 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Total funds | 3,52 | 37,87 | 64,84 | 85,38 | 72,59 | 44,52 | 9,60 | 26,19 | 52,67 | 81,80 | 113,84 | 149,08 | 187,85 | 230,50 | 277,41 | 330,02 | 388,16 | 412,14 | 427,77 |
| Movement in assets | 3,52 | 34,35 | 26,97 | 20,54 | -12,79 | -28,07 | -34,92 | 16,59 | 26,48 | 29,13 | 32,04 | 35,25 | 38,77 | 42,65 | 46,91 | 52,60 | 58,14 | 23,98 | 15,63 |
| Inflation factor | 1,10 | 1,21 | 1,33 | 1,46 | 1,61 | 1,77 | 1,95 | 2,14 | 2,36 | 2,59 | 2,85 | 3,14 | 3,45 | 3,80 | 4,18 | 4,59 | 5,05 | 5,56 | 6,12 |
| Gross cash flow | -3,52 | -34,44 | -26,88 | -20,54 | 12,79 | 28,07 | 37,04 | 32,15 | 26,33 | 28,96 | 31,86 | 35,04 | 38,55 | 42,40 | 46,64 | 52,36 | 57,83 | 26,06 | 16,14 |
| **Real cash flow** | **-3,20** | **-28,46** | **-20,20** | **-14,03** | **7,94** | **15,85** | **19,01** | **15,00** | **11,17** | **11,17** | **11,17** | **11,17** | **11,17** | **11,17** | **11,17** | **11,39** | **11,44** | **4,69** | **2,64** |
| Cummulative gross cash flow | -3,52 | -37,96 | -64,84 | -85,82 | -72,59 | -44,52 | -7,49 | 24,66 | 50,99 | 79,95 | 111,81 | 146,85 | 185,39 | 227,79 | 274,44 | 326,79 | 384,62 | 410,68 | 426,82 |
| Cummulative real cash flow | -3,20 | -31,66 | -51,86 | -65,89 | -57,95 | -42,10 | -23,10 | -8,10 | 3,07 | 14,23 | 25,40 | 36,5 | 47,73 | 58,89 | 70,06 | 81,45 | 92,89 | 97,58 | 100,22 |

**Real term NPV's with base 1 March 2004**

| Discount Rate | Rm |
|---|---|
| 8% | 20,481 |
| 10% | 10,812 |
| 12% | 3,370 |

## Glossary

| | |
|---|---|
| "Assay" | To determine the mineral content; |
| "the Agreement" | The option and sale of shares agreement between Thabex Exploration Limited, Platinexco (Proprietary) Limited and AIM Resources Limited dated, 16 October 2003 and the Addendum thereto dated 11 December 2003; |
| "Arsenic" | The element with atomic number 33, which is a non-metalic element and is used as a path finder for gold; |
| "Bushveld Complex" | An intrusive igneous body occurring in four provinces in South Africa (Northwest Province, Gauteng Province, Mapumalanga Province and the Limpopo Province). It is the largest layered intrusion known in the World and is a major source of PGM and chromite; |
| "Calcium" | The element with atomic number 20 is a metal. As CaO is used as a neutralising agent. |
| "Chromium" | The element with atomic number 24, which is the first row of the transition metals. The metal itself is hard, lustrous and resistant to corrosion, and therefore used to protect steel objects by chrome-plating or as a constituent of steel; |
| "Concentrate" | Material that has been processed to increase the content of contained metal or mineral relative to the contained waste; |
| "Competent Person" | A person who, is registered with any one of SACNASP, ECSA, PLATO, or any other statutory South African or international body that is recognised by SAMREC and, has a minimum of five years experience to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking, as defined under the SAMREC Code for reporting of mineral resources and reserves; |
| "Copper" | The element with atomic number 29, which is the first row of the transition metals. The element itself has a characteristic red-brown colour and is used for electric wires as it has a high electric conductivity; |
| "Cobalt" | The element with atomic number 27, which is the first row of the transition metals. The metal itself is hard, silvery and magnetic, together with nickel it is used in alloys to permanent magnets; |
| "Cut-off grade" | The grade at which the ore body is mined with no profit or loss, ie breakeven grade; |
| "deposits" | A continuous mass of material of sufficient mineral content to warrant investigation; |
| "the disposal" | the disposal of Thabex's 100% holding in Platinexco; |
| "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; |
| "dip" | The angle that a structural surface makes with the horizontal, measured perpendicular to the strike of the structure; |
| "discount rate" | A rate of return used to convert a future monetary sum into present value; |
| "Eastern Limb" | The Eastern Limb of the Bushveld Complex; |
| "Equivalent grade" | Grade express as single metal grade value incorporating all the other precious metal and base metal grades in the ore; |
| "estimation" | Quantitative judgement of value (eg. grade, costs, revenue); |
| "exploration" | Exploration encompassing prospecting, mapping, geological surveys, percussion drilling and other work employed in the search for diamond mineralisation; |
| "faulting" | The process of fracturing that produces a displacement of rock; |
| "footwall" | The underlying side of a fault or orebody; |
| "Feasibility study" | A comprehensive engineering estimate of all costs, revenues, equipment requirements and production levels likely to be achieved if a mine is developed. The study is used to define the technical and economic viability of a project and to support the search for project financing; |
| "Gold" | The element with atomic number 79, which is in Group 11, below copper and silver. In common with its congeners it is a metal with high conductivity and low reactivity and therefore it is used for high-quality electrical connectors; |
| "Igneous" | Rock group describing those rocks that have crystallised from a magma; |

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| “in situ” | Within the unbroken rock or in place; |
| “Indicated Mineral Resource” | That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed; |
| “Inferred Mineral Resource” | That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.; |
| “Iridium” | The element with atomic number 77 which is a member of the platinum metals and is a hard shiny metal used for filaments where high emission at low currents is required; |
| “Iron” | The element with atomic number 26 which is in the first row of the transition metals; |
| “Northern limb” | The Northern Limb of the Bushveld Complex; |
| “Magnesium” | The element with atomic number 12, which is a metal. It’s used as a component for the alloy in the manufacture of aircraft engine components; |
| “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. |
| “Merensky Reef” | A horizon within the layered Upper Critical Zone of the Rustenburg Layered Suite, containing PGM and base metals. |
| “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; |
| “mine call factor” | The ratio of the grade of material received at the mill to grade of the ore calculated by sampling in the open cast pit; |
| “mine recovery factor” | The ratio of mill feed grade to the estimated in situ grade; |
| “New Minerals Act” | The Minerals and Petroleum Resources Development Act (No 28 of 2003); |
| “Nickel” | The element with atomic number 28 which is in the first row of the transition metals and the is used for catalysing hydrogenation reactions, steel manufacture and for minting coins; |
| “Northern Limb” | The Northern Limb of the Bushveld Complex; |
| “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; |

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| “Osmium” | The element with atomic number 76, which is in the third row of the transition elements is hard bluish-white metallic element; |
| “outcrop” | The truncation of a stratigraphic unit or ore body on surface; |
| “Palladium” | The element with atomic number 46, which is in the second row of the transition elements and is used for catalysing hydrogenation reactions; |
| “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; |
| “Platinum” | The element with the atomic number 78, which is in the third row of the transition metals and is used as a catalyst together with Rhodium in catalytic converters; |
| “Platreef” | A reef horizon found within the northern limb of the Bushveld Complex containing PGM and base metals and is typically 3 to 5 times thicker than the Merensky and UG2 Reef horizons; |
| “Potgietersrus Limb” | The Potgietersrus Limb of the Bushveld Complex; |
| “present value” | The value, as of a specified date, of future economic benefits and or proceeds from sale, calculated using an appropriate discount rate; |
| “Probable 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; |
| “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 Agreement” | The Prospecting Agreement, dated 1 December 1999, between The Mogalakwena Municipality and Thabex, the addendum thereto, dated, 15 December 2000 and the Cession thereof dated, 31 August 2000; |
| “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 permit relates; |
| “the Project” | Mokopane Platreef Project on the farm Piet Potgietersrus Town and Townlands 44KS in the Limpopo Province; |
| “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; |
| “Responsible Person” | a person, for the purposes of this report, who is delegated with the responsibility for the technical, financial and legal information contained in this Competent Person's Report; |
| “Rhodium” | The element with atomic number 45, which is in the second row of the transition metals and is used as an alloy with platinum in catalytic converts; |
| “Ruthenium” | The element with atomic number 44, which is in the second row of the transition metals and is used in the electronics and chemical catalytic processes; |
| “stripping ratio” | The amount of overburden to ore mined; |
| “strike” | The direction in which a horizontal line can be drawn on a plane; |
| “Sulfur” | The element with atomic number 16, which is a non-metalic element. |
| “sub outcrop” | The unconformable truncation of one stratigraphic unit against another below the ground; |
| “Tailings” | Finely ground rock from which valuable mineral have been extracted by milling; |

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| “tailings dam” | Dams or dumps created from waste material from processed ore after the economically recoverable metal has been extracted; |
| "Thabex" or "the Company" | Thabex Exploration Limited (registration number 1988/000763/06); |
| “UG2 Reef” | The second chromitite horizon in the upper group, within the Upper Critical Zone; |
| “Ultramafic” | An igneous rock that consists of almost entirely of ferromagnesian minerals and possesses no free quartz with less than 45% silica; |
| “Western Limb” | The Western Limb of the Bushveld Complex; and |
| “xenolith” | An intrusion or enclave of a pre-existing rock in an igneous rock which are often derived from the rocks that have been invaded by the igneous mass; |

**Units**

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| g | a gram; |
| g/t | gram per tonne; |
| ha | a hectare; |
| kg | a kilogram; |
| km | a kilometre; |
| m | a metre; |
| “ounce” or “oz” | one troy once (1 troy once equals 31,1035 grams); |
| % | Percentage; |
| lb | a pound; |
| R | South African Rand; |
| “tonne” or “t” | one tonne is equal to 1 000 kilograms ( also known as a metric ton); and |
| US$ | United States dollar; |

**Abbreviations**

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| “AIM” | AIM Resources Limited (registration number ACN 009 193 980) ISIN Number AU000000AIM1; |
| “As” | the Australian Stock Exchange; |
| “ASX” | Arsenic |
| “Au” | Gold; |
| “CaO” | Calcium oxide |
| “Capex” | Capital expenditure; |
| “Cr” | Chromium; |
| “Co” | Cobalt; |
| “CPI” | Consumer Price Index for South Africa; |
| “CPR” | Competent Persons' Report |
| “Cu” | Copper; |
| “DCF” | Discounted Cash Flow; |
| “ECSA” | Engineering Council of South Africa,<br>1st Floor, Waterview Corner, 2 Ernest Oppenheimer Avenue, Bruma, Johannesburg, 2198; |
| “EMPR” | Environmental Management Programme, a document setting out Platinexco's plans to rehabilitate the surface of land disturbed during prospecting operations, as required by the Minerals Act 50 of 1991; |
| “$Fe_2O_3$” | Iron oxide |

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| "FVA" | Falconbridge Ventures of Africa (Pty) Ltd (registration number 1968/006493/07); |
| "GSSA" | The Geological Society of South Africa, 5th Floor, Chamber of Mines Building, 5 Hollard Street, Johannesburg, 2001; |
| "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; |
| "Ir" | Iridium; |
| "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; |
| "LTA PE" | LTA Process Engineers (Proprietary) Limited; |
| "Lynx" | Lynx Geosystems SA (Proprietary) Limited (Registration number 1984/092777/07); |
| "MgO" | Magnesium oxide |
| "mt" | million tonnes; |
| "Mintek" | Council for Mineral Technology, 200 Hans Strijdom Drive, Randburg, 2125; |
| "Ni" | Nickel; |
| "NPV" | Net present value; |
| "Os" | Osmium; |
| "PDAC" | Prospectors and Developers Association of Canada;, 34 Kind Street East, 9th Floor, Toronto, Ontario, Canada M5C 2X8; |
| "Pd" | Palladium; |
| "PGE" | Platinum Group Elements - Platinum, Palladium, Rhodium, Iridium, Ruthenium and Osmium; |
| "PGM" | Platinum Group Metals the metal form of Platinum, Palladium, Rhodium, Iridium, Ruthenium and Osmium; |
| "PLATO" | The South African Council for Professional Land Surveyors and Technical Surveyors; |
| "Pr Sci Nat" | Professional Natural Scientist; |
| "Pt" | Platinum; |
| "Rh" | Rhodium; |
| "Ru" | Ruthenium; |
| "S" | Sulfur; |
| "SACNASP" | The South African Council for Natural Scientific Professions; |
| "SAIMM" | South African Institute of Mining and Metallurgy, 5th Floor, Chamber of Mines Building, 5 Hollard Street, Johannesburg, 2001; |
| "SAMREC" | The South African Mineral Resource Committee |
| "SAMREC Code" | The South African Code for Reporting Mineral Resources and Mineral Reserves; |
| "SMI" | SA Mineral Investments (Proprietary) Limited (Registration number 1981/004619/07); |
| "SRK" | Steffen, Robertson and Kirsten Consulting Engineers (Proprietary) Limited (Registration number 1981/00709/07); |
| "TDEM" | Time Domain Electromagnetic Survey; |
| "tpa" | tonnes per annum; and |
| "Tpm" | tonnes per month; |
| "XRF" | X-Ray Flourescence. |

**References**

**Public domain reports available for inspection (see Section 22 of the Circular)**

1. Thabex Annual Reports 1996 to 2003;
2. Renewed Prospecting Permit 49/2001, dated 18 September 2002;
3. Approval of EMPR from DME, dated 24 July 2001;
4. Baseline environmental evaluation by FVA, dated April 2001;
5. Preliminary Audit by Lynx Geosystems SA (Pty) Ltd;
6. Director's report for 28 February 1992 containing the summary of the previous feasibility study;
7. Table of Contents of the LTA PE Feasibility Study, dated February 1992; and
   Prospectus dated 6 June 1990, containing geological information.

**Gain Consulting**
CC Reg No. CK 96/57126123

GEOLOGIC CONSULTING
FIELD MAPPING AND
PROJECT MANAGEMENT

The Directors
Thabex Exploration Limited
P.O. Box 3899
Northcliff
Johannesburg
2115

13 April 2004

Dear Sirs

**FAIR VALUE REPORT TO THE SHAREHOLDERS OF THABEX EXPLORATION LIMITED ("THABEX") REGARDING THE DISPOSAL OF PLATINEXCO (PROPRIETARY) LIMITED**

**Introduction**
Although the JSE's Rules do not require a fair value report, I have been requested as an independent consultant, by Mr M Welthagen, Chief Executive Officer of Thabex Exploration Limited ('Thabex") to provide a fair value opinion as to whether the price for the proposed sale the of Mokopane Platreef Project is fair to the shareholders of Thabex. This report does not comply with Schedule 5 of the JSE Listings Requirements. It is important to read this report with reference to the definitions on page 2, Appendix 2 to the CPR (page 49) and the maps contained in Annexure 11 of the Circular to Thabex shareholders.

After matriculating at Rondebosch Boys High School in 1961 I attended the Naval Gymnasium of the South African Navy during 1962. University education was completed at the University of Cape Town during 1963 to 1966 (BSc) and 1973 (BSc Hons) and thence to the University of Pretoria where in 1981, a M.Sc Thesis entitled: "The cyclic units of the upper critical zone on Maandagshoek 254KT, eastern Bushveld Complex", was completed. From 1966 to 1968 professional work was devoted to the exploration of various base metal, gold and silver projects in Namibia. This was followed by exploration for the General Mineral Exploration and Mining Development Corporation for a copper-molybdenum porphyry prospect in Greece from August 1968 to December 1969 and then in 1970 at the Timna Copper Mines Limited in Israel where duties included underground and surface mapping. From January 1971 to January 1989 work comprised the exploration for a range of geologic exploration and research projects for the South African Development mist Corporation Limited. At the time when I left this company I was consulting geologist in charge of the conceptualization of research and exploration programmes within the so-called National States of Southern Africa. This work included the liaison arid monitoring of the exploration and mining companies working in these areas. In February 1989 I started Rocklabs cc. a geological consulting and analytical firm, with Dr Martin Sharpe and together successfully completed the confidential geologic evaluation of a large variety of mineral prospects in Southern Africa, Africa, Australia and North America. Work included the analyses and interpretation of rock and soil samples for over 170 clients drawn from the leading mining houses, industrial and research establishments and academic institutions in Southern Africa. In February 1999 a company, SetPoint Holdings, which is currently listed on the Electronics and Electrical sector of the JSE Securties Exchange South Africa, bought out Rocklabs. At this time, Gain Consulting cc was started as a geologic consultancy, operating from Simon's Town.

Thabex's mineral holdings on the farm Piet Potgietersrus Town and Townlands 44KS, held by its wholly owned subsidiary Platinexco, are well known to me as I managed various field exploration programmes followed by preliminary resource determinations during the period August 1988 to October 1991. My responsibilities also included an independent assessment of a preliminary resource model in conjunction with SRK. These mineral holdings lie within the northern lobe of the Bushveld Complex and are of particular economic interest as they cover the Platreef, which contains Cu-Ni sulphides and an associated suite of platinum-group elements. The base and precious metal mineralisation found within the Platreef is somewhat different from that found in the well known Merensky Reef and UG-2 chromitite layers, found in the western and eastern limbs of the Bushveld Complex, in that it occurs within a thick assemblage of contaminated rocks close to its basal contact, rather than in discrete layers. The Platreef is currently being mined by Anglo Platinum at their Sandsloot opencast operation several kilometres to the north of Thabex's holdings. In addition several more open pit operations on the Platreef are scheduled for production in the future.

**Valuation, procedures and key value drivers**
Thabex conducted a bankable feasibility study on the Mokopane Platreef Project in 1992 and quoted an indicated resource of 23.69 million tonnes at a grade of 0.30% Ni equivalent or 2.48 g/t equivalent platinum obtained from an independent study conducted by Steffen Robertson and Kirsten. In 1999 all previous exploration information was further re-evaluated by Thabex by applying new recovery technologies. A spin-off from the re-assessment was the generation of a new geologic model which indicated a potential for the discovery of a further type of sulphide-rich mineralisation lying in the footwall of the Platreef and more specifically on the farm Uitloop, located to the north of the project area. In October 2000 Platinexco entered into an Option and Joint Venture Agreement with Falconbndge Ventures of Africa (Ply) Ltd to further explore the farms Piet Potgietersrus and the Townlands and the farm Uitloop. After an exploration programme Falconbridge terminated this agreement on 3O$^{th}$ April 2002. SMI in the CPR included in the Circular determined the Measured Mineral Resource of the Project at 10,45 million tonnes at a grade of 0,227% Ni, 0,137% Cu, 0,255 g/t Pt and 0,427g/t Pd and a cut off grade of 0,16% Ni.

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On the 16 October 2003. Thabex entered into an Option and Sales of Shares Agreement with Aim Resources Ltd ("AIM") to buy Platinexco for R20 million. There is a seven month option period during which Aim will conduct a due diligence study on this base and precious metal target. Currently AIM is re-assessing the complete database.

The valuation of the Project was based on the "replacement" method. This method requires a costs assessment of Project to replace the prospecting, exploration and evaluation done to date and I am satisfied with the methodology applied.

In consideration of the current financial position of Thabex, the disposal serves to significantly strengthen the balance sheet position of the Company.

In reaching our conclusion, we have considered the value at which the transaction was executed in relation to fairness and the effects on the operational ability and current nature of business of Thabex in respect of reasonability.

**Opinion**
In formulating this opinion. I have considered, *inter alia*, the rationale for the disposal in the context of Thabex's strategic objectives for turning to account diamonds, platinum and base mineral interests. My opinion is based on the current economic, market, regulatory and other conditions, review of related correspondence, agreements, annual financial statements and other information made available to me. Accordingly, subsequent developments may affect this opinion, which I am under no obligation to update, revise or re-affirm.

- I have considered the background to and the effects of the disposal and based upon and subject to the aforegoing are of the opinion that the disposal is in the interest of Thabex, and is fair and reasonable to Thabex shareholders
- I will receive a fixed fee for the services provided in connection with the preparation of this opinion, which is payable upon delivery of this opinion. I have no interest direct or indirect, beneficial or non beneficial, in Thabex or in the disposal of Platinexco, which forms the subject matter of this advice.
- It should be noted that an individual shareholder's decision may be influenced by such shareholder's particular circumstances and accordingly, shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the transaction.

**Consent**
I hereby consent for Thabex to include this repor and the reference to these opinions in this Circular to Thabex shareholders in the form and context in which it appears.

Stephen Bryant Gain
MSc Geology Pr Sci Nat, MGSSA
Gain Consulting cc
Simon's Town

## Summary of Mineral Reserves and Resources

| | | | | | | | | | | Mineral Resourses[1][2] | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable to | | | Area of Interest | Mineral Type | Permit Number | Area Ha | Boreholes | | Inferred | | Indicated | | Measured | | Valuation[3] |
| Holding Company | Thabex | Pure Diamonds | Taung | | | | | Percussion | Diamond | Million Tonnes | Grade | Million Tonnes | Grade | Million Tonnes | Grade | Rm |
| Pure Diamonds Limited | 100% | | | | Diamond Trading | | | | | | | | | | | - |
| Taung Diamond Mines Ltd | | 37,50% | | Vaal River | Alluvial Diamonds | | | | | | | | | | | 0,50 |
| Christiana Projects | | | 100% | Palaeo Vaal River | Alluvial Diamonds | | | | | | | | | | | - |
| Diamex JV (Pty) Ltd | 67.30% | | | Vaal River | Mining Company | | | | | | | | | | | - |
| Pilansberg Gold Holdings (Pty) Ltd | 50% | | | Mokopane (Potgietersrust) | Gold Trading | | | | | | | | | | | - |
| Platinexco (Pty) Ltd* | 100% | | | | Platinum Group Copper, Nickel, Cobalt | PP49/2003 | 1276 | 96 | 33 | | | | | 10,45 | 0,227% Ni 0,137% Cu 0,255g/t Pt 0,427g/t Pd | 20,40 |
| Geelvloer Project | 95% | | | | Zinc, Copper, Lead, Silver, Gold | PP17/2003 | 3041 | | 28 | | | 8 | 2,4% Zn, 0,8% Cu, 0,6% Pb, 24g/t Ag, 0,8 g/t Au | | | 61,78 |
| **Total** | | | | | | | | | | | | | | | | **82,72** |

(1) Thabex's Mineral Reserves and Mineral Resources are carried at valuation less impairment.
(2)The Measured Resources of Platinexco have been determined in the CPR Annexure 5 of this Circular
(3) The valuation of the Geelvloer Indicated Mineral Resources was reported by M Welthagen in a CPR dated 15 April 2003) in terms of the SAMREC Code and in Chapter 12 of the JSE Listings Requirements.

## Appointment, qualification, remuneration and borrowing powers of directors

**"DIRECTORS**

**APPOINTMENT**

78. The first directors of the Company shall be those persons appointed in writing by the subscribers; provided that if no such appointment has been made, the first directors of the Company shall he the subscribers to the Memorandum. to the case of an existing company adopting these Articles, the directors in office at the date of such adoption shall continue in office subject to the provisions of these Articles.

79. The Company to general meeting may from time to time appoint directors.

80. The directors shall have power at any time, and from time to time, to appoint any person as an additional director provided that such appointment shall terminate at the end of the first annual general meeting to he held after the appointment of such person as a director unless such appointment is confirmed by that meeting.

81. The directors shall have power to appoint any person as a director to fill a casual vacancy hut the person so appointed shall cease to hold office at the termination of the first annual general meeting to he held after the appointment of such person as a director unless his appointment Is confirmed at such annual general meeting and, for the purposes of the rules for the rotation of directors contained In these Articles such person shall be deemed to nave been appointed a director on the same date as the director for whom he has been substituted.

82. No appointment of a director, except that of a retiring director re-elected at an annual general meeting of the Company, shall take effect until the consent executed by such director in terms of Section 211 of the Act has been lodged with the Company.

**QUALIFICATION**

83. Directors shall not be required to hold any shares in the. Company to qualify them for appointment as directors.

**MANAGEMENT OF THE COMPANY**

84. The business of the Company shall be managed by the directors who may pay all expenses incurred in promoting and incorporating the Company, and may exercise all such powers of the Company as are not by the Act, or by these Articles, required to be exercised by the Company in general meeting. The directors shall exercise the said powers in accordance with these Articles and in accordance with such regulations, not inconsistent with these Articles, as may be prescribed by the Company in general meeting. This Article shall be construed liberally and the powers herein conferred shall not be limited by reference to any power specifically terms of articles 85, 86 and 87.

**BORROWING POWERS**

85 The directors shall have power to enter into a provisional contract for the sale or alienation of the whole the major part of the property and assets of the Company and the rights belonging thereto or connected therewith, provided that such provisional contract shall only become binding on the Company passed by the Company in general meeting in accordance with Section 228 of the Act.

86. The directors may take all steps which may be necessary or expedient in order to enable the shares, stock, debentures and other securities of the Company to be introduced and dealt with and quoted upon any stock exchange in any country and may accept responsibility for and pay and discharge all taxes, duties, fees, expenses or other sums which may be payable in relation to any of the matters aforesaid, and may comply with the laws and regulations of any such country and the rules of any such stock exchange.

87. The directors may exercise the voting power conferred by any shares in any other company held or owned by the Company in such manner as they think fit, and in particular may exercise such voting power in favour of any resolution appointing them or any of them as directors or officers of such company or any resolution providing for the payment of remuneration to such directors or officers.

**REMUNERATION**

88. The directors shall be entitled to such remuneration as maybe determined from time to time by the Company in general meeting or by a quorum of disinterested directors. In addition, the directors shall be entitled to all reasonable expenses in traveling to and from meetings of the directors.

89. If any director be called upon to perform extra services or to make any special exertions in going or residing abroad, or otherwise, for any of the purposes of the Company, the Company in general meeting may remunerate that director either by salary or by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to, or in substitution for any other remuneration determined under article 88, and the Company may also refund to such director all reasonable expenses incurred by him while acting in the course of the business of the Company.

**DISCLOSURE OF INTERESTS**

90. Every director shall comply with the provisions of Sections 234 to 240, inclusive, of the Act.

91. Without derogating from the provisions of article 90, every director shall declare any interest, direct or indirect, material or otherwise, which such director has in any contract or arrangement, which at the time of such declaration has been proposed or has been entered into by the Company with any person whomsoever. For the purposes of this Article a director shall be deemed to have an interest in any contract between the Company and any company or partnership in which such director is a member, director or partner. Every interest to be declared in terms of this Article shall be declared and minuted in the manner and at the time prescribed by Sections 235 and 239 of the Act.

92. (a) In no case shall a director having an interest which requires to be declared in terms of articles 90 or 91 vote as a director upon any question relating to such transaction, and if he does so his vote shall not be counted. That prohibition shall not apply to:

(i) any contract disclosed in a prospectus or offer for sale or circular to shareholders relating to the shares or debentures of the Company; or
(ii) any indemnity in favour of the directors or any of them; or
(iii) any contract whereby security is given in respect of advances made by the directors or any of them to the Company;
(iv) any contract or arrangement with a company or partnership, directors or partners; or
(v) any resolution to allot shares in the Company either to any director of the Company or to a body corporate in which a director is interested (provided such allotment not contrary to the terms of Section 222 of the Act) or to any matter or thing in connection with or arising out of and consequent upon such resolution or to any agreement for the payment of commission in respect of the subscription of such shares.

(b) The Company in general meeting may suspend or relax to any extent the provisions contained in article 92(a).

(c) Nothing contained in article 92(a) shall be construed so as to debar any director as a member from taking part in and voting upon all questions submitted to a meeting of members.

**ROTATION**

93. If the Company is a listed company all the directors shall retire at the first annual general meeting of the Company and thereafter at each annual general meeting one-third of the directors, or, if the number is not a multiple of three, then the number nearest to, but not less than one-third shall retire from office. Subject to the provisions of article 116 the directors retiring in terms of the preceding sentence shall be the directors who have been longest in office. The length of time a director has been in office shall, subject to the provisions of article 81 of these Articles, be computed from his last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected by lot. Notwithstanding anything herein contained, if at the date of any annual general meeting any director shall have held office for a period of at least 3 (three) years since his last election or appointment, he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or in addition thereto. A retiring director shall act as a director throughout the meeting at which he retires.

94. Retiring directors shall be eligible for reelection, but no person not being a retiring director shall be eligible for election to the office of director at any general meeting unless he, or some member intending to propose him, has before the meeting left at the office of the Company a notice in writing duly signed signifying his candidature for the office, or the intention of such member to propose him.

95. If the Company is not a listed. company the above provisions relating to rotation of directors shall not apply.

96. If at any general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall, if willing, continue in office until the end of the next annual general meeting, and so on from year to year until his place is filled, unless It shall be determined at such meeting not to fill such vacancy. Nothing contained in this article shall be taken to prohibit the appointment by the Company in general meeting of additional directors subject to the numerical limit specified from time to time in terms of article 77.

**BORROWING POWERS**

129. Subject to articles 130 and 132 the directors may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company as they see fit.

130. Where the Company is a listed company and is not a subsidiary of a listed company, the aggregate amount owing in respect of moneys so raised, borrowed or secured by the Company and/or any of its subsidiary companies, exclusive of inter-company borrowings, shall not except with the consent of the Company in general meeting, exceed the aggregate from time to time of:

(a) the issued and paid-up. capital of the Company; together with

(b) the greater of -

(i) the aggregate. of the amounts standing to the credit of all distributable and nondistributable reserves (including provisions for deferred taxation), any share premium accounts and the income statement of the Company and its subsidiaries certified by the Company's auditors and as attached to or forming part of the last consolidated annual financial statements of the Company which shall have been drawn up to be laid before the Company in general meeting at the relevant time; or
(ii) the aggregate of the amounts standing to the credit of all distributable and nondistributable reserves (including provisions for deferred taxation), any share premium accounts and the income statement of the Company and its

subsidiaries as certified by the Company's auditors,provided that no such sanction shall be required to the borrowing of any monies intended to be applied and actually applied within 90 (ninety) days in the repayment (with or without any premium) of any monies then already borrowed an outstanding and notwithstanding that such new borrowing may result in the abovementioned limit being exceeded.

131. For the purposes of article 130 “borrowings” shall

(a) without limitation, include monetary guarantees executed by the Company or by any controlled company or subsidiary of the Company other than:

(i) guarantees in respect of the borrowing of moneys where the amount of such borrowing is already included in the aggregate referred to in article 130;
(ii) guarantees of the obligations of any subsidiary controlled company where such obligations arise acts which, if they had been performed by the Company as principal, would not constitute borrowings within the meaning of this Article;

provided that where the guarantees have been executed secure bank overdraft or other facilities, of a variable nature, such guarantees shall only be deemed to be borrowings to the extent to which such overdraft or o facilities are used from time to time;

(b) not include any borrowing by the Company from any subsidiaries or by any of its subsidiaries from the Company or from any other of Its subsidiaries.

132. In the event that the Company is a subsidiary of a listed holding company, the directors may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company provided that the total amount owing by the Company in respect of monies so raised, borrowed or secured shall not exceed the amount authorised by its listed holding company.

133. No lender or person dealing with the Company shall be obliged to see or enquire whether the restrictions imposed by articles 130 and 132 are observed.

134. The directors may raise, or secure the repayment, of moneys borrowed by the Company in such manner and upon such terms and conditions in all respects as they think fit, and in particular may pass mortgage bonds or issue debentures or debenture stock of the Company whether unsecured or secured by all or any part of the property of the Company, whether present or future.

135. Debentures, debenture stock, bonds and other Instruments of debt may be issued at par or at a discount or at a premium, and with any special privileges as to redemption, surrender and drawings, provided that no special privileges as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise shall be given save with the sanction of the Company in general meeting.”

## Code of corporate practice and conduct

### 1.0 BOARD OF DIRECTORS

#### 1.1 Composition of the board of directors
The composition of the board of directors is given in the "Corporate Information" section of this circular.

The directors are drawn from diverse backgrounds and bring a wide range of experience, insight and essential skills to the board.

#### 1.2 Role and function of the board of directors
The board is responsible for the proper management and the ultimate control of the company and ultimate in discussions on, and monitor the progress of, the strategic direction and policy, business acquisitions and disposals, the approval of major capital expenditure, consideration of significant financial matters, the monitoring of the management and administrative activities and any other matters that have a material impact on the company's affairs.

The board will meet at least quarterly. Additional meetings will be arranged as and when necessary. The Company's overall daily operations are managed and overseen by the executive directors and senior management.

#### 1.3 Independence of the board of directors
The board of directors' independence from the daily management team will be maintained by:

- keeping the roles of the chairman and chief executive officer separate; the preponderance of non-executive directors;
- the audit committee will consist predominantly of independent non-executive directors, these appointments are being considered at present;
- the non-executive directors not holding service contracts and their remuneration not being tied to the financial performance of the company; and
- all directors having access to the advice and services of the company secretary and with prior agreement of the chairman being entitled to seek independent professional advice on the affairs of the company at the company's expense.

#### 1.4 Appointment and re-election of the directors
The identification of risks and the detailed design, implementation and monitoring of adequate systems of internal, financial and operating controls to manage such risks are delegated to the executive directors and senior management. The company's audit committee will review these matters regularly on behalf of the board. Changes in the business and operating environment could have an impact on the effectiveness of such controls, which, accordingly, will need to be reviewed and re-assessed continuously.

The company maintains internal, financial and operating controls that are designed to provide reasonable assurance regarding:

- the safeguarding of assets against unauthorised use or disposition;
- compliance with statutory laws and regulations; and
- the maintenance of proper accounting records.

The external and internal audit functions assist in providing the board with monitoring mechanisms for identifying risks and assessing controls appropriate to managing such risks. The company does not have a risk committee at present. This will be reconsidered in the future depending on the growth of the group.

### 2.0 OTHER KEY GOVERNANCE ISSUES

#### 2.1 Directors' remuneration
The Remuneration Committee, which will comprise non-executive directors and the chief executive officer, will be responsible for determining the remuneration and conditions of employment of the executive directors. These appointments are being considered at present.

Non-executive directors will be paid appropriate fees and out of pocket expenses.

Reviews done annually

Directors' fees will be reviewed annually.

#### 2.2 Going concern
The financial statements of the company will be prepared on the going concern basis.

#### 2.3 Internal audit
The company has recognised the fact that the business does not currently justify the cost of an internal auditor or the cost of outsourcing the function. A recommendation that the accountants of the various subsidiaries be systematically rotated was accepted and will be implemented during the next financial year. This procedure will be reviewed from time to time.

#### 2.4 Company secretarial function
The company secretary is required to provide the directors of the company, collectively and individually, with guidance as to their duties, responsibilities and powers. They are also required to ensure that the directors are aware of all laws and legislation relevant to, or affecting

the company and reporting to any meetings of the shareholders of the company or of the company's directors, including any failure to comply with such law or legislation.

The company secretary is also required to ensure that the minutes of all shareholders' meetings, directors' meetings and the meetings of any committee of the directors are properly recorded in accordance with section 242 of the Act.

The company subscribes to the highest level of professionalism and integrity in conducting its business and dealings with stakeholders.

The company has formalised a code of ethics, which prescribes the company's approach to business ethics and its obligation to clients, shareholders, employees, representatives, suppliers, the general public and authorities.

This code of ethics specifies the following basic approach to business ethics:

- commercial business should operate and compete in accordance with the principles of free enterprise;
- free enterprise will be constrained by the observance of law and of generally accepted principles governing ethical behaviour in business;
- ethical behaviour will be founded on the concept of utmost good faith and characterised by integrity, reliability and commitment to avoid harm;
- ethical business activities will benefit all participants through a fair exchange of value or satisfaction of need;
- the company expects equivalent standards of ethical behaviour from those individuals and companies with whom it conducts business; and
- It is incumbent upon every commercial enterprise to strive for excellence in its ethical standards, as in any other aspect of its activities.

**2.5 Human resources and audit committees**

On 1 March 2004 the Company established a human resources and audit committee consisting of one executive director and two non-executive directors, who may consult with independent consultants with regards to various aspects relating to the functioning of these two committees.

**3. CORPORATE AND SOCIAL RESPONSIBILITIES**

The company will be actively concerned with social development by focusing on community-focused initiatives and the innovative involvement in the upliftment of the historically disadvantaged members of South African society.

**4. COMMUNICATIONS WITH STAKEHOLDERS AND SHAREHOLDERS**

The company is committed to a policy of effective communication and engagement with its stakeholders on issues of mutual interest. It subscribes to a policy of open, frank and timeous communication with its stakeholders in its activities on both financial and non-financial matters.

The company will seek to promote a healthy, secure and participative social and working environment with its staff, business associates and at large. The duty of being a responsible, caring and exemplary corporate citizen is considered to be an obligation - and never a choice.

**5. CLOSED PERIOD**

The company operates a closed period in terms of the Listings Requirements of the JSE. During the closed period, the company's directors and officers may not deal in the shares of the company.

## Schedule of Platinexco's mineral and option rights

Platinexco holds the prospecting and option rights (until 30 November 2004), in terms of a prospecting and option agreement and amendments thereto entered into between the Municipality of Mogalakwena (formerly the Local Council of the Greater Potgietersrus) and Platinexco over the following areas:

**Farm: Piet Potgietersrust Town and Townlands 44KS**

| Description | | Authority | Number | Date | Hectares |
|---|---|---|---|---|---|
| Portion of R/E of Portion 80 | Remaining Portion of Portion 80 | Deed of Grant 56/1908 | - | 31-Jan -08 | 648,0297 |
| Portion 33 | Portion of Portion 80 | Certificate of Mineral Rights | RM 449/1956 | 20-Aug-55 | 55,2525 |
| Portion 34 | Portion of Portion 80 | Certificate of Mineral Rights | RM 284/1956 | 12-Jun-56 | 21,4133 |
| Portion 35 | Portion of Portion 80 | Certificate of Mineral Rights | RM 258/1956 | 12-Jun-56 | 21,4133 |
| Portion 36 | Portion of Portion 80 | Certificate of Mineral Rights | RM 462/1956 | 14-Sep-56 | 21,4133 |
| Portion 37 | Portion of Portion 80 | Certificate of Mineral Rights | RM 530/1955 | 30-Sep-55 | 21,4133 |
| Portion 38 | Portion of Portion 80 | Certificate of Mineral Rights | RM 613/1955 | 10-Nov-55 | 21,4133 |
| Portion 39 | Portion of Portion 80 | Certificate of Mineral Rights | RM 251/1954 | 06-May-54 | 21,4133 |
| Portion 40 | Portion of Portion 80 | Certificate of Mineral Rights | RM 130/1954 | 11-Mar-54 | 21,4133 |
| Portion 41 | Portion of Portion 80 | Certificate of Mineral Rights | RM 510/1956 | 03-Oct-56 | 21,4133 |
| Portion 42 | Portion of Portion 80 | Certificate of Mineral Rights | RM 127/1954 | 11-Mar-54 | 21,4133 |
| Portion 43 | Portion of Portion 80 | Certificate of Mineral Rights | RM 450/1955 | 20-Aug-54 | 21,4133 |
| Portion 44 | Portion of Portion 80 | Certificate of Mineral Rights | RM 597/1954 | 26-Oct-54 | 21,4133 |
| Portion 45 | Portion of Portion 80 | Certificate of Mineral Rights | RM 379/1954 | 21-Jul-54 | 21,4133 |
| | | | | | **960,2418** |
| Portion of R/E of Portion 80 | Remaining Portion of Portion 80 | Deed of Grant 56/1908 | - | 31-Jan -08 | 123,2779 |
| R/E of Portion 46 | Remaining Portion 46 | Certificate of Mineral Rights | RM 286/1956 | 12-Jun 56 | 15,2119 |
| Portion 98 of Portion 46 | Portion98 (Portion of Portion 46) | | RM 286/1956 | 12-Jun-56 | 6,2014 |
| Portion 47 | Portion 47 | Certificate of Mineral Rights | RM 493/1954 | 13-Sep-54 | 21,4133 |
| R/E of Portion 48 | Remaining Portion of 48 | Certificate of Mineral Rights | RM 307/1955 | 16-Jun-55 | 20,8577 |
| R/E of Portion 49 | Remaining Portion of 49 | Certificate of Mineral Rights | RM 137/1956 | 05-Mar-56 | 17,0152 |
| Portion 100 of Portion 49 | Portion 100 (Portion of Portion49) | Certificate of Mineral Rights | RM 137/1956 | 05-Mar-56 | 4,3981 |
| Portion 50 | Portion 50 | Certificate of Mineral Rights | RM 138/1956 | 05-Mar-56 | 21,4133 |
| R/E of Portion 51 | Remaining Portion of 51 | Certificate of Mineral Rights | RM 128/1954 | 11-Mar-54 | 14.1234 |
| Portion 101 of Portion 51 | Portion 101 (Portion of Portion 51) | | RM 128/1954 | 11-Mar-54 | 2,067 |
| Portion 121 of Portion 51 | Portion 121 (Portion of Portion 51) | | RM 128/1954 | 11-Mar-54 | 5,229 |
| Portion 52 | Portion 52 | Certificate of Mineral Rights | RM 129/1954 | 11-Mar-54 | 21,4133 |
| Portion 53 | Portion 53 | Certificate of Mineral Rights | RM 157/1961 | 05-Apr-61 | 21,4133 |
| Portion 54 | Portion 54 | Certificate of Mineral Rights | RM 277/1961 | 30-Jun-61 | 21,4133 |
| Portion 55 | Portion 55 | Certificate of Mineral Rights | RM 448/1955 | 20-Aug-55 | 21,4133 |
| Portion 56 | Portion 56 | Certificate of Mineral Rights | RM 278/1961 | 30-Jun-61 | 21,4133 |
| Portion 57 | Portion 57 | Certificate of Mineral Rights | RM 251/1961 | 16-Jun-61 | 21,4133 |
| Portion 58 | Portion 58 | Certificate of Mineral Rights | RM 636/1957 | 28-Nov-57 | 21,4133 |
| Portion 59 | Portion 59 | Certificate of Mineral Rights | RM 114/1958 | 12-Mar-58 | 21,4133 |
| Pontion 60 | Portion 60 | Certificate of Mineral Rights | RM 511/1956 | 03-Oct-56 | 73,2359 |
| Portion 140 | Portion of Portion 80 | Railway Line - Part of R/e of Portion 80 | - | - | - |
| | | | | | **495,744** |
| **Total** | | | | | **1 455,9862** |

Notice is hereby given that a General Meeting of members of Thabex Exploration Limited will be held at KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria on Wednesday, 5 May 2004, at 10:00 for the following:

**Ordinary business**

1. To approve the Agreement, dated 16 October 2003 and the Amendment thereto, dated 11 December 2003, entered into between Thabex Exploration Limited ("Thabex"), Platinexco (Proprietary) Limited ("Platinexco") and AIM Resources Limited ("AIM"), a company listed on the Australian Stock Exchange in Sydney Australia in terms of which AIM has a paid option, subject to certain conditions precedent, to acquire 100% of Platinexco from Thabex for R20 million in cash.

2. To authorise any Director or Alternate Director of the Company to sign all such documents and to do all such things as may be necessary for or incidental to the implementation of the above-mentioned ordinary resolution to be proposed at the General Meeting.

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

By order of the Board

SA Mineral Investments (Pty) Ltd
Secretaries
Pretoria

13 April 2004

## Form of proxy

*Only for use by certified and own name registered dematerialised shareholders*

**Thabex Exploration Limited**

**(Incorporated in the Republic of South Africa)**
**(Registration number 1988/000763/06)**
**("Thabex" or "the Company")**
**ISIN Code: ZAE000013686**
**JSE Code: TBX**

I/we _____ of _____

_____ 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 KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, on Wednesday. 5 May 2004 at 10:00 and at any adjournment thereof, as follows:

| Resolutions | Number of votes (one vote per share) | | |
|---|---|---|---|
| | In favour | Against | Abstain |
| Ordinary resolution No 1 Approval of the Agreement to dispose of Platinexco (Pty) Ltd | | | |
| Ordinary resolution No 2 Authorising directors to sign documents relating to the disposal of Platinexco (Pty) Ltd | | | |

Signed at _____ this _____ day of _____ 2004.

_____ (Signature)

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

**Please read the notes on the reverse hereof.**

*Certified shareholders and own name dematerialised registrations*
If you are a certified shareholder or an own name dematerialised registered shareholder and you are unable to attend the general meeting of Thabex shareholders to be held at 10:00 on Wednesday, 5 May 2004 at KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria and wish to be represented thereat, you should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the transfer secretaries, namely, Ultra Registrars (Proprietary) Limited, so as to be received by them no later than 10:00 on Monday, 3 May 2004.

Other dematerialised shareholders
If you hold dematerialised shares in Thabex through a CSDP or broker and do not have an own name registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the general meeting or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the general meeting in person, you must timeously provide your CSDP or broker with your voting instructions in order for the CSPD or broker to vote in accordance with your instruction at the at the general meeting.

**Notes**

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 initialed 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 there at. 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, Ultra Registrars (Pty) Ltd,
11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Monday, 3 May 2004.

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.

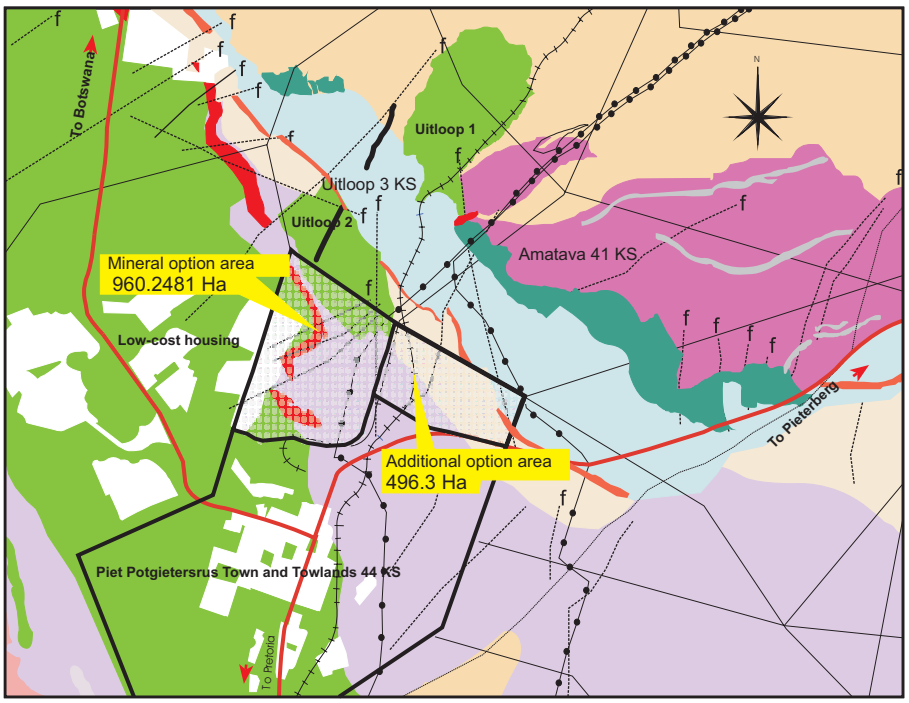
6. The signatories must initial any alteration or correction made to this form of proxy.

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.

## Map of Platinexco's mineral and option rights

# MAP 1 MOKOPANE PLATREEF PROJECT




0 5km
SCALE: 1 : 100 000

### Geological Legends

| | |
|---|---|
| | Karoo Sequence |
| Sediments | Waterberg Group |
| Volcanics | Rooiberg Group |
| Granite | Bushveld Complex |
| Mafic | Bushveld Complex |
| Platreef | Bushveld Complex |
| Sediments | Pretoria Group |
| Sediments | Chuniespoort Group |
| Penge iron formation | Chuniespoort Group |
| Dolmite | Malmani Subgroup |
| Sediments | Black Reef Formation |
| Granite | Archean Granite |
| Amphibolite/mafic/seds | Pietersburg Sequence |
| Banded iron formation | Pietersburg Sequence |
| Railway line | |
| Power lines | |
| Tarred road | |
| Farm boundary | |

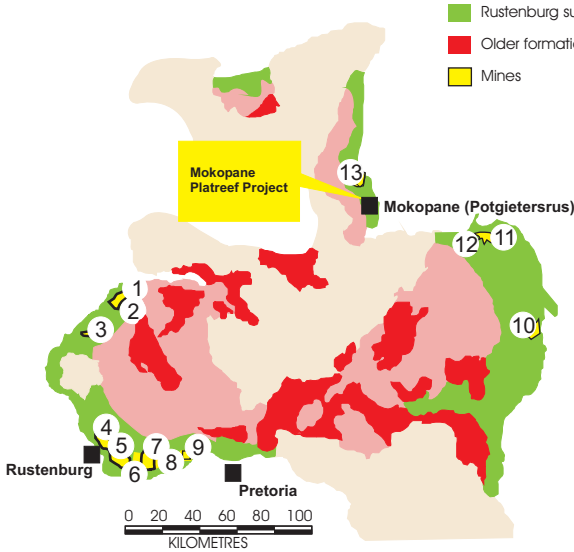
THABEX EXPLORATION LIMITED

### Geological Legends

- Young formations
- Granite suite
- Rustenburg suite
- Older formation
- Mines

### PGM Mines

① Amandelbult
② Northam
③ Union
④ Impala
⑤ Rustenburg
⑥ Karee
⑦ Western Plats
⑧ Eastern Plats
⑨ Crocodile River
⑩ Maandagshoek
⑪ Lebowa Plats
⑫ Messina
⑬ PP Rust




Trenching

Diamond drilling

Prospecting shaft