

Action required

1. If you are in any doubt as to the action that you should take, please consult your stockbroker, CSDP, legal advisor, banker, accountant or other professional advisor.
2. If you have disposed of your entire holding of shares in Thabex, this circular should be handed to the purchaser to whom, or the broker, CSDP or agent through whom, you disposed of your shares.
3. The definitions on pages 6 to 7 of this document apply, mutatis mutandis to this circular and annexures.



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

Circular to Thabex shareholders

regarding

- ◆ the acquisition of 100% of the Minnex ordinary shares from the Minnex shareholders; and
- ◆ the change of name of Thabex Exploration Limited to Thabex Limited.

and incorporating a

- ◆ notice of a general meeting of Thabex shareholders; and
- ◆ form of proxy (to be completed by certificated shareholders and dematerialised shareholders with "own name" registration only)



Sponsor to Thabex



Competent Person



Auditors and Reporting Accountants to Thabex



Auditors and Reporting Accountants to Minnex

This document is only available in English. Copies may be obtained from the registered offices of Thabex, the sponsor and transfer secretaries whose addresses are set out in the "Corporate information" section of this document during normal business hours from Monday, 16 July 2007 until Wednesday, 8 August 2007.

Date of issue: 16 July 2007

CORPORATE INFORMATION

Company secretaries and registered office of Thabex

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

Ground Floor, Kiepersol House
Stonemill Office Park
300 Acacia Road
Darrenwood
Randburg
2194

Auditors and Reporting Accountants to Thabex

KPMG Inc.
(Registration No. 1999/021543/21)
85 Empire Road
Parktown
2193

Competent Person

Camden Geoservices cc
(Registration No. 1994/018048/23)
36 Slater Street
Parkrand
1459

Registered office of Minnex

Ground Floor, Kiepersol House
Stonemill Office Park
300 Acacia Road
Darrenwood
Randburg
2194

Sponsor

PSG Capital (Pty) Limited
(Registration number 2006/015817/07)
1st Floor
Ou Kollege
35 Church Street
Stellenbosch
7600
(PO Box 7403, Stellenbosch 7599)

Auditors and Reporting Accountants to Minnex

PricewaterhouseCoopers Inc
(Registration No. 1998/012055/21)
No 2 Eglin Road
Sunninghill
Johannesburg
2157

Transfer secretaries of Thabex

Link Market Services South Africa (Proprietary)
Limited
(Registration No. 2000/007239/07/07)
11 Diagonal Street
Johannesburg
2001
(PO Box 4844, Johannesburg, 2000)

SALIENT DATES AND TIMES

Circular posted to Thabex shareholders	Monday, 16 July 2007
Last day to lodge forms of proxy for general meeting	Monday, 6 August 2007
General meeting at 10:00 on	Wednesday, 8 August 2007
Results of the general meeting published on SENS	Wednesday, 8 August 2007
Results of the general meeting published in the press	Friday, 10 August 2007
Last day to trade	Friday, 24 August 2007
Change of name effective from commencement of trading on	Monday, 27 August 2007
List and trade new shares in the new name from commencement of trading on	Monday, 27 August 2007
Record date	Friday, 31 August 2007

Notes:

1. The dates and times provided for in this circular are subject to amendment. Any such amendment will be published on SENS and in the press.
2. Shareholders will not be able to dematerialise or rematerialise securities in the name of Thabex between Monday, 27 August and Friday, 31 August 2007, both days inclusive.
3. Certificated shareholders do not have to surrender their old certificated shares as these will still be valid for purposes of dematerialisation. Any new certificated shares issued after Friday, 31 August 2007 will be issued in the new name of Thabex Limited.
4. The company shall not change its short names, JSE code or ISIN code

TABLE OF CONTENTS

The definitions given on pages 6 to 7 of this circular, apply to all sections of this circular, including the sections titled "Table of contents", and "Salient features".

	Page
Corporate information	IFC
Salient dates and times	IFC
Table of contents	1
Salient features	2
Action required	5
Definitions and interpretations	6
Circular to Thabex shareholders	8
1. Introduction	8
2. Rationale for the acquisition	8
3. Details of the acquisition agreement	9
4. Pro forma financial effects of the acquisition	9
5. Information on Minnex	9
6. Nature of the Thabex's business	11
7. Prospects of Thabex	13
8. Directors of Thabex and their interests	13
9. Share Capital	14
10. Major shareholders of Thabex	14
11. Litigation statement	15
12. Material contracts	15
13. Material loans	15
14. Statement as to working capital	15
15. Change of controlling shareholder or trading objects	16
16. Expenses	16
17. Directors' responsibility statement	16
18. Experts' consents	16
19. Material change	16
20. Documents available for inspection	16
21. The change of the name of the company	16
22. Shareholder approval and general meeting	16
23. Opinions and recommendations	17
Annexure 1 Report on the historical financial information on Minnex for the three years ended	18
28 February 2007	
Annexure 2 Reporting accountants' report on the historical financial information on Minnex	30
for the three years ended 28 February 2007	
Annexure 3 <i>Pro forma</i> financial information relating to Thabex	32
Annexure 4 Reporting accountants' report on the <i>pro forma</i> financial information relating to Thabex	35
Annexure 5 Competent persons report	37
Annexure 6 Schedule of Thabex's Mineral Reserves and Mineral Resources	66
Annexure 7 Schedule of Minnex's Mineral Reserves and Mineral Resources	67
Annexure 8 Vendor information	68
Notice of General Meeting	71
Form of Proxy	Insert
Map of Thabex's and Minnex's mineral rights	IBC

SALIENT FEATURES

The definitions commencing on page 6 of this circular, apply to this section.

1. INTRODUCTION

- 1.1. Shareholders are referred to the SENS announcement on 29 November 2006, relating to the acquisition of Minnex. Certain delays were experienced in the finalisation of the audit of Minnex, which caused a delay in publishing this circular. In order to finalise the audit of Minnex, the auditors of Minnex required the directors of certain dormant companies in the Minnex group to provide an undertaking that these companies were dormant, had not entered into any agreements and had not operated any bank account. Delays were experienced due to the difficulty in locating all these directors in order to have them sign the undertakings. The delays experienced have now been rectified and the circular duly published
- 1.2. 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.

Minnex has several kimberlite and alluvial diamond projects and base mineral prospects in South Africa and Namibia. After Thabex completed a due diligence investigation into the projects of Minnex, Thabex, Diamex and the Minnex shareholders entered into an agreement on 23 October 2005, in terms of which the Minnex shareholders would acquire of a 50% interest in Diamex a wholly owned subsidiary of Thabex. Diamex would have acquired the entire issued share capital of Minnex. Diamex proposed to raise R10m by way of a new listing on the JSE to fund the Minnex exploration projects. However, Diamex was not able to raise the funding and on 21 November 2006 Thabex entered into the acquisition agreement with the Minnex shareholders to acquire the entire issued share capital of Minnex.

The acquisition agreement to acquire a 100% interest in Minnex replaced the agreement of 23 October 2005.

- 1.3. The Thabex board has resolved to change the name of Thabex to Thabex Limited and seeks Thabex shareholder approval in this regard.
- 1.4. The purpose of this circular is to provide Thabex shareholders –
 - 1.4.1. with all relevant information relating to the acquisition in order to allow Thabex shareholders to make an informed decision at the general meeting; and
 - 1.4.2. with the rationale for the change of name in order to allow Thabex shareholders to make an informed decision at the general meeting.

2. RATIONALE FOR THE ACQUISITION

The rationale for the acquisition is to –

- 2.1. acquire the professional geological and metallurgical expertise vested in Minnex;
- 2.2. enhance Thabex's diversified diamond and base mineral portfolio by incorporating the Minnex exploration projects into the company's existing projects; and
- 2.3. to save the costs that would have been incurred in the listing of Diamex, including the duplication of the administration costs necessary to comply with the Listings Requirements.

3. DETAILS OF THE ACQUISITION AGREEMENT

3.1. Terms of the acquisition agreement

The salient terms of the acquisition agreement are as follows –

- ◆ The purchaser is Thabex;
- ◆ The sellers are the Minnex shareholders;
- ◆ Thabex will acquire 100% of the Minnex ordinary shares from the Minnex shareholders;
- ◆ The purchase price payable by Thabex to the Minnex shareholders is the sum of R8 million. The purchase price will be discharged by the issue of 4 million fully paid up Thabex ordinary shares at a premium of 190 cents per share, which shares will be duly listed on the JSE, subject to the JSE's approval; and
- ◆ The effective date of the acquisition is 15 January 2007.

3.2. Conditions precedent

The acquisition agreement is subject to the conditions precedent that –

- ◆ the Thabex shareholders approve the acquisition agreement in a general meeting; and
- ◆ the JSE approves the listing of the additional 4 million Thabex ordinary shares.

4. **PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION**

The table below sets out the unaudited pro forma financial effects of the acquisition on Thabex shareholders. The unaudited pro forma financial effects are presented for illustrative purposes only and due to their nature, may not fairly present Thabex's financial position, results of operations, or changes in equity after the acquisition. It has been assumed for purposes of the *pro forma* financial effects that the acquisition took place with effect from 1 March 2006 for income statement purposes and 28 February 2007 for balance sheet purposes. The pro forma financial effects are the responsibility of the Thabex board and are based on Thabex's reviewed unaudited provisional financial results for the year ended 28 February 2007.

The unaudited pro forma financial effects set out below are based on the assumption that the estimated transaction costs will be capitalised to the cost of the acquisition

The pro forma financial information relating to Thabex is set out in Annexure 3.

The report of KPMG on the pro forma financial effects provided below is set out in Annexure 4.

	Before ¹ Published	After the acquisition Pro forma ^{2,3}	% Change
(Loss)/earnings per share (cents)	(38.84)	18.57	147.81
Diluted (loss)/earnings per share (cents)	(38.84)	18.57	147.81
Headline (loss)/earnings per share (cents)	(38.84)	(33.18)	14.55
Net asset value per share (cents)	47.99	110.6	130.47
Net tangible asset value per share (cents)	47.99	56.61	17.96
Number of shares in issue (millions)	17 006 887	21 006 887	23.52
Weighted average number of shares in issue (millions)	17 006 887	21 006 887	23.52

Notes:

1. The "Before" financial information is based on Thabex's published results for the year ended 28 February 2007.
2. The "After the acquisition" earnings and headline earnings per share have been adjusted to include the audited income and expenditure relating to Minnex for the year ended 28 February 2007 and the excess of the net asset value of Minnex at fair value over the purchase consideration, amounting to R5.9 million. The weighted average number of shares in issue has been adjusted for the 4 million new ordinary shares to be issued in settlement of the acquisition. Headline earnings per share has been adjusted for the excess of the net asset value of the acquisition at fair value over the purchase consideration and the profit on the disposal by Minnex of its investment in Lehumo Resources Limited, in this regard shareholders are referred to Annexure 1.
3. The "After the acquisition" net asset value and net tangible asset value per share have been adjusted to include the assets and liabilities of the acquisition at fair value and the capitalisation of the estimated transaction costs of R390 000, the issue of the 4 million consideration shares at R2.30 per share, being the closing share price of Thabex on Tuesday, 19 June 2007, and the settlement of the transaction costs, the excess of the net asset value of the acquisition at fair value over the purchase consideration. Exploration licences has been excluded from the net tangible asset value per share.
4. Shareholders are referred to Annexure 2 and are advised that PricewaterhouseCoopers, the auditors and independent reporting accountants to Minnex were unable to form an opinion as to whether the historical financial information of Minnex for the years ended 28 February 2005 and 28 February 2006 fairly present in all material respects the financial position of the Minnex group at those dates and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

5. **PROSPECTS OF THABEX**

After the implementation of the acquisition, Thabex will own 100% of the Minnex ordinary shares. The acquisition will strengthen Thabex's employee expertise component and enhance Thabex's diversified diamond and base mineral portfolio. These additional assets will enable Thabex to strive towards its stated objectives of the creation of wealth for its shareholders, the developments of its smaller sized projects into going concerns in a socially responsible and environmentally friendly manner and the seeking of joint venture partners to explore and develop its larger projects.

6. **THE CHANGE OF THE NAME OF THE COMPANY**

6.1 **Proposal**

The directors are proposing to change the name of the company to Thabex Limited from commencement of business on Monday, 27 August 2007. The board is of the opinion that the new name more accurately reflects the company's objectives and activities. As a consequence of the name change the company's listing will be amended to reflect the new name. All share certificates in the name of Thabex Exploration Limited shall cease to be good for delivery for transactions entered into on the JSE from the last day to trade. However, certificated shareholders do not have to surrender their old share certificates as these will still be valid for purposes of dematerialisation. Any new certificates issued after Friday, 31 August 2007 will be issued in the new name.

6.2 **Change of name**

6.2.1 In order to more accurately reflect the company's objectives and activities, the board proposes to change the name of the company to Thabex Limited, from commencement of business on Monday, 27 August 2007. The company shall not change its short names, JSE code or ISIN code.

6.2.2 The results of the general meeting approving the change of name will be announced on SENS on Wednesday, 8 August 2007 and in the press on Friday, 10 August 2007.

7. SHAREHOLDER APPROVAL AND GENERAL MEETING

A notice of general meeting, which forms part of this circular, contains –

- 7.1. the ordinary resolution required to approve the acquisition agreement;
- 7.2. the ordinary resolution required to place unissued shares under the control of directors;
- 7.3. the ordinary resolution granting Thabex directors the authority to sign relevant documentation; and
- 7.4. the special resolution required to approve the change of the name of Thabex.

These resolutions will be proposed at a general meeting the Thabex shareholders to be held at Ground Floor, Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Johannesburg, 2194 on Wednesday, 8 August 2007, at 10:00.

8. OPINIONS AND RECOMMENDATIONS

The board is of the unanimous opinion that –

- 8.1. the terms and conditions of the acquisition will be for the long-term benefit of the Thabex shareholders;
- 8.2. all resolutions proposed in the notice of the general meeting are in the interests of the Thabex shareholders. Accordingly, those directors who are shareholders of Thabex intend to vote in favour of all resolutions proposed and recommend that Thabex shareholders do the same.

ACTION REQUIRED

1. If you hold dematerialised shares with “own-name” registration or are the registered holder of certificated shares –

You may attend in person at the general meeting to be held at Ground Floor, Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Johannesburg, on Wednesday, 8 August 2007, at 10:00. Alternatively, you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy for the general meeting in accordance with the instructions it contains and returning it as soon as possible to the transfer secretaries, by physical delivery to 11 Diagonal Street, Johannesburg, 2001 or by postal delivery to PO Box 4844, Johannesburg, 2000, so as to be received by no later than 10:00 on Monday, 6 August 2007.

2. If you hold dematerialised shares without “own-name” registration –

You should contact your CSDP or broker and request them to furnish you with the necessary letter of representation if you wish to attend and vote at the general meeting. If you are unable to attend the general meeting but wish to be represented thereat, you should instruct your CSDP or broker to vote by proxy on your behalf in accordance with the mandate concluded between you and your CSDP or broker. If your CSDP or broker does not obtain voting instructions from you, your CSDP or broker will be obliged to vote in accordance with such mandate. You must not complete the attached form or proxy for the general meeting.

3. Surrender of shares

On the assumption that the resolution to give effect to the proposed name change of the Company has been approved by the requisite majority of shareholders at the general meeting, and the Registrar of Companies has registered the special resolution, the name of the company will change on the JSE on Monday, 27 August 2007.

DEFINITIONS AND INTERPRETATIONS

Throughout this circular and the annexures hereto, unless otherwise indicated, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and vice versa, words importing natural persons include corporations and associations of persons and any reference to one gender includes the other genders:

“the Act”	the Companies Act, No 61 of 1973, as amended;
“the acquisition”	the acquisition of 100% of the Minnex ordinary shares by Thabex from the Minnex shareholders;
“The acquisition agreement”	the agreement entered into between Thabex and the Minnex shareholders, containing the terms and conditions of the acquisition and dated 21 November 2006;
“the agreement”	the agreement entered into between Thabex, Diamex, the Minnex shareholders and Minnex, dated 23 October 2005;
“the “board”	the board of directors of Thabex;
“Camden Geoserve” or “the competent person”	Camden Geoserve cc (Registration Number 1994/018048/23) a close corporation incorporated in the Republic of South Africa and the competent person in this circular;
“Certificated shares”	Thabex ordinary shares which have not been dematerialised, title of which is evidenced by physical documents of title;
“certificated shareholders”	Thabex shareholders who hold certificated shares;
“this circular”	this circular to Thabex shareholders dated Monday, 16 July 2007 incorporating the annexures;
“the company” or “Thabex”	Thabex Exploration Limited (Registration Number 1988/000763/06) a public company incorporated in the Republic of South Africa and listed on the main board of the JSE list in the “Basic Material: Mining Diamonds and Gems” sector;
“CPR”	Competent Persons' Report;
“CSDP”	Central Securities Depository Participant;
“ct”	Measure of diamond weight (1ct weighs 200grams)
“Ctph”	Carats per 100 tonne;
“dematerialised shares”	Thabex ordinary shares which have been incorporated into the Strate system and which are no longer evidenced by documents of title;
“documents of title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to certificated shares;
“Diamex”	Diamex JV (Proprietary) Limited (Registration Number 1997/014096/07) a private company incorporated in the Republic of South Africa;
“DMS”	Dense Medium Separator for recovery of diamonds;
“EPL's”	Exclusive Prospecting Licences;
“EMP”	Environmental Management Plan;
“GAAP”	South African Statements of Generally Accepted Accounting Practice;
“general meeting”	the general meeting of shareholders to be convened in terms of the notice of general meeting which forms part of this circular, to be held at Ground Floor, Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Johannesburg, 2194 on Wednesday, 8 August 2007 at 10:00;
“IFRS”	International Financial Reporting Standards;
“ha”	Hectare;
“JSE”	the JSE Limited (Registration Number 2005/022939/06) a public company incorporated in the Republic of South Africa and licensed as an exchange under the Securities Services Act, No. 36 of 2004;
“KPMG”	KPMG Inc., Chartered Accountants (SA) (Registration Number 1999/021543/21), the auditors and reporting accountants to Thabex;
“last practicable date”	Friday 15 June 2007, being the last practicable date prior to the finalisation of this circular;

“Lehumo”	Lehumo Resources Limited, (Registration Number 2005/002966/06), a public company incorporated in the Republic of South Africa;
“Listings Requirements”	The JSE Listings Requirements;
“Minnex”	Minnex Exploration Limited, (Registration Number 1999/026578/06), a public company incorporated in the Republic of South Africa;
“Minnex ordinary shares”	Ordinary shares with a par value of 0.00001 rand each in the issued share capital of Minnex;
“Minnex shareholders”	The registered holders of Minnex ordinary shares as set out in Annexure 8 hereto;
“Minnex exploration projects”	Minnex's exploration projects namely <ul style="list-style-type: none"> • the Ndiyona Kimberlite Project; • the Middelwater Alluvial Diamond Project; and • the Alexkor 4A Concession Project.
“PricewaterhouseCoopers”	PricewaterhouseCoopers Inc., Chartered Accountants (SA), (registration number 1998/012055/21), the auditors and reporting accountants to Minnex;
“PSG Capital” or “the sponsor”	PSG Capital (Pty) Limited (Registration number 2006/015817/07) a private company incorporated in the Republic of South Africa and the sponsor in this circular ;
“Rand or R”	the official currency of South Africa;
“SAIMM”	SA Institute of Mining and Metallurgy;
“Saminco	Saminco Limited (registration number 1992/003187/06) a public company incorporated in the Republic of South Africa;
“SAMREC Code”	South African Code for Reporting of Mineral Resources and Reserves as defined by the SAIMM;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (Registration Number 1998/022242/06) a public company duly incorporated in South Africa and a licensed securities depository in terms of section 1 of the Securities Services Act 36 of 2004;
“Strate system”	a clearing and settlement system for security transactions to be settled and for transfer of ownership to be recorded electronically, managed by Strate;
“Thabex Group”	Thabex and its subsidiaries being Diamex, Pilanesberg Gold Holdings (Proprietary) Limited, Taung Diamond Mines Limited, Thaba Egoli Mining & Exploration Limited and Tradeport 121 (Proprietary) Limited;
“Thabex ordinary shares”	ordinary shares with a par value of 10 cents each in the issued share capital of Thabex; and
“Thabex shareholders”	the registered holders of Thabex ordinary shares; and
“tph”	Tonnes per hour;
“tonne”	Mertic ton;
“transfer secretaries”	Link Market Services South Africa (Proprietary) Limited (Registration No. 2000/007239/07/07) a private company incorporated in the Republic of South Africa and the transfer secretaries to Thabex; and
“Vendors”	the Minnex shareholders as set out in Annexure 8 hereto.

Directors

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

CIRCULAR TO THABEX SHAREHOLDERS

1. INTRODUCTION

- 1.1. Shareholders are referred to the SENS announcement on 29 November 2006, relating to the acquisition of Minnex. Certain delays were experienced in the finalisation of the audit of Minnex, which caused a delay in publishing this circular. In order to finalise the audit of Minnex, the auditors of Minnex required the directors of certain dormant companies in the Minnex group to provide an undertaking that these companies were dormant, had not entered into any agreements and had not operated any bank account. Delays were experienced due to the difficulty in locating all these directors in order to have them sign the undertakings. The delays experienced have now been rectified and the circular duly published.
- 1.2. 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.

Minnex has several kimberlite and alluvial diamond projects and base mineral prospects in South Africa and Namibia. After Thabex completed a due diligence investigation into the projects of Minnex, Thabex, Diamex and the Minnex shareholders entered into an agreement on 23 October 2005, in terms of which the Minnex shareholders would acquire of a 50% interest in Diamex a wholly owned subsidiary of Thabex. Diamex would have acquired the entire issued share capital of Minnex. Diamex proposed to raise R10m by way of a new listing on the JSE to fund the Minnex exploration projects. However, Diamex was not able to raise the funding and on 21 November 2006 Thabex entered into the acquisition agreement with the Minnex shareholders to acquire the entire issued share capital of Minnex.

The acquisition agreement to acquire a 100% interest in Minnex replaced the agreement of 23 October 2005.

- 1.3. The Thabex board has resolved to change the name of Thabex to Thabex Limited and seeks Thabex shareholder approval in this regard.
- 1.4. The purpose of this circular is to provide Thabex shareholders –
- 1.4.1. with all relevant information relating to the acquisition in order to allow Thabex shareholders to make an informed decision at the general meeting; and
- 1.4.2. with the rationale for the change of name in order to allow Thabex shareholders to make an informed decision at the general meeting.

2. RATIONALE FOR THE ACQUISITION

The rationale for the acquisition is to –

- 2.1. acquire the professional geological and metallurgical expertise vested in Minnex;
- 2.2. enhance Thabex's diversified diamond and base mineral portfolio by incorporating the Minnex exploration projects into the company's existing projects; and
- 2.3. to save the costs that would have been incurred in the listing of Diamex, including the duplication of the administration costs necessary to comply with the Listings Requirements.

3. DETAILS OF THE ACQUISITION AGREEMENT

3.1. Terms of the acquisition agreement

The salient terms of the acquisition agreement are as follows –

- ◆ The purchaser is Thabex;
- ◆ The sellers are the Minnex shareholders;
- ◆ Thabex will acquire 100% of the Minnex ordinary shares from the Minnex shareholders;
- ◆ The purchase price payable by Thabex to the Minnex shareholders is the sum of R8 million. The purchase price will be discharged by the issue of 4 million fully paid up Thabex ordinary shares at a premium of 190 cents per share, which shares will be duly listed on the JSE, subject to the JSE's approval; and
- ◆ The effective date of the acquisition is 15 January 2007.

3.2 The acquisition agreement is subject to the conditions precedent that –

- ◆ the Thabex shareholders approve the acquisition agreement in a general meeting; and
- ◆ the JSE approves the listing of the additional 4 million Thabex ordinary shares.

4. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

The table below sets out the unaudited pro forma financial effects of the acquisition on Thabex shareholders. The unaudited pro forma financial effects are presented for illustrative purposes only and due to their nature, may not fairly present Thabex's financial position, results of operations, or changes in equity after the acquisition. It has been assumed for purposes of the pro forma financial effects that the acquisition took place with effect from 1 March 2006 for income statement purposes and 28 February 2007 for balance sheet purposes. The pro forma financial effects are the responsibility of the Thabex board and are based on Thabex's reviewed unaudited provisional financial results for the year ended 28 February 2007.

The unaudited pro forma financial effects set out below are based on the assumption that the estimated transaction costs will be capitalised to the cost of the acquisition

The pro forma financial information relating to Thabex is set out in Annexure 3.

The report of KPMG on the pro forma financial effects provided below is set out in Annexure 4.

	Before ¹ Published	After the acquisition Pro forma ^{2,3}	% Change
(Loss)/earnings per share (cents)	(38.84)	18.57	147.81
Diluted (loss)/earnings per share (cents)	(38.84)	18.57	147.81
Headline (loss)/earnings per share (cents)	(38.84)	(33.18)	14.55
Net asset value per share (cents)	47.99	110.6	130.47
Net tangible asset value per share (cents)	47.99	56.61	17.96
Number of shares in issue (millions)	17 006 887	21 006 887	23.52
Weighted average number of shares in issue (millions)	17 006 887	21 006 887	23.52

Notes:

1. The "Before" financial information is based on Thabex's published results for the year ended 28 February 2007.
2. The "After the acquisition" earnings and headline earnings per share have been adjusted to include the audited income and expenditure relating to Minnex for the year ended 28 February 2007 and the excess of the net asset value of Minnex at fair value over the purchase consideration, amounting to R5.9 million. The "After the acquisition" earnings and headline earnings per share have been adjusted to include the reviewed income and expenditure relating to Minnex and the excess of the net asset value of Minnex at fair value over the purchase consideration, amounting to R1.87 million. The weighted average number of shares in issue has been adjusted for the 4 million new ordinary shares to be issued in settlement of the acquisition. Headline earnings per share has been adjusted for the excess of the net asset value of the acquisition at fair value over the purchase consideration and the profit on the disposal by Minnex of its investment in Lehumo Resources Limited, in this regard shareholders are referred to Annexure 1.
3. The "After the acquisition" net asset value and net tangible asset value per share have been adjusted to include the assets and liabilities of the acquisition at fair value and the capitalisation of the estimated transaction costs of R390 000, the issue of the 4 million consideration shares at R2.30 per share, being the closing share price of Thabex on Tuesday, 19 June 2007, and the settlement of the transaction costs, the excess of the net asset value of the acquisition at fair value over the purchase consideration. Exploration licences has been excluded from the net tangible asset value per share.
4. Shareholders are referred to Annexure 2 and are advised that PricewaterhouseCoopers, the auditors and independent reporting accountants to Minnex were unable to form an opinion as to whether the historical financial information of Minnex for the years ended 28 February 2005 and 28 February 2006 fairly present in all material respects the financial position of the Minnex group at those dates and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

5. INFORMATION ON MINNEX

5.1. Incorporation

Minnex was incorporated in the South Africa on 1 December 1999. 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".

5.2. Nature of business

Minnex is a mining and exploration company that has several kimberlite and alluvial diamond projects and base mineral prospects in South Africa and Namibia.

The directors of Minnex commissioned Camden Geoserve to compile the CPR for the Minnex exploration projects in order to comply with reporting requirements of the internationally accepted SAMREC Code and Section 12 of the Listings Requirements and is included in Annexure 5 of this circular.

5.3. Review of the Minnex exploration projects

- 5.3.1. As at the last practicable date the Minnex exploration projects consists of:
- 5.3.1.1. a 'Blue sky' primary diamond exploration project (Nidoyona);
- 5.3.1.2. a late stage secondary alluvial exploration project known to contain diamonds from limited bulk sampling (Middelwater); and
- 5.3.1.3. an early stage high volume marine concession (Alexkor 4A) to be mined on a contract basis benefiting from Minnex's vast technical geological and management experience with regards to offshore diamond mining.
- 5.3.2. Details of these activities are more fully described in the Competent Persons' Report Annexure 5 of this circular.

5.4. Minnex's diamond and base mineral assets

As at the last practicable date the Minnex diamond and base mineral assets consist of the following –

- 5.4.1. a 36% interest in the Nidoyona Kimberlite project in Namibia. Minnex Exploration Namibia (Proprietary) Limited entered into an agreement with the Namdeb Corporation (Proprietary) Limited to conduct a prospecting programme over the EPL's No 3082 and 3083 in northern Namibia. Minnex holds 80% of the shares in Minnex Exploration Namibia (Proprietary) Limited;
- 5.4.2. an 84% interest in the Remaining Extent of the farm Middelwater No 18 near Prieska;
- 5.4.3. an 84% interest in Middelwater portion 1 near Prieska; and
- 5.4.4. a 5% royalty on the operation conducted by Geogem on the Alexkor 4A concession.

On 24 February 2007 Minnex disposed of its 7% interest in Lehumo for R5m in cash.

5.5. Share capital

- 5.5.1. As at the last practicable date the authorised and issued share capital of Minnex was as follows –

	R
<i>Authorised share capital</i>	
600 000 000 Minnex ordinary shares of 0.00001 rand each	6 000
<i>Issued share capital</i>	
72 784 000 Minnex ordinary shares of 0.00001 rand each	727.84
<i>Share premium</i>	3 557 439.16

- 5.5.2. All the issued shares of Minnex are of one class, rank pari passu in all respects.

5.6. Directors of Minnex

- 5.6.1. As at the last practicable date the directors of Minnex were as follows –

Name	Function	Business Address
David Stanley Cowie (41)	Managing director	Ground Floor, Keystone House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Randburg 2194
Phillip le Roux (39)	Consulting Geologist	Ground Floor, Keystone House, Stonemill Office Park, 300 Acacia Road Darrenwood, Randburg 2194
Albertus Johannes Pepler (49)	Consulting Geologist	Ground Floor, Keystone House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Randburg 2194

As at the last practicable date the directors of Minnex had the following qualifications and experience –

- 5.6.1.1. Dave Cowie has a higher diploma in Metallurgy and a B.Sc. majoring in statistics. He has a total of 20 years experience with major corporations that include Anglo American Corporation (7 years), de Beers (7 years) and Anglovaal – Avmin (6 years). Thabex will benefit from his metallurgical and technical abilities and also his strategic analytical skills.
- 5.6.1.2. Phillip le Roux has worked for Gencor, Johannesburg Consolidated Investments and the Industrial Development Corporation. In 1997 he formed his own company and was a founding member of GeoAfric in 1998. He will oversee the development of the Thabex's projects and administer the general activities of Thabex.

5.6.1.3. Bertie Pepler has worked as a qualified geologist for De Beers, Goldfields SA and the IDC up to 1996. As an exploration geologist he has over 23 years experience in a wide range of commodities. He is a founding member of GeoAfric.

5.6.2. **Litigation statement**

Minnex and its subsidiaries are currently not involved in any legal or arbitration proceedings, including any proceedings that are pending or threatened of which the Minnex and its subsidiaries are aware, that may have or have had a material effect on the Minnex group's financial position in the previous 12 months from the date of this circular or influence any of Minnex group's rights to explore for minerals.

5.6.3. **Material change**

There has been no material change in the financial or trading position of Minnex and its subsidiaries since 28 February 2007, the date its unaudited interim report was published.

5.6.4. **Material contracts**

There have been no material contracts entered into by Minnex and its subsidiaries within the two years prior to the date of this circular or entered into at any time and containing an obligation or settlement that is material to Minnex and its subsidiaries at the date of the circular, except for the following:

- ◆ the agreement;
- ◆ the agreement entered into between Namdeb Diamond Corporation (Pty) Ltd and Minnex Exploration Namibia (Pty) Ltd, dated 18 April 2006;
- ◆ the agreement between Minnex, Westside Trading (Pty) Ltd, Geogem (Pty) Ltd and Chistye Diamonds (Pty) dated 14 December 2005;
- ◆ the shareholders agreement entered into between Minnex and the shareholders of Lehumo, dated 16 May 2005; and
- ◆ the sale of shares agreement entered into between Minnex and Eagle Creek Investments 628 (Proprietary) Limited, dated 8 February 2007, whereby Minnex disposed of its shareholding in Lehumo.

5.6.5. **Material loans**

Other than a loan of R42 337.57 owing to Diamex and R22 634.12 owing to Thabex as at 28 February 2007, there are no other loans owing by Minnex. These loans are unsecured, interest free and repayable within twelve months from the date of the approval of the acquisition and will be funded from the proceeds of the disposal by Minnex of Lehumo. There are no conversion or redemption rights relating to the material loans.

6. **NATURE OF THABEX'S BUSINESS**

6.1. **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") which subsequently listed on the JSE on 6 June 1990.

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.

6.2. Nature of business

The company carries on the business of 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.

Thabex's mission is to search, explore and turn to account its mineral exploration projects located in Southern Africa for the benefit shareholders, employees and local communities. Thabex's main objectives are:

- ◆ the creation of wealth for its shareholders;
- ◆ the development, as far as possible, of its smaller sized projects into going concerns in a socially responsible and environmentally friendly manner; and
- ◆ the seeking of 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 concentrates 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.

6.3. Review of Thabex's exploration projects

Detailed information about the company's exploration projects are contained in Thabex's 2006 annual audited financial statements and on the company's website (<http://www.thabex.com>). A summary of the company's exploration projects is set out below –

6.3.1. Angel Diamonds (Proprietary) Limited ("Angel") (Thabex is an 80% shareholder in Angel)

On 15 June 2006 the Minister of Mineral Affairs in Lesotho issued Angel with Prospecting Licence No 002 for two years, extendable for another year, over an area of 5,53 km² in the district of Mafeteng. A cluster of diamondiferous kimberlite pipes and fissures occur in the area, including the Kolo kimberlite pipe.

The Kolo kimberlite pipe is situated some 38km south-west of Maseru in the Mafeteng district. The pipe is a positive topographic feature at the foot of the Kolo Mountain. After conducting aeromagnetic, ground magnetic and resistivity surveys commencing during 1975, the United Nations Development Programme: Exploration for Diamonds project mapped the 1.1ha Kolo pipe and made 32 pits inside the circular boundary of the pipe. Two distinct types of kimberlites were identified in the pipe. The "A" type kimberlite on average contained the better average quality diamonds than the "B" type kimberlite. A total of 623 tonnes of kimberlite from the pits were treated, producing 50.77 carats at an indicated grade of 14.1cpht for the "A" type kimberlite and 3.42cpht for the "B" type kimberlite.

Angel has commenced a two phased prospecting programme on the area: -

- ◆ *Phase I:* Geology of the whole area, petrology and geochemistry of the kimberlite and diamond core drilling of the main Kolo pipe.
- ◆ *Phase II:* In terms of Angel's EMP, a sampling programme of about 32 000 tonnes, of already available blasted kimberlite from the main Kolo pipe, will be processed.

The main aim of the sampling programme is to recover a minimum parcel of about 5 000 ct of diamonds in order to assess the economic viability of the Kolo kimberlite pipe and whether Angel should apply for a mining lease over the area. To achieve this aim Thabex has commenced constructing a 20tph DMS plant at the Kolo Kimberlite diamond project. Phase II has commenced during the second quarter of 2007.

6.3.2. Diamex (Thabex is a 100% shareholder in Diamex)

Diamex is at present mobilising to test approximately 20 000 tonnes of diamondiferous gravels on Minnex's Middelwater Project. This company is also involved in various alluvial diamond prospecting activities of Thabex, which include drilling and bulk sampling on the Cinprop 0002 (Pty) Ltd area in Taung and in the Lichtenburg districts of the Northwest Province, respectively.

6.3.3. Pilanesberg Gold Holdings (Proprietary) Limited ("Pilanesberg") (Thabex is a 100% shareholder in Pilanesberg)

Pilanesberg has been assisting Ugandan based Devxplore Limited ("Devxplore") to plan and execute exploration over several gold areas held by Devxplore under EPL's in that country. Devxplore is also engaged in diamond and platinum exploration in Uganda.

6.3.4. Protero (Proprietary) Limited ("Protero") (Thabex is a 30% shareholders in Protero)

Thabex entered into an agreement on 30 March 2006 to acquire up to 30% of Protero for R375 000, this agreement is subject to a shareholders agreement being signed. Protero's applications over five potential areas for base mineral exploration were accepted by the Department of Minerals and Energy. Protero has, inter alia, applied for a prospecting right over the Putsberg copper deposit. As at the last practicable date, Thabex has acquired only 8% of Protero.

6.3.5. Taung Diamond Mines Limited ("Taung Diamonds") (Thabex is a 50% shareholder in Taung Diamonds)

Cinprop 0002 (Proprietary Limited, 10% held by Taung Diamonds, was successful in being granted a Prospecting Right over an area of approximately 1700ha in the Taung district of the Northwest Province. Exploration drilling to determine the thickness and and tonnages of gravels have commenced during August 2006.

6.3.6. Thaba Egoli Mining & Exploration Limited ("Thaba Egoli") (Thabex is a 100% shareholder in Thaba Egoli)

Since the last circular the phase of core drilling embarked on in late 2005 on the Salt River Base Metal Project was

completed, with the analytical results for the latest samples continuing to enhance previous resource estimates. The 28 holes contract-drilled for Thaba Egoli brought the total number of holes drilled from inception of the project to 85, for a total of approximately 20 200 m of drilling. Borehole TBX 23 returned a value of 0.47 % copper, 0.40 % lead and 3.24 % zinc over a true width of 2.5 m, with other holes comparable. The previously published resource figure of 42.5 million tonnes is likely to be significantly upgraded when these results are incorporated in the resource assessment currently in progress and due to be reported on shortly. When this report has been received the results of this assessment will be circularised. It will lead to the next phase of evaluation, in the form of a Pre-feasibility Study, to be followed by a Bankable Feasibility Study and capital raising.

Bulk samples are currently being metallurgically tested by an internationally accredited laboratory and a postgraduate student from the premier geological research unit that deals with mineralization in this environment is assessing in detail the geology of the base metal sulphide zone, with a view to optimizing its understanding. Both the metallurgical and geological studies will contribute valuably to the next phases of resource evaluation.

Applications are in process for farms adjacent to that hosting the Salt River resources that are known to contain showings of base metal mineralization. It is expected that new drilling targets and potential ore bodies will result from work on these properties.

7. PROSPECTS OF THABEX

After the implementation of the acquisition, Thabex will own 100% of the Minnex ordinary shares. The acquisition will strengthen Thabex's employee expertise component and enhance Thabex's diversified diamond and base mineral portfolio. These additional assets will enable Thabex to strive towards its stated objectives of the creation of wealth for its shareholders, the developments of its smaller sized projects into going concerns in a socially responsible and environmentally friendly manner and the seeking of joint venture partners to explore and develop its larger projects.

8. DIRECTORS OF THABEX AND THEIR INTERESTS

8.1. Directors

As at the last practicable date the directors of Thabex were as follows –

Name	Function	Business Address
Jefrey Raymond Rapoo (63)	Non-executive Chairman	686 Old Farm Road Faerie Glen Pretoria 0043
Marius Welthagen (50)	Chief Executive	51 Austin Road Northcliff Johannesburg 2195
Johannes Leopold Bosch (68)	Non-executive Director	Unit 4 Octavia 474 Ontdekkers Road Florida Park 1709
Professor David Louis Reid (58)	Non-executive Director	29 Budock Street Claremont Cape Town 7700
Antonie Petrus Roux (49)	Non-executive Director	La Colline Franschoek 7690

All Thabex directors are South African, except for Professor David Louis Reid who is a New Zealand national.

8.2. Directors' interests

At the last practicable date the directors of Thabex had the following interest in Thabex Shares before and after the acquisition –

Name	Direct Beneficial	Indirect Beneficial	Indirect Non beneficial	Total	Percentage of issued share capital before the acquisition	Percentage of issued share capital after the acquisition
Jeffrey Raymond Rapoo	20 000	-	-	20 000	0.12	0.10
Marius Welthagen	1 000	1 945 896	46 530	1 993 426	11.72	9.49
Johannes Leopold Bosch	16 000	-	-	16 000	0.09	0.08
Prof. David Louis Reid	16 600	-	-	16 600	0.10	0.08
Antonie Petrus Roux	16 000	170 000	-	186 000	1.09	0.90
Total	69 600	2 115 896	-	2 232 026	13.12	10.62

There has been no change in the directors interest in Thabex shares between the end of the preceding financial year and the date of issue of this circular.

8.3. Directors' interest in the acquisition

The directors of Thabex do not have any material beneficial interest, whether direct or indirect, in any transactions that were effected by Thabex during the current or immediately preceding financial year or during and earlier financial year and remain in any respect outstanding or underperformed, other than as Thabex shareholders.

8.4. Directors' Emoluments

Directors' emoluments paid by Thabex during the financial year ended 28 February 2007 were as follows:

Directors	Fees for services	Basic Salary	Bonuses and performance related payments	Other material benefits	Retirement benefits	Commissions profit-share arrangements	Total
Executive							
Marius Welthagen	-	610 168	-	-	-	-	610 168
Non-executive							
Jeffrey Raymond Rapoo	50 000	-	-	-	-	-	50 000
Johannes Leopold Bosch	25 000	-	-	-	-	-	25 000
Prof. David Louis Reid	25 000	-	-	-	-	-	25 000
Antonie Petrus Roux	25 000	-	-	-	-	-	25 000
Total	125 000	610 168	-	-	-	-	735 168

There will be no variation of the emoluments paid to directors as a result of the acquisition.

8.5. Directors service contracts

Thabex's one executive director serves under an employment contract with standard terms and conditions, none of which have been amended within the last year. Non-executive directors do not have fixed term service contracts. All non-executive directors are subject to retirement by rotation and re-election by Thabex shareholders at least once every three years, in accordance with Thabex's articles of association.

9. SHARE CAPITAL

9.1. As at the last practicable date the authorised and issued share capital of Thabex before and after the acquisition was and shall be as follows –

	R
Before the acquisition	
<i>Authorised share capital</i>	
100 000 000 Thabex ordinary shares of 10 cents each	10 000 000
<i>Issued share capital</i>	
17 006 887 Thabex ordinary shares of 10 cents each	1 700 688.70
<i>Share premium</i>	17 202 741
After the acquisition	
<i>Authorised share capital</i>	
100 000 000 Thabex ordinary shares of 10 cents each	10 000 000
<i>Issued share capital</i>	
21 006 887 Thabex ordinary shares of 10 cents each	2 100 688.70
<i>Share premium</i>	24 802 741

9.1.1. All of the authorised and issued shares are of the same class and rank *pari passu* in every respect.

9.1.2. An 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. MAJOR SHAREHOLDERS OF THABEX

10.1. As at the last practicable date the following are the only Thabex ordinary shareholders who are and will be beneficially interested in 5% or more of the share capital of Thabex before and after the acquisition –

Thabex ordinary shareholder	Number of Thabex ordinary Shares	Percentage of Thabex ordinary shares before the acquisition	Percentage of Thabex ordinary shares after the acquisition
E Valley	4 244 120	24.96	20.20
Saminco Limited	3 221 456	18.94	15.34
SA Mineral Investments (Proprietary) Limited	1 779 375	10.46	8.47
KAS Depository Trust Company	1 647 089	9.68	7.84
Total	10 892 040	64.04	51.85

11. LITIGATION STATEMENT

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

- 11.1. Thabex has commenced litigation proceedings against Ibhubesi Investments No 1 (Proprietary) Limited for failing to repay a loan in the amount of R250 000;
- 11.2. Thabex has been served with a summons by LAW Printing (Proprietary) Limited, for the payment of R16 121.76, the balance outstanding for the printing of the 2006 Annual Report.
- 11.3. Thabex is currently disputing an account with Pofadder Drilling, a drilling contractor, for the amount of R98 000 and an account of R141 000 for geological services rendered by Daler Investigations cc.
- 11.4. On 4 June 2007 the High Court of Lesotho ordered that three Court Cases (CIV/APN/354/06, CIV/APN/294/06 and CIV/apn/42/07) relating to a dispute between, *inter alia*, Senqu Diamonds (Pty) Ltd (“Senqu Diamonds”) a Lesotho registered company and the Commissioner of Mines of Lesotho, relating to the issue of Prospecting Lease 002, dated 15 June 2006, to Angel Diamonds be heard simultaneously. At present Angel Diamonds has an interdict against, *inter alia*, Senqu Diamonds to prevent Senqu from interfering with Angel Diamonds’ prospecting activities on the Prospecting Lease area.
- 11.5. Save for the litigation and potential litigation referred to in this paragraph 11, there are no material legal or arbitration proceedings of which the directors of Thabex are aware and which may have or have had, during the 12 (twelve) month period preceding the last practicable date, a material effect on the financial position of the Thabex group or influence any of the Thabex groups rights to explore for minerals.

12. MATERIAL CONTRACTS

Save for the agreement and the acquisition agreement, no material contracts, entered into either verbally or in writing by Thabex or any of its subsidiaries, being contracts entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by Thabex or any of its subsidiaries have been:

- 12.1. entered into within the two years prior to the date of this circular; or
- 12.2. entered into at any time and containing an obligation or settlement that is material to Thabex or its subsidiaries at the date of the circular.

13. MATERIAL LOANS

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

- ◆ loan of R1 499 717 by Thabex to Angel Diamonds;
- ◆ loan of R1 112 988 by Thabex to Diamex;
- ◆ loan of R21 001 by Thabex to Pilanesberg;
- ◆ loan of R420 484 by Thabex to Taung Diamonds;
- ◆ loan of R4 971 042 million by Thabex to Thaba Egoli; and
- ◆ loan of R23 270 by Thabex to Tradepost 121.

These unsecured loans totalling R8.05 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 R6.99 million. There are no conversion or redemption rights relating to the material loans.

- 13.2 There were no material changes in the loans to and from the Thabex group of companies as at the last practicable date
- 13.3 Save for the inter-company loans detailed above Thabex group of companies has no other loans.

14. STATEMENT AS TO WORKING CAPITAL

The Thabex board has considered the impact of the acquisition on Thabex and the Thabex group and are of the opinion that:

- ◆ Thabex and the Thabex group would be able, in the ordinary course of business, to pay its debts after the acquisition for a period of 12 months after the date of posting of this circular;
- ◆ the assets of Thabex and the Thabex group will be in excess of its liabilities for a period of 12 months after the date of posting of this circular. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;
- ◆ the share capital and reserves of Thabex and the Thabex group would be adequate for a period of 12 months after the date of posting of this circular; and
- ◆ the working capital of Thabex and the Thabex group will be adequate for ordinary business purposes for a period of 12 months after the date of posting of this circular.

15. CHANGE OF CONTROLLING SHAREHOLDER OR TRADING OBJECTS

There have been no change in the controlling shareholder(s) and trading objects of Thabex and its subsidiaries during the previous five years. Thabex's audited annual reports are available on the company's website (www.thabex.com).

16. EXPENSES

The costs relating to the circular are not expected to exceed R390 000, excluding value added tax. These costs will be borne by Thabex and consist of the following –

Payee	Amount R
JSE Documentation fees	19 687
SAMREC Readers of CPR	14 000
Sponsor	100 000
Attorneys	20 000
Reporting Accountants	90 000
Competent Persons Report	80 000
Printing and posting	60 000
Contingency	5 920
Total	390 000

17. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Thabex, whose names appear in paragraph 8 above, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable inquiries to ascertain such facts have been made and that this circular contains all information required by law and the Listings Requirements.

18. EXPERTS' CONSENTS

The sponsor, auditors and reporting accountants to Thabex, auditors and reporting accountants to Minnex, the competent persons and the transfer secretaries have all consented in writing to act in the capacity stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular. PricewaterhouseCoopers and KPMG have given and have not withdrawn their written consent to the issue of the circular containing their respective reports, as set out in Annexure 2 and Annexure 4, in the form and content in which they appear.

19. MATERIAL CHANGE

There has been no material change in the financial or trading position of the Thabex group since 30 May 2007, the date its reviewed unaudited provision results for the year ended 28 February 2007 were published.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, will be available for inspection during normal business hours at registered offices of Thabex from Monday, 16 July 2007, until Wednesday, 8 August 2007:

- ◆ memorandum and articles of association of Thabex;
- ◆ all material contracts referred to in 12 above;
- ◆ all material contracts referred to in above;
- ◆ the competent person's report in respect of Minnex;
- ◆ reporting accountants' report on the *pro forma* financial information relating to Thabex;
- ◆ the previous three years' audited annual financial statements of Minnex together with all notes, certificates and information required by the Act.
- ◆ reporting accountants' report on the historical financial information relating to the Minnex;
- ◆ the letters of consent from the sponsor, auditors and reporting accountants to Thabex, auditors and reporting accountants to Minnex, the competent persons and the transfer secretaries, consenting to the publication of their names in the form and context in which they appear in this circular; and
- ◆ the previous three years' audited annual financial statements of the Thabex, latest unaudited interim results, together with all notes, certificates and information required by the Act;
- ◆ a copy of this circular.

21. VENDOR INFORMATION

The Minnex shareholders are the vendors in the acquisition, details of which are disclosed in Annexure 8 hereto.

22. THE CHANGE OF THE NAME OF THE COMPANY

22.1. Proposal

The directors are proposing to change the name of the company to Thabex Limited from commencement of business on Monday, 27 August 2007. The board is of the opinion that the new name more accurately reflects the company's objectives and activities. As a consequence of the name change the company's listing will be amended to reflect the new name. All share certificates in the name of Thabex Exploration Limited shall cease to be good for delivery for transactions entered into on the JSE from the last day to trade. However, certificated shareholders do not have to surrender their old share certificates as these will still be valid for purposes of dematerialisation. Any new certificates issued after Friday, 31 August 2007 will be issued in the new name.

22.2. Change of name and procedure for surrender of share certificates

- 22.2.1. In order to more accurately reflect the company's objectives and activities, the board proposes to change the name of the company to Thabex Limited, from commencement of business on Monday, 27 August 2007. The company shall not change its short names, JSE code or ISIN code.
- 22.2.2. The results of the general meeting approving the change of name will be announced on SENS on Wednesday, 8 August 2007 and in the press on Friday, 10 August 2007.

23. SHAREHOLDER APPROVAL AND GENERAL MEETING

A notice of general meeting, which forms part of this circular, contains –

- 23.1. the ordinary resolution required to approve the acquisition agreement;
- 23.2. the ordinary resolution required to place unissued shares under the control of directors;
- 23.3. the ordinary resolution granting Thabex directors the authority to sign relevant documentation; and
- 23.4. the special resolution required to approve the change of the name of Thabex.

These resolutions will be proposed at a general meeting of Thabex shareholders to be held at Ground Floor, Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Randburg, 2194 on Wednesday, 8 August 2007, at 10:00.

24. OPINIONS AND RECOMMENDATIONS

The board is of the unanimous opinion that –

- 24.1. the terms and conditions of the acquisition will be for the long-term benefit of the Thabex shareholders;
- 24.2. all resolutions proposed in the notice of the general meeting are in the interests of the Thabex shareholders. Accordingly, those directors who are shareholders of Thabex intend to vote in favour of all resolutions proposed and recommend that Thabex shareholders do the same.

SIGNED AT STELLENBOSCH ON 16 JULY 2007 BY JOHAN HOLTZHAUSEN ON BEHALF OF ALL THE DIRECTORS OF THABEX EXPLORATION LIMITED, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

JR Rapoo

M Welthagen

JL Bosch

Prof DL Reid

AP Roux

REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MINNEX

1. Introduction

Thabex Exploration Limited has entered into a agreement to acquire 100% of the ordinary shares of Minnex Exploration Limited ("Minnex") for a consideration of R8 million, to be discharged through the issue of 4 million fully paid-up Thabex ordinary shares ("the Acquisition").

The financial information set out in this report presents the financial history of Minnex for the three financial years ended 28 February 2007.

2. Basis of preparation

The financial information of Minnex presented in this report has been extracted and compiled from the audited annual financial statements of Minnex for the three years ended 28 February 2007, prepared under International Financial Reporting Standards.

PricewaterhouseCoopers Inc. acted as auditors to Minnex and reported with qualification for the 28 February 2005 and 28 February 2006 financial years and without qualification for the 28 February 2007 financial year.

This report is the responsibility of the directors of Minnex.

3. Commentary on Minnex

3.1 For the year ended 28th February 2005

3.1.1 Projects

Details regarding the activities per project are presented below:

3.1.1.1 Middelwater project

Portion R/E – Alliance Afric Mining (Pty) Ltd (84%)
Portion 1 – Panagis Vervoer (Pty) Ltd (59% Option)

No exploration activities were conducted during the year as the prospecting permit expired at the start of the year. Applications were done prior to the permits expiry for the conversion of the old order rights to new order rights on both properties. These are currently being processed through the Department of Mines and Energy. A larger bulk sample is scheduled to take place once the new prospecting permits are issued.

3.1.1.2 Ndiyona Project

EPL's 3082 and 3083 – Minnex Namibia (80%)

An exploration camp was mobilized and established on site during the year. Loam sampling was started later in the year.

3.1.1.3 Makgabana Project

Makgabana Mine (Pty) Ltd – (75%)

No exploration activities were conducted on this project due to the allocation of resources to the more favorable projects in the portfolio.

3.1.1.4 Alexkor 4A Concession

GeoGem Mining and Investment (Pty) Ltd – (49%)

Substantial work was conducted on this project. A vessel Seedelwer XI was leased from Alexkor for the sampling test work. Sampling showed that reasonably high grades and quality of diamonds can be mined in the 4A concession and that upwards of \$200/ct can be obtained.

This project now requires funding in the region of R3.5-4 million to bring to a mining phase.

3.1.1.5 Namagroen Project

Aqmin (Pty) Ltd – (Option)

The directors have decided not to take up this option and this project has been removed from the company's portfolio of projects.

3.1.2 Listing on the Alt-X

During the year the company tried to list on the Alt-X of the JSE. The listing was continually thwarted due to the inability to find a BEE partner with the necessary financial backing.

The administration expenses for the year in the amount of R2 152 234 consisted of costs incurred in developing the projects as well as major expenses incurred in trying to obtain a listing on the Alt-X such as legal, designated advisor, Competent Persons Report, SAMREC approval.

Towards the end of the year the decision was made to try and look at other options for the company. The main focus was joint ventures or mergers with other companies.

3.2 For the year ended 28th February 2006

3.2.1 Projects

Details of the various exploration activities conducted per project are given below.

3.2.1.1 Middelwater project

Portion R/E – Alliance Afric Mining (Pty) Ltd (84%)
Portion 1 – Panagis Vervoer (Pty) Ltd (59% Option)

No exploration activities were conducted during the year as the new order rights have still not been granted. Numerous meetings were held with the DME during the year and all aspects regarding the permits have been sorted out. The permit is expected to be issued during the next financial year.

3.2.1.2 Ndiyona Project

EPL's 3082 and 3083 – Minnex Namibia (80%)

An agreement was entered into with Namdeb in Namibia to joint venture this project. The agreement gives Namdeb 55% of the project and Minnex 45%, but Namdeb will be responsible for all exploration and costs of taking the project to the end of the exploration phase. This agreement is still being ratified by both parties.

3.2.1.3 Makgabana Project

Makgabana Mine (Pty) Ltd – (75%)

No exploration activities were conducted on this project due to the allocation of resources to the more favorable projects in the portfolio.

3.2.1.4 Alexkor 4A Concession

GeoGem Mining and Investment (Pty) Ltd – (49%)

An agreement was reached with a Swiss registered but Russian funded company called Westside Trading (Pty) Ltd, whereby Westside Trading would acquire the 49% stake that Minnex has in GeoGem in return for a 5% royalty on gross diamond sales. Minnex would also provide Westside Trading with management consulting expertise where required.

Westside trading would then be responsible for all the capital funding requirements of the project.

3.2.1.5 Samicor Concession in Namibia

Minnex Namibia (80%)

An agreement was entered into between Minnex and Samicor to treat diamondiferous shallow water gravels at various locations near Luderitz. A plant was leased from Diamondfields for this purpose. This project was shut down after a period of 6 months due to economic reasons, as a result of insufficient tonnage throughput.

3.2.1.6 Hondekloof Nickel

Lehumo Resources – (7%)

Minnex entered into an agreement with Lehumo Resources, for 7% of their shares, in return for the Hondekloof nickel project. All costs in the further development of Hondekloof will be borne by Lehumo resources, while Minnex will have a free carry.

3.2.2 Listing on the JSE

An agreement was reached with Thabex Exploration in October 2005 whereby a subsidiary of Thabex, namely Diamex, would take over the Minnex Assets and apply for a separate listing on the JSE.

3.3 For the year ended 28th February 2007

Details regarding the activities per project are presented below:

3.3.1 Nature of the Business

Minnex Exploration Ltd continues to act as a mining exploration company.

3.3.2 Financial Results

The company incurred various expenses as a result of the exploration activities conducted during the year. These expenses are detailed in the group financial statements accompanying this report.

Details of the various exploration activities conducted per project are given below.

3.3.1.1 Middelwater project

Portion R/E – Alliance Afric Mining (Pty) Ltd (84%)
Portion 1 – Panagis Vervoer (Pty) Ltd (59% Option)

Finally after much deliberations and the appointment of Hofmeyer Herbstein and Gihwala Inc attorneys the department of minerals and Energy finally granted the new order permit rights on the 15th of November 2006. A plant is currently being mobilized in conjunction with Thabex Exploration to treat a larger bulk sample in order to determine the economic feasibility of this project.

3.3.1.2 Ndiyona Project

EPL's 3082 and 3083 – Minnex Namibia (45%)

The agreement with Namdeb was finally signed on the 18th of April 2006. A 2 year permit renewal application was applied for in May 2006 and only granted in February 2007 by the Namibian Ministry of Mines. Namdeb are currently setting up a base camp and expect to start exploration activities shortly.

3.3.1.3 Makgabana Project

Makgabana Mine (Pty) Ltd – (75%)

It has been decided in conjunction with Thabex Exploration to remove this project from our portfolio. It is deemed to be at best sub economic.

3.3.1.4 Alexkor 4A Concession

GeoGem Mining and Investment (Pty) Ltd – (5% Royalty)

Westside trading have purchased a vessel from Alexkor and ordered various pieces of equipment for the project. To date this project is still not operational.

3.3.1.5 Hondekloof Nickel

Lehumo Resources – (7%)

An agreement was entered into between Minnex and Eagle Creek Investments 628 (Pty) Ltd for the sale of the shares in Lehumo. This deal was concluded on the 27th of February for the amount of R5 million.

3.3.2 Listing on the JSE

It was decided by all shareholders during the year to cancel the agreement with Diamex for the JSE listing and replace it with an agreement with Thabex Exploration. The new agreement would place Minnex as a 100% subsidiary of Thabex in return for the issue of 4 million Thabex shares. The conclusion of this agreement should take place early in the 2007/8 financial year.

Consolidated Income Statements

	Notes	Year ended 28 February 2007 R	Year ended 28 February 2006 R	Year ended 28 February 2005 R
Revenue	1	-	-	391 400
Cost of sales		-	(2 500)	(177 782)
Other operating income	3	5 005 965	-	148 046
		5 005 965	(2 500)	361 654
Administrative expenses		(370 954)	(260 258)	(2 152 234)
Operating expenses		-	-	(956 538)
Operating Profit/(Loss) before finance costs	2	4 635 011	(262 758)	(2 747 118)
Finance costs		-	-	(8 481)
Finance income	5	-	95	25 248
Profit/(Loss) before taxation		4 635 011	(262 663)	(2 730 351)
Taxation		(625 060)	-	-
Profit/(Loss) for the year	6	4 009 951	(262 663)	(2 730 351)

Consolidated Balance Sheets

	Notes	28 February 2007 R	28 February 2006 R	28 February 2005 R
Assets				
<i>Non-current assets</i>				
Fixed assets	7	5 977	20 539	52 995
Interest in associated companies	8 / 20	-	-	-
Goodwill	9	-	-	-
Non current receivables		90 000	90 000	90 000
		95 977	110 539	142 995
<i>Current assets</i>				
Available for sale financial asset	10	-	5 000 000	-
Short term loans and receivables	11	46 947	158	225 891
Cash and cash equivalents	12	5 010 385	8 811	5 005
		5 057 332	5 008 969	230 896
Total assets		5 153 309	5 119 508	373 891
Equity and Liabilities				
Capital and reserves				
Share capital	13	728	728	728
Share premium	14	3 559 429	3 559 429	3 559 429
Retained income/ Accumulated loss)		560 958	(3 448 993)	(3 186 330)
Other reserves	15	-	4 274 970	-
Equity attributable to equity holders of the parent		4 121 115	4 386 134	373 827
Minority interest in equity		64	64	64
Total equity		4 121 179	4 386 198	373 891
Liabilities				
<i>Non current liabilities</i>				
Deferred income tax liabilities	16	-	724 995	-
<i>Current liabilities</i>				
Short term borrowings	17	407 070	8 315	-
Other payables	18	-	-	-
Provision for taxation		625 050	-	-
		1 032 130	8 315	-
Total equity and liabilities		5 153 309	5 119 508	373 891

Consolidated Statements of Changes in Equity

	Notes	Year ended 28 February 2007 R	Year ended 28 February 2006 R	Year ended 28 February 2005 R
Share Capital	13	728	728	7
Balance at beginning of year		-	-	721
Shares issued		728	728	728
Balance at end of year				
Share Premium	14	3 559 429	3 559 429	-
Balance at beginning of year		-	-	3 559 429
Share premium on shares issued		3 559 429	3 559 429	3 559 429
Balance at end of year				
Retained income/(Accumulated loss)		(3 448 993)	(3 186 330)	(455 979)
Balance at beginning of year		4 009 951	(262 663)	(2 730 351)
Profit/(Loss) for the year		560 958	(3 448 993)	(3 186 330)
Balance at end of year				
Other reserves		4 274 970	-	-
Balance at beginning of year	15	-	-	-
Fair value gains net of tax available for sale financial assets		-	4 274 970	-
Realisation of fair value gain net of tax		(4 274 970)	-	-
Balance at end of year		-	4 274 970	-

Consolidated Cash Flow Statements

	Notes	Year ended 28 February 2007 R	Year ended 28 February 2006 R	Year ended 28 February 2005 R
Cash utilized in operating activities				
Interest received	19	1 574	3 711	(4 802 871)
Interest paid		-	95	25 248
Net cash outflow from operating activities		-	-	(8 481)
Cash Flows from investing activities		1 574	3 806	(4 786 104)
Proceeds on investment sold		-	-	-
Shares issued at premium		5 000 000	-	-
Purchase of fixed assets		-	-	3 560 050
Goodwill		-	-	-
Associates acquired		-	-	-
Cash inflow from investing activities		-	-	-
Cash Flow from financing activities		5 000 000	-	3 560 050
Loans (advanced/received)		-	-	(84 480)
Cash outflow from financing activities		-	-	(84 480)
Net decrease in cash equivalents	12	5 001 574	3 806	(1 310 434)
Cash and cash equivalents at beginning of year	12	8 811	5 005	1 315 439
Cash and cash equivalents at end of year		5 010 385	8 811	5 005

Summary of accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below which are consistently applied from year to year:

1. Basis of preparation

The consolidated financial statements and Group financial statements are prepared on the historical cost convention, except that the following assets and liabilities are carried at their fair value; available for sale financial assets and financial assets and liabilities at fair value through profit and loss.

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

Judgements made by management in application of IFRS that have significant effect on financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant note where applicable. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The directors have considered the impact of all new IFRS accounting statements applicable to the business operations of the group and have implemented those standards as far as they are applicable to the group.

2. **Basis of consolidation**

The Group financial statements incorporate the assets, liabilities and results of the operations of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during a financial year are included from the effective dates of control to the effective dates that control ceased as appropriate. Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprises. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associates. Unrealised losses on transactions with associates are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

3. **Investment in subsidiaries**

Subsidiaries are carried at cost less impairment losses. Subsidiaries are those entities over whose financial and operating policies the group has power to exercise control, so as to obtain benefit from their activities.

4. **Associated companies**

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

5. **Fixed assets**

All fixed assets are included at cost. Costs include all costs directly attributable to bringing the assets to working condition for their intended use.

Depreciation is recorded as a charge to income, computed on a straight-line basis so as to write off the cost of the respective assets over their expected useful lives, taking into account residual values. Useful lives are assessed on an annual basis.

The depreciation rates applied are as follows:

Computer software	2 years
Office equipment	6 years
Computer equipment	3 years
Furniture and fittings	6 years

6. **Impairment**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

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

7. **Goodwill**

Goodwill is any excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets acquired. Goodwill is carried at cost less any accumulated impairment losses. The carrying amount of goodwill is reviewed annually and written down for impairment where considered necessary. Impairment are accounted for through profit and loss.

8. Provisions

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

9. Financial instruments

The group classifies its financial assets in the following categories : at fair value through profit and loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired and is determined at initial recognition.

- (a) Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss are financial assets held for trading.
It is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.
- (b) Available for sale financial assets
Available for sale financial assets are non – derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date in which case it is classified as current assets.
- (c) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after balance sheet date. These are classified as non current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investment have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are stated at amortised cost using the effective interest rate method less impairment losses. Cash and cash equivalents are measured at fair value. Financial liabilities are recognized at amortised cost, using the effective rate method.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. If evidence exists that available for sale financial assets are impaired the cumulative loss , measured as the difference between the acquisition cost and the current value, less any impairment loss previously recognized in profit or loss, is removed from equity and recognized in the income statement, Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

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

10. Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest rate method.

11. Revenue

Revenue comprises commodity sales exclusive of valued-added tax. Revenue from the sale of goods is recognized in the income statement when significant risks and rewards of ownership have transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

12. Cash and equivalents

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

13. Investment income

Interest is recognized as it accrues, using the effective interest rate method, taking account of the principal outstanding and the interest rate of the period to maturity, when it is probable that such income will accrue to the Group.

14. **Tax**

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted or substantively enacted at the balance sheet date, and any adjustment of tax payable for previous years. Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purpose and their tax base. The amount of deferred tax provided is based on the expected manner of realization 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 recognized directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognized in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognized 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

15. **Financial risks**

The group's activities do not expose itself to material financial, credit or liquidity risks.

The group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

As the group has no interest bearing assets the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The group has no interest bearing borrowings and are therefore not exposed to interest rate risks in this regard.

Notes to the Consolidated Financial Statements

	28 February 2007 R	28 February 2006 R	28 February 2005 R
1. Revenue			
Sales	-	-	391 400
2. Operating profit			
The following items have been included in arriving at loss from operations:			
Management fees	300 000	-	-
Depreciation fixed assets	14 562	32456	32455
Loss on scrapping of assets	-	-	338 850
Loss on disposal of investments	-	-	30
Operating lease rentals	-	-	55 050
Professional fees	-	31 867	201 327
Audit fees	-	-	56 601
Directors remuneration	-	-	152 531
Staff costs	-	125 048	477 816
Impairment of goodwill	-	-	510 054
3. Other operating income			
Sundry income	6 000	-	148 036
Profit on realization of available for sale investment	4 999 965	-	-
	5 005 965	-	148 036
4. Staff costs			
Salaries and wages	-	125 048	630 347
5. Finance income (net)			
Interest expense - banks	-	-	(8 481)
Interest received - banks	-	95	25 248
Net interest	-	95	16 767
6. Taxation			
Normal taxation - Current	625 060	-	-
Profit/(Loss) before tax	4 635 001	(262 663)	(2 730 451)
Tax calculated at 29% (30%)	1 344 150	(76 172)	(819 105)
Disallowed tax losses	-	76 172	819 105
Capital gains tax exclusion	(724 994)	-	-
Tax losses carried forward	5 904	-	-
	625 060	-	-

Notes to the Consolidated Financial Statements (continued)

7. Fixed Assets

Company and Group	Equipment	Office Equipment	Exploration Reports, maps and books	Computer Equipment	Computer Software	Total
Year ended 28 February 2007						
Opening net book value	6 173	1 666	-	12 700	-	20 539
Additions	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Depreciation	1 444	418	-	(12 700)	-	(14 562)
Closing net book value	4 729	1 248	-	-	-	5 977
At 31 August 2006						
Cost of valuation	9 260	2 500	-	38 100	35 590	85 450
Accumulated depreciation	(4 531)	(1 252)	-	(38 100)	(35 590)	(79 473)
Closing net book value	4 729	1 248	-	-	-	5 977
Year ended 28 February 2006						
Operating net book value	7 717	2 083	-	25 400	17 795	52 995
Additions	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Depreciation	(1 544)	(417)	-	(12 700)	17 795	(32 465)
Closing net book value	6 173	1 666	-	12 700	-	20 539
At 28 February 2006						
Cost of valuation	9 260	2 500	-	38 100	35 590	85 450
Accumulated depreciation	(3 087)	(834)	-	(25 400)	(35 590)	(64 911)
Closing net book value	6 173	1 666	-	12 700	-	20 539
Year ended 28 February 2005						
Operating net book value	149 525	25 700	97 660	61 089	90 326	424 300
Additions	-	-	-	-	-	-
Impairment	(140 265)	(23 200)	(97 660)	(22 989)	(54 736)	(338 850)
Depreciation	(1 543)	(417)	-	(12 700)	(17 795)	(32 455)
Closing net book value	7 717	2 083	61 089	25 400	17 795	52 995
At 28 February 2005						
Cost of valuation	9 260	2 500	-	(38 100)	35 590	85 450
Accumulated depreciation	(1 543)	(417)	-	(12 700)	(17 795)	(32 455)
Closing net book value	7 717	2 083	-	25 400	17 795	52 995

Notes to the Consolidated Financial Statements (continued)

	28 February 2007 R	28 February 2006 R	28 February 2005 R
8. Interest in associated companies			
Shares at cost	60	60	60
Loan account	-	-	-
Impairment loss	(60)	(60)	(60)
	-	-	-
Details of investments in associated companies are set out in note 21.			
9. Goodwill			
Arising on acquisition of subsidiaries			
Cost	510 054	510 054	510 054
Impairment	(510 054)	(510 054)	(510 054)
	-	-	-
10. Available for sale financial assets			
Beginning of year	5 000 000	-	-
Additions	-	35	-
Net gains transfer to equity	-	4 999 965	-
Realisation of financial asset	(5 000 000)	-	-
End of year	-	5 000 000	-
Available for sale financial assets comprise an investment of 3 500 000 ordinary shares of R0,00001 in Lehumo Resources Limited.			
11. Short term loans			
Unsecured interest free loans	5 454	158	225 891
VAT	41 493	-	-
	46 947	158	225 891
12. Cash and cash equivalents			
Bank balances	5 010 385	8 811	5005
For the purposes of the cash flow statement the year-end cash and cash equivalents comprise the following:			
Cash and cash equivalents	5 010 385	8 811	5005
13. Share capital			
<i>Authorised</i>			
600 000 000 ordinary of R0,00001 each (2004: R6 000 000 of R0,001 each)	6 000	6 000	6 000
<i>Issued</i>			
72 784 000 ordinary shares of R0,00001 each (2004: R7 000 of R0,001 each)	728	728	728
14. Share premium			
72 084 000 ordinary shares of R0,00001 each issued at a premium	3 559 429	3 559 429	3 559 429
15. Other reserves			
Available for sale investments			
Revaluation gross (note 11)	4 999 965	4 999 965	-
Revaluation tax	(724 995)	(724 995)	-
Realisation of fair value adjustment	(4 999 965)	-	-
Deferred tax on realization of fair value Adjustment	724 995	-	-
Balance	-	4 274 970	-
16. Deferred Income Tax			
The gross movement on the deferred income tax account is as follows:			
Beginning of year/period	724 995	-	-
Tax charged directly to equity (note 15)	-	724 995	-
Realisation of fair value adjustment (note 15)	(724 995)	-	-
End of year	-	724 995	-

Notes to the Consolidated Financial Statements (continued)

		28 February 2007 R	28 February 2006 R	28 February 2005 R							
The deferred income tax charged to/(from) equity during the year is as follows:											
	Fair value reserves in equity										
	Available for sale financial assets	(724 995)	724 995	-							
No deferred income tax assets are recognized for tax loss carry forwards in respect of the 2004, 2005 and 2006 tax years as the existence of these tax losses and the subsequent realization of the related tax benefit is doubtful.											
17.	Short term borrowings										
	Unsecured interest free loans	407 070	8 315	-							
18.	Other payables										
	Creditors	-	-	-							
19.	Cash utilised in operations										
	Profit/(loss) before taxation	4 635 001	(262 663)	(2 730 351)							
	Interest received/paid	-	(95)	(16 767)							
	Add back:										
	Depreciation	14 562	32 456	32 455							
	Impairment of investments	-	-	60							
	Loss on scrapping of assets	-	-	338 850							
	(Profit)/Loss on disposal of investments	(4 999 965)	-	30							
	Impairment of goodwill	-	-	510 054							
	Changes in working capital										
	Short term loans	(46 779)	225 733	56 620							
	Short term borrowings	398 755	8 315	(2 984 569)							
	Other payables	-	-	(9 253)							
	Available for sale financial assets	-	(35)	-							
	Cash utilised in operations	1 574	3 711	(4 802 871)							
20.	Subsidiaries and investments										
		Effective interest			Shares at cost			Loan accounts			
20.1	Subsidiaries	Issued share capital	Feb 2007 %	Feb 2006 %	Feb 2005 %	Feb 2007 R	Feb 2006 R	Feb 2005 R	Feb 2007 R	Feb 2006 R	Feb 2005 R
	Alliance Afric Mining (Pty) Ltd	120	83,33	83,33	83,33	510 180	510 180	510 180	2 512	-	-
	Minnex Exploration Namibia Ltd	100	80,00	80,00	80,00	80	80	80	273 550	256 550	197 972
	Makgabane Mine (Pty) Ltd	100	75,00	75,00	75,00	50	50	50	-	-	-
	Less: Impairment losses					510 310 (510 310)	510 310 (510 310)	510 310 (510 310)	276 062 (276 062)	256 550 (256 550)	197 972 (197 972)
						-	-	-	-	-	-
20.2	Associated companies										
	Aqmin (Pty) Ltd	300	20,00	20,00	20,00	60	60	60	-	-	-
	Total					60	60	60	-	-	-
	Less Impairment losses					(60)	(60)	(60)	-	-	-
						-	-	-	-	-	-
20.3	Interest of the holding company in the losses of subsidiaries are as follows:										
		R									
	2005	(156 445)									
	2006	(47 915)									
	2007	(16 371)									

Notes to the Consolidated Financial Statements (continued)

	28 February 2007 R	28 February 2006 R	28 February 2005 R
21. Related parties			
21.1 Directors remuneration			
Paid by holding company			
B Pepler	-	-	29 431
D Cowie	-	-	45 000
P le Roux	-	-	49 236
R Margo	-	-	28 864
21.2 Thabex Exploration Limited			
In November 2006 the group announced that the company had reached agreement for the sale of 100% of the issued shares of the company to Thabex Exploration Ltd. On conclusion of this agreement the company will be a wholly owned subsidiary of Thabex Exploration Ltd.			
Amount due to Thabex Exploration Ltd	296 332	-	-
Management fees paid to Thabex Exploration Ltd	240 000	-	-
21.3 Diamex JV (Pty) Ltd			
The group transacted with Diamex JV (Pty) Ltd which is controlled by D Cowie, a director of Minnex Exploration Limited.			
Amount due to Diamex JV (Pty) Ltd	110 738	-	-
Management fees paid to Diamex JV (Pty) Ltd	60 000	-	-
22. Events after the balance sheet date			
22.1 As mentioned in note 21 above the company has entered into an agreement with Thabex Exploration Limited in November 2006 which will have the effect of the company becoming a wholly owned subsidiary of Thabex Exploration Limited.			
23 There was no major change in the nature of property plant and equipment and any change in the policy regarding the use thereof.			
24. There was no material change in the business of the company and its subsidiaries.			
25. Earnings and net asset value per share per share.			
25.1 Earnings per share			
Attributable earnings/(loss)			
Net profit/(loss) attributable to ordinary shareholders	4 009 951	(262 663)	(2 730 351)
Basic earnings/(loss) per share (cents)	5.51	(0,36)	(5,25)
Reconciliation to headline earnings			
Net profit/(loss) attributable to ordinary shareholders	4 009 951	(262 663)	(2 730 351)
Adjusted for:			
Goodwill impairment	-	-	510 054
Profit on sale of financial assets	(4 999 965)	-	-
	(990 014)	(262 663)	(2 220 297)
Headline earnings (loss) per share (cents)	(1.36)	(0.36)	(4.27)
Shares in issue			
Weighted average number of shares in issue	72 784 000	72 784 000	51 969 667
25.2 Net asset value per share (cents)	5.66	6.03	0.72
25.3 Net tangible asset value per share (cents)	5.66	6.03	0.72

REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AND INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON MINNEX

The Directors
Thabex Exploration Limited
51 Austin Street
Northcliff
Johannesburg
2195

10 July 2007

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MINNEX EXPLORATION LIMITED ("MINNEX" OR "THE COMPANY") AND ITS SUBSIDIARY COMPANIES ("THE MINNEX GROUP")

INTRODUCTION

Thabex has entered into a agreement to acquire 100% of the ordinary shares of Minnex Exploration Limited ("Minnex") for a consideration of R8 million, to be discharged through the issue of 4 million fully paid-up Thabex ordinary shares ("the Acquisition").

We have audited the financial information of Minnex presented in Annexure 1 of the circular to Thabex shareholders to be dated on or about 10 July 2007 ("the Circular"), which comprises the balance sheets as at 28 February 2007, 28 February 2006 and 28 February 2005 and the income statements, statements of changes in equity and cash flow statements for the three years then ended and a summary of significant accounting policies and other explanatory notes.

At your request and for purposes of the Circular, we present our report on the financial information of Minnex presented in Annexure 1 to the circular in compliance with the JSE Listings Requirements.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of Thabex are responsible for the preparation of the Circular and all the information contained therein, including the preparation and fair presentation of the financial information to which this reporting accountants report relates in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements.

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

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial information presented in the Report of Historical Financial Information, included as Annexure 1 to the circular based on our audit.

We conducted our work in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information is free from material misstatement.

SCOPE

Years ended 28 February 2007, 28 February 2006 and 28 February 2005

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

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

OPINION

Audit opinion – Year ended 28 February 2007

In our opinion, the financial information of the Minnex group, presented in Annexure 1 of the circular, presents fairly, in all material respects, the financial position of the Minnex group as at 28 February 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Disclaimer of opinion – Years ended 28 February 2005 and 2006

Basis for disclaimer on opinion

Due to the relocation of the business operations of the company and a change in management after the 2004 financial year, we have been unable to obtain all the information and explanations we considered necessary for the purpose of our audit in respect of the 2005 and 2006 financial years for the following reasons:

- ◆ Acceptable documentary evidence was not available to substantiate all income recorded and expenses incurred by the company and its subsidiaries. We could therefore not satisfy ourselves as to the completeness, accuracy, cut-off and validity of income and expenses for those years.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the historical financial information for the years ended 28 February 2005 and 28 February 2006.

Report on Regulatory Requirements

The company did not comply with regulatory requirements relating to the keeping of minutes of directors, shareholders and annual general meetings as well as the submission of returns and annual financial statements with the Registrar of Companies for the 2005 and 2006 financial years.

Yours faithfully

PricewaterhouseCoopers Inc.
Director: AL Venter
Registered Auditor
2 Eglin Road
Sunninghill
2157

PRO FORMA FINANCIAL INFORMATION RELATING TO THABEX

Unaudited pro forma financial effects of the rights offer

The table below sets out the unaudited pro forma financial effects of the acquisition on Thabex. The unaudited *pro forma* financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of Thabex's results, financial position and changes in equity after the acquisition. It has been assumed for purposes of the *pro forma* financial effects that the acquisition took place with effect from 1 March 2006 for income statement purposes and 28 February 2007 for balance sheet purposes. The directors of Thabex are responsible for the preparation of the unaudited *pro forma* financial effects.

The unaudited pro forma financial effects set out below are based on the assumption that the estimated transaction costs will be capitalised to the cost of the acquisition.

	Before ¹ Published	After the acquisition Pro forma ^{2,3}	% Change
(Loss)/earnings per share (cents)	(38.84)	18.57	147.81
Diluted (loss)/earnings per share (cents)	(38.84)	18.57	147.81
Headline (loss)/earnings per share (cents)	(38.84)	(33.18)	14.55
Net asset value per share (cents)	47.99	110.6	130.47
Net tangible asset value per share (cents)	47.99	56.61	17.96
Number of shares in issue (millions)	17 006 887	21 006 887	23.52
Weighted average number of shares in issue (millions)	17 006 887	21 006 887	23.52

Notes:

1. The "Before" financial information is based on Thabex's published results for the year ended 28 February 2007.
2. The "After the acquisition" earnings and headline earnings per share have been adjusted to include the audited income and expenditure relating to Minnex for the year ended 28 February 2007 and the excess of the net asset value of Minnex at fair value over the purchase consideration, amounting to R5.9 million. The weighted average number of shares in issue has been adjusted for the 4 million new ordinary shares to be issued in settlement of the acquisition. Headline earnings per share has been adjusted for the excess of the net asset value of the acquisition at fair value over the purchase consideration and the profit on the disposal by Minnex of its investment in Lehumo Resources Limited.
3. The "After the acquisition" net asset value and net tangible asset value per share have been adjusted to include the assets and liabilities of the acquisition at fair value and the capitalisation of the estimated transaction costs of R390 000, the issue of the 4 million consideration shares at R2.30 per share, being the share price of Thabex on Tuesday, 19 June 2007, and the settlement of the transaction costs, the excess of the net asset value of the acquisition at fair value over the purchase consideration. Exploration licences has been excluded from the net tangible asset value per share.

Unaudited pro forma financial information

The unaudited *pro forma* consolidated income statement and balance sheet of Thabex before and after the acquisition are set out below. The unaudited *pro forma* income statement and balance sheet have been presented for illustrative purposes only and because of their nature may not give a fair reflection of Thabex's results, financial position and changes in equity after the acquisition. It has been assumed for purposes of the *pro forma* financial information that the acquisition took place with effect from 1 March 2006 for income statement purposes and 28 February 2007 for balance sheet purposes. The directors of Thabex are responsible for the preparation of the unaudited *pro forma* income statement and balance sheet.

The unaudited *pro forma* income statement and balance sheet set out below are based on the assumption that the estimated transaction costs will be capitalised to the cost of the acquisition.

Unaudited *pro forma* income statement

	Before ¹ Published	Adjustments	After the acquisition Pro forma
	R'000	R'000	R'000
Revenue	80	-	80
Cost of sales	(71)	-	(71)
Gross income	9	-	9
Other operation income	472	5 006 ²	5 478
Administration expenditure	(2 995)	(371) ²	(3 366)
Other operating expenses	(4 759)	-	(4 759)
Operating loss	(7 273)	4 635	(2 638)
Negative goodwill	-	5 872	5 872
Finance income	671	-	671
Finance costs	(4)	-	(4)
Loss before taxation	(6 606)	10 507	3 901
Taxation	-	(625) ²	(625)
(Loss)/profit for the period	(6 606)	9 882	3 276
Attributable to:			
Equity holders of the parent	(6 606)	9 882	3 276
Minority interest	-	-	-
Reconciliation of (loss)/earnings to headline (loss)/earnings:			
(Loss)/income attributable to ordinary shareholders	(6 606)	9 882	3 276
Profit on disposal of investment	-	(4 375)	(4 375)
Negative goodwill	-	(5 872) ³	(5 872)
Impairment of loans in subsidiaries	-	-	-
Headline (loss)/earnings	(6 606)	(365)	(6 971)
Basic (loss)/earnings per share (cents)	(38.84)	-	18.57
Diluted (loss)/earnings per share (cents)	(38.84)	-	18.57
Headline (loss)/earnings per share (cents)	(38.84)	-	(33.18)
Weighted average number of shares	17 006 887	4 000 000	21 006 887

Notes:

1. The "Before" financial information is based on Thabex's published, income statement for the year ended 28 February 2007.
2. Other operation income, Administration expenditure and Taxation has been adjusted for the audited income and expenditure relating to Minnex for the year ended 28 February 2007. This will have a continuing effect on Thabex.
3. Negative goodwill has been adjusted to include the excess of the net asset value of the acquisition at fair value over the purchase consideration based on the Thabex share price of R2.30 on Tuesday, 19 June 2007. This will not have a continuing effect on Thabex.

Unaudited pro forma balance sheet

	Before ¹ Published	Adjustments	After the acquisition Pro forma
	R'000	R'000	R'000
ASSETS			
Non-current assets			
	3 601	11 437	15 038
Mining assets and equipment	3 601	6 ²	3 607
Exploration licences		11 341 ²	11 341
Non current receivables	-	90 ²	90
Current assets			
	6 606	4 667	11 272
Inventories	1 541	-	1 541
Trading investments	912	-	912
Trade and other receivables	3 139	47 ²	3 186
Taxation refundable	-	-	-
Cash and cash equivalents	1 013	4 620 ^{2,4}	5 633
Total assets	10 206	11 983	22 189
EQUITY AND LIABILITIES			
Capital reserves			
Share capital	1 701	400 ³	2 101
Share premium reserve	17 203	8 800 ³	26 003
Treasury shares	-	-	-
Accumulated loss	(10 742)	5 872 ⁵	(4 870)
Total equity attributable to equity of the parent	8 161	15 072	23 233
Minority interest	-	-	-
Total equity	8 161	15 072	23 233
Current liabilities			
	2 045	1 032	3 077
Trade and other payables	2 045	1 032 ²	3 077
Total equity and liabilities	10 206	16 104	26 310
Net asset value per share (cents)	47.99	-	110.6
Net tangible asset value per share (cents)	47.99	-	56.61
Number of shares in issue (million)	17 006 887	4 000 000	21 006 887

Notes:

1. The "Before" balance sheet is based on Thabex's published, balance sheet as at 28 February 2007.
2. Mining assets and equipment, Exploration licences, Non current receivables, Trade and other receivables, Cash and cash equivalents and Trade and other payables have been adjusted to include the assets and liabilities relating to the acquisition at fair value. The fair value of the assets and liabilities, including the exploration licences, have been based on a valuation prepared by Camden Geoserve for audit purposes. Audit procedures in respect of this valuation will only be performed at year end.
3. Share capital and share premium have been adjusted to include the issue of the 4 million consideration shares at R2.30, being the share price of Thabex on 19 June 2007. The difference between the R2.30 and the issue price is accounted for in negative goodwill.
4. Cash and cash equivalents have been further adjusted to include the payment of the estimated transaction costs.
5. Retained earnings has been adjusted to include the excess of the net asset value of the acquisition at fair value over the purchase consideration.

REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION RELATING TO THABEX

The Directors

Thabex Exploration Limited
Ground Floor, Kiepersol House
Stone Mill Office Park
300 Acacia Road
Darrenwood
2194

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED PRO FORMA FINANCIAL EFFECTS, INCOME STATEMENT AND BALANCE SHEET

Introduction

We have performed our limited assurance engagement with regard to the unaudited pro forma financial effects, income statement and balance sheet (collectively "the pro forma financial information") of Thabex Exploration Limited ("Thabex") set out in , the Salient features paragraph 4 and Annexure 3 of the circular to be dated 13 July 2007 issued in connection with the acquisition by Thabex of 100% of the ordinary shares in Minnex Exploration Limited ("circular").

The pro forma financial information has been prepared for purposes of complying with the requirements of the JSE Limited ("JSE"), for illustrative purposes only, to provide information about how the acquisition by Thabex of 100% of the ordinary shares in Minnex Exploration Limited ("transaction") might have affected the reported financial information had the transaction been undertaken on 1 March 2006 for income statement purposes and on 28 February 2007 for balance sheet purposes.

Because of its nature, the pro forma financial information may not present a fair reflection of the financial position, changes in equity, results of operations or cash flows of Thabex, after the transaction.

Directors' responsibility

The directors of Thabex are solely responsible for the compilation, contents and presentation of the pro forma financial information contained in the circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the pro forma financial information contained in the circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of Thabex and the pro forma adjustments are appropriate for the purposes of the pro forma financial information as disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the pro forma financial information included in the Prospectus. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Revised Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

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.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted historical financial information of Thabex with the source documents, considering the pro forma adjustments in light of the accounting policies of Thabex, considering the evidence supporting the pro forma adjustments, recalculating the amounts based on the information obtained and discussing the pro forma financial information with the directors of Thabex.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Thabex and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the historical audited financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- ◆ 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 8.17 and Section 8.30 of the JSE Listings Requirements.

Yours faithfully

KPMG Inc.
85 Empire Road
Parktown
2193

Per Mickey Bove
Chartered Accountant (SA)
Registered Auditor
Director



COMPETENT PERSON'S REPORT FOR MINNEX EXPLORATION LIMITED

**Prepared by P.M. Camden-Smith
M.Sc.(UCT); G.D.Eng.(Wits); M.B.L. (Unisa), Pr.Sci.Nat**

**Tel: +2711 913 0522
Cell: +2782 410 6035**

29th March 2007

EXECUTIVE SUMMARY

The Directors of Minnex Exploration Limited ("Minnex") commissioned P.M. Camden-Smith of Camden Geoserve cc to update a Competent Person's Report (CPR) issued on the 14th May 2004 that met the requirements of SAMREC and the Section 12 JSE. The CPR is for distribution to any interested party with the objective of independently outlining the nature and changes made to the operations managed by Minnex. These include a 'blue sky' primary diamond exploration project (Ndiyona) in Namibia; a late stage secondary alluvial exploration project on the southwestern banks of the Orange River (Middelwater) and the mining of offshore diamonds in the Alexkor 4'a' concession area. Not included in this report are the Namagroen offshore diamonds and Makgabana alluvial gravels as described in the 2004 CPR. These two projects are no longer part of the Minnex portfolio. The Lehumo Resources Ltd. base metal projects that Minnex held a minority share in - prior to 27 February 2007 - have been sold to Eagles Creek Investments 628 (Pty) Ltd and are not included in this report.

Minnex project potential in 2006 was too small to warrant investor interest. The most significant change since 2004 was that on the 6th November 2006- Minnex entered into an agreement with Thabex Exploration Limited ("Thabex") who acquired the entire issued share capital of Minnex for R8 million. As stated in the Company's Annual Report for 2006, the main contributor of Minnex to Thabex is the expertise vested in Minnex and the enhancement of Thabex's diversified diamond and base mineral portfolio by incorporating Minnex's projects into the Company. Furthermore, the cost of listing a diamond company, including the duplication of the administration to comply with the Listings Requirements of the JSE, will not be incurred.

Minnex holds a 36% interest in the Ndiyona kimberlite project that is made up of two exclusive prospecting licenses in the Kavango region of Rundu district in northeastern Namibia covering a total area of 159,000 hectares. Minnex has signed an agreement with De Beers Consolidated Mines Ltd relating to diamond exploration to be conducted by Namdeb Corporation (Pty) Ltd. ("Namdeb") on the licenses. The joint venture between Namdeb and Minnex has resulted in Minnex taking no further part in conducting exploration in the Ndiyona licence areas. In future Namdeb will conduct exploration in conjunction with De Beers using technologically advanced exploration tools and to the Samrec required set of QA and QC standards. Noting the geological setting and the exploration activity by other companies adjoining the Ndiyona concession areas one can conclude that a potential exists for kimberlite discoveries.

In the opinion of the undersigned, the two geological directors of Minnex have the experience and expertise to manage the exploration programme and budgets for the Middelwater Project. These two geologists were responsible for the significant discovery of Middelwater diamondiferous alluvial Orange River gravels 55km northwest of Prieska. In order to upgrade the exploration target to a resource, a bulk-sampling programme will be initiated to obtain a reasonably accurate grade in carats per 100 tonne for the deposit. Concomitant with the bulk sampling will be metallurgical testwork of screening, magnetic separation, dense media and x-ray flow sheets.

The legal aspects and tenure of the offshore marine diamond Alexkor 4'a' concession area is complex. Minnex and Gas Energy and Mineral Investment (Pty) Ltd (Gem) had a share capital allocation of 49% and 51% respectively. Minnex and Gem were collectively termed GeoGem and the split of all income from GeoGem operations would be Alexkor 30% and GeoGem 70%. Minnex transferred its original shareholding of 49% to Westside Trading in February 2006. Westside Trading would provide funding to Minnex personnel who would assist in planning and managing the project. In return, Minnex would receive 5% of the diamond revenue received by GeoGem.

The diamonds in the Alexkor 4'a' concession area between the coastal towns of White Point and Stompneus Bay are mined at a depth of approximately 20 meters below sea level. A palaeo-channel (coined 'tweepad') and favourable palaeo-beach sites are known to exist between the 14 and 20-meter water depths. Between 1993 and 1997 divers have retrieved some 7,170 diamonds at grades of 7 carats per tonne in the 4 'a' concession area. It is envisaged that GeoGem will commence operations within the next 3 to 4 months with the offshore vessel Seedelwer XI.

Prior to 27 February 2007, Minnex held a holding in a base metal exploration company - Lehumo Resources Ltd - whose projects are located in Namaqualand. The undersigned is confident that the income from the sale of the Lehumo Resources base metal project to Eagle Creek Investments 628 (Pty) Ltd will more than cover the Minnex exploration budget envisaged in Year 1. A significant proportion of these funds (R1.9 million) will be dedicated to the Middelwater Project.

P.M. CAMDEN-SMITH

M.Sc. (UCT); G.D.Eng. (Wits); M.B.L. (Unisa); Pr.Sci.Nat.

TABLE OF CONTENTS

	Page
1 Introduction	40
1.1 General Overview	40
1.2 Scope of Work	42
1.3 Sources of Information	42
1.4 Integrity and Dependence of Information	43
1.5 Southern Africa Diamond Status	43
2 Minnex Projects in Namibia	45
2.1 Ndiyona Kimberlite Project	45
2.1.1 Project Location and Infrastructure	45
2.1.2 Legal Aspects and Tenure	45
2.1.3 Geological Motivation	47
2.1.4 Exploration History	47
2.1.5 Exploration by Minnex	48
2.1.6 Future Exploration	50
2.1.7 Conclusions	50
3 Minnex projects in South Africa	50
3.1 Middelwater Alluvial Project	50
3.1.1 Project Location and Infrastructure	50
3.1.2 Legal Aspects and Tenure	52
3.1.3 Geological Motivation	52
3.1.4 Exploration History	53
3.1.5 Exploration by Minnex	53
3.1.6 Volume and Value	55
3.1.7 Future Exploration	56
3.1.8 Conclusions	56
3.2 Alexkor Marine Diamonds Project	56
3.2.1 Project Location and Infrastructure	56
3.2.2 Legal Aspects and Tenure	57
3.2.3 Geological Overview	58
3.2.4 Exploration History	58
3.2.5 Exploration by GeoGem	60
3.2.6 Grade and Value	60
3.2.7 Future Mining	60
3.2.8 Conclusions	61
4 Risk Factors	61
5 Conclusions	63
6 References	63
7 Glossary	64

LIST OF TABLES

Table 1	Estimated world rough diamond production in 2003	43
Table 2	South Africa's Diamond Mining Industry: Employment and Remunerations 1992 – 2002	44
Table 3	History of discovery of primary and alluvial diamond mines	44
Table 4	South Africa's Rough Diamond Production, 1992 – 2002	45
Table 5	Historic diamond production of Rooikoppie Gravel	52
Table 6	Historical 4 'a' concession exploration results	58
Table 7	Exploration Summary	60

LIST OF FIGURES

FIGURE 1	Locality of Minnex Projects	41
FIGURE 2	Ndiyona Project - Location of Concessions	46
FIGURE 3	Ndiyona Project - Map showing overburden thickness	47
FIGURE 4	Ndiyona Project - Map showing current concession holders	48
FIGURE 5	Ndiyona Project - Aerial photo showing topographical features	49
FIGURE 6	Ndiyona Project - Aeromagnetic target orientation on crustal weakness trends	49
FIGURE 7	Photos of camp and testing of equipment	50
FIGURE 8	Locality of Middelwater Project	51
FIGURE 9	Structural setting – Middelwater Project	51
FIGURE 10	Detail Geological Map - Middelwater Project	54
FIGURE 11	Photo of drill rig - Middelwater Project	54
FIGURE 12	Basal Gravel Isopachs - Middelwater Project	55
FIGURE 13	Pit Excavation - Middelwater Project	56
FIGURE 14	Locality of Alexkor 4'a' concession	57
FIGURE 15	Previous sample locations - Alexkor 4'a'	59
FIGURE 16	Photo of the Seedelwer X (similar design to Seedelwer XI) - Alexkor 4'a'	59

1. INTRODUCTION

1.1 General Overview

Thabex Exploration Limited ("Thabex") (Registration number 1988/000763/06) is a mining and exploration company listed on the JSE Ltd ("JSE") in the Basic Resources: Mining – Diamonds and Gemstones sector, under the abbreviated name Thabex (ISIN Code: ZAE000013686 and JSE Code: TBX). In compliance with the Mining Charter, Thabex is a 26,7% Black Economic Empowered (BEE) company. The company has a diversified portfolio of mineral exploration projects; exploring for diamonds, gold, platinum and base minerals and its projects range from grass-roots exploration projects and greenfields projects to drill-defined deposits. The main focus of Thabex is diamond exploration.

On 6 November 2006 Minnex Exploration Limited ("Minnex" or the "Company") and Thabex Exploration Limited ("Thabex") entered into an agreement, with the latter to acquiring the entire issued shareholdings capital of Minnex been set up as a joint venture between Thabex Exploration Limited (Thabex) and Minnex Exploration Limited (Minnex), for R8 million against the issue of 4 million whereby Thabex ordinary shares at 200 South African cents per share (cps).

Minnex was originally established to explore primarily for diamonds and other mineral commodities with the aim of developing mines in Southern Africa. The intention is to upgrade exploration targets to a resource level.

The present portfolio of projects it holds are shown in Figure 1 and consists of:

- ◆ 'Blue sky' primary diamond exploration project (Ndiyona);
- ◆ A late stage secondary alluvial exploration project known to contain diamonds from limited bulk sampling (Middelwater)
- ◆ Early stage high volume marine concessions (Alexkor 4'a') that will be mined on a contract basis benefiting from Minnex's vast technical geological and management experience with regards to offshore diamond mining.

Minnex diamond mineral assets include the following:

- ◆ A 36% interest in the Ndiyona Kimberlite project
- ◆ A 84% interest in Middelwater portion R/E
- ◆ A 59% interest in Middelwater portion 1
- ◆ A 5% royalty on operation conducted by GeoGem on Alexkor 4 'a' concession

Minnex have concluded the sale of their interests in Lehumo Resources to Eagle Creek Investments 628 (Pty) Ltd. The sale should generate enough funds to undertake the necessary initial exploration on the Middelwater and for the Ndiyona permit renewals.

The Minnex exploration budget as at February 2007 will focus on the Middelwater alluvial diamond prospect. Joint venture partners will cover future expenditure on other projects. Namdeb will conduct future exploration on the Namibian Ndiyona permits and GeoGem Mining Investments (Pty) Ltd (GeoGem) was awarded the Alexkor contract. GeoGem comprises 51% Gas, Energy and Mineral Investment (Pty) Ltd (Gem) and 49% Westside Trading.

MINNEX EXPLORATION BUDGET (3 Years)	Year 1	Year 2	Year 3	TOTAL
Inflation	1.00	1.07	1.14	
Capital Expenditure				
- Option Middelwater Portion 1	R 1,200,000	R 0	R 0	R 1,200,000
Total Capital Expenditure	R 1,200,000	R 0	R 0	R 1,200,000
Operational Expenditure:				
Salaries				
Dave Cowie (Managing Director)	R 240,000	R 256,800	R 292,752	R 789,552
Secretary (shared with Thabex)	R 36,000	R 38,520	R 43,913	R 118,433
Total Salaries	R 276,000	R 295,320	R 336,665	R 907,985
Administration				
Offices, Water, Lights, etc (Shared with Thabex)	R 60,000	R 64,200	R 73,188	R 197,388
Telephone	R 12,000	R 12,840	R 14,638	R 39,478
Cellphone	R 6,000	R 6,420	R 7,319	R 19,739
Total Administration	R 78,000	R 83,460	R 95,145	R 256,605
Exploration Expenditure				
Middelwater				
RC Drilling	R 150,000	R 0	R 0	R 150,000
Bulk Sampling (20,000 tonnes)	R 500,000	R 0	R 0	R 500,000
Feasibility Study	R 50,000	R 50,000	R 0	R 100,000
Rehabilitation	R 0	R 200,000	R 0	R 200,000
Ndiyona (covered by JV - Namdeb)				
Permit Renewal	R 17,000	R 17,000	R 17,000	R 51,000
Alexkor (covered by JV - GeoGem)				
Total Exploration Expenditure	R 717,000	R 267,000	R 17,000	R 1,001,000
TOTAL COST	R 2,271,000	R 645,780	R 448,810	R 3,365,590



Figure 1 – Locality of Minnex Projects

The aforementioned budget is considered adequate to undertake initial bulk sampling at Middelwater. Should the exploration results in Year 1 be positive, a more extensive and elaborate exploration programme will be presented to the Thabex Board for approval.

The profile of Minnex is that of a typical Canadian “junior” company and is a small entrepreneurial organisation with exploration as its core business. The present Minnex Board consists of the following:

- ◆ D S Cowie – Metallurgist (Chief Executive Director), *B.Sc.*, 22 years experience.
- ◆ AJ Pepler – Geologist (Executive Director), *B.Sc. (Hons) B. Comm.* - 23 years experience.
- ◆ P le Roux – Geologist (Executive Director), *B.Sc. (Hons)*- 10 years experience, formed GeoAfric in 1998.

Minnex is constantly seeking to gain a foothold in exploration projects in South Africa, Namibia, Mozambique and Botswana. Prior to the Company takeover by Thabex, the directors of Minnex were confident that the portfolio of projects would expand in the near future.

In terms of SAMREC, the deposits are all classified, as exploration targets and as such attributing tonnages and grades and performing cash flows would be considered premature.

The directors of Minnex have commissioned Camden Geoserve cc to compile a Competent Person's Report (CPR) for all of its projects: Ndiyona, Middelwater, Alexkor 4'a' and Base Metal projects. The CPR is for distribution to any interested party with the objective of independently outlining the nature of the operations. The standard CPR is in line with reporting requirements of the internationally accepted SAMREC Code and Section 12 of the JSE listing requirements (also see 14th May 2004 CPR for Minnex).

Camden Geoserve cc bases this CPR on a review of technical information supplied by Minnex and discussions with independent consultants that have knowledge of each of these deposits. Site visits to Middelwater to witness the bulk sampling were undertaken.

1.2. Scope of work

The directors of Minnex have commissioned Camden Geoserve cc to compile an update of a Competent Person Report (dated 14 May 2004) for its inland diamondiferous projects (Middelwater, and Ndiyona- previously coined 'Caprivi') and an offshore diamondiferous marine project (Alexkor 4'a'). No material changes have been made to these projects as described in the 2004 CPR that met the reporting requirements of the internationally accepted SAMREC Code and Section 12 of the JSE listing requirements. In the May 2004 CPR two Minnex projects were described, namely the Makgabana Project (i.e. situated on the farm Molopo-Ratshidi- 303 JO, Madibe, 20km west of Mafikeng – Vryburg Road) and Namagroen Project (i.e. three South African off shore concessions areas (8'a' & 9'a' & 8'b') located along the South African west coast between the Groen River in the south and the Spoeg River in the north – a distance of approximately 65km). These two projects are no longer part of the Minnex portfolio. This report is dated 17 February 2007.

P.M. Camden-Smith is registered with the South African Council for Natural Scientific Professions (No./400078/94) and graduated from the University of Cape Town (UCT) with a M.Sc. in 1980. He, also holds a graduate diploma in mining engineering from the University of the Witwatersrand (1985) and completed an MBL (UNISA) degree in 1995. As a Consultant Geologist for Randgold he was responsible for mineral resource management for five gold mines up to 1994. Thereafter he formed a closed corporation (Camden Geoserve cc) focusing on providing an independent consultancy service- essentially on geo-technical aspects of a multi-disciplinary nature.

P.M. Camden-Smith, the Principal Member of Camden Geoserve cc has completed Competent Person Reports (CPR) for numerous companies, most recent being for Crocodile River Mine, Petrex, Minnex, President Steyn Gold Mines and Aflase Gold (all Samrec reviewed). With regards to alluvial and marine diamonds his academic studies include an M.Sc. in sedimentology and graduate and post-graduate courses at UCT on Marine Geology and Oceanography. In 2002/2003 he reported on several alluvial deposits on the Mooi River in the west of Gauteng for a BEE Company and Deloitte and Touche. In 2003, in addition to the work he completed for Minnex, he described and evaluated the Sierra Leone Yokodu Alluvial Diamond Concessions and the Bafi River No. 7 Plant Tailings.

P.M. Camden-Smith and Camden Geoserve cc hold no shares on the JSE and all work is invoiced on a daily rate. The address for Camden Geoserve cc is 36 Slater Street, Parkrand, 1459; telephone number (27) 11 913-0522; email: geoserve@icon.co.za

1.3. Sources of Information

This report is an update of a Minnex CPR completed in May 2004 that met the requirements of the JSE and Samrec. The most useful general sources of information on diamonds in South Africa include the Department of Minerals and Energy (D.M&E.) directory D7/2003 entitled “South African Diamond Handbook and Diamond Mines Directory 2003” which is available on website: www.dme.gov.za and a de Beers document entitled “Diamond Geology” available on website: www.debeersgroup.com

Background knowledge on competitors was gained by searching the internet and the following company descriptions proved useful and where appropriate modified in describing Minnex: African Diamonds Plc, Reefion Mining, Namakwa Diamond Co, Transhex Operations, Tsodilo Resources.

Excellent internal documentation of Minnex was supplied. Discussions were also held with knowledgeable personnel on several projects and these included R de Decker and G. Davies (Alexkor 4'a') and P.G. Gresse (Middelwater).

The Minnex Exploration Manager has recently accessed valuable information on the Caprivi Project from De Beers and Namibian Geology Survey:

- ◆ The concessions and the immediate surroundings are covered by the 1:50 000 maps 1820 AB, BA, BB, AD, BC, BD, CB, DA and DB. The available maps were obtained, except AD, BC, BD and CB which were out of print. Paper prints of these maps can be arranged in the future.

- ◆ The 1:250 000 topographic maps covering the concessions and the adjacent Khaudom Nature park, Mukwe (1820) and Tsumkwe (1920) was purchased.
- ◆ A map of the whole of Namibia, indicating all the individual EPL's and Mining Licences (with numbers) was purchased from the Namibian Geological Survey. In addition the list of EPL and Mining Licence owners were obtained, indicating the commodity the permit is for, whether the permit has been granted or pending, date of expiry etc.
- ◆ Namibian Map "Diamondiferous Kimberlite Potential of Namibia" which indicates the zones of structural weaknesses, indicator mineral chemistry, magnetic lineaments, alluvial diamond occurrences etc. of Namibia
- ◆ The De Beers report "Final Report on CDM exploration activities in North-Eastern Namibia". The report covers three EPL's that were explored by De Beers during the years 1977 to 1984. The report does not cover the GeoAfric EPL's, but discusses adjacent areas in detail.
- ◆ Set of aerial photographs covering the Minnex concessions. One east-west strip was however not available and it is unlikely that the specific strip was ever flown or processed, resulting in a narrow blank area with no aerial photograph coverage.
- ◆ A book, "The Mineral Resources of Namibia" which refers to and discusses all the known mineral occurrences in Namibia. Some other additional, relevant publications were also obtained.
- ◆ Regional (whole of Namibia) aeromagnetic and gravity survey data in digital format was obtained from the Namibian Geological Survey. The survey was undertaken by BHP International Exploration Inc. during March 1998. A more recent and detailed EM survey, which covers the Minnex concessions, was also undertaken (200m line spacing). This data has been processed and preliminary interpretation is favourable with several (>15) anomalies being identified.

1.4 Integrity and dependence of information

It must be noted that in the opinion of Camden Geoserve cc, information contained herein is based on reliable sources and from geologists whose exploration and project evaluation skills are known to be of high quality.

In terms of section 12.10 of the JSE listing requirements, Camden Geoserve has relied upon numerous independent sources for certain inputs on the diamond projects and despite the quality of information the reader must take cognisance of the risks attached to his / her investment decision (Section 8).

According to SAMREC a value should not be placed on an exploration target or an inferred resource. Minnex is an exploration company and at this stage to describe an exploration target with a specific value attached to it would be inappropriate. As in any exploration target a range of possibilities exists after exploration has been performed.

Until further exploration and bulk sampling is performed on the Middelwater alluvial gravels and the Ndiyona kimberlite target aeromagnetic anomalies identified, the deposits remain a high-risk investment decision with the potential of high reward.

Minnex's main exploration targets are alluvial diamonds and kimberlites in Southern Africa.

1.5. Southern Africa Diamond Status

Diamonds have been highly valued as gemstones for more than two millennia, but have only been available in significant quantities since the 1870's, after the discovery of extensive deposits in South Africa. South Africa was ranked fifth in 2003 in terms of carats produced (Table 1).

Table 1 - Diamond Production (estimate) in 2003

Country	Production (million carats)	Percentage	Rank
Australia	31.028	22.0%	1
Botswana	30.412	21.5%	2
DRC	25	17.7%	3
Russia	19	13.4%	4
South Africa	12.673	9.0%	5
Canada	11.2	7.9%	6
Angola	6	4.2%	7
Namibia	1.5	1.1%	8
Other	4.5	3.2%	9
TOTAL	141.313	100.0%	

The average number of employees in the South African diamond industry over the last decade is 15750 while the average monthly salaries have increased from R 2648 in 1992 to R 7222 in 2002 (Table 2).

Table 2 - South Africa's Diamond Mining Industry: Employment and Remunerations 1992 - 2002

Year	Average Number of Employees	Total Remuneration (R000's)	Average Remuneration Rand/employee /yr
1992	19654	624117	31778
1993	14345	537664	37481
1994	15792	565648	35819
1995	15547	628373	40418
1996	15450	702760	45486
1997	14874	788600	53019
1998	14531	887040	61045
1999	15161	986492	65068
2000	15007	1071991	71433
2001	16294	1290555	79204
2002	16547	1434131	86670

Diamond deposits are classified as primary (kimberlites and lamproites) and secondary (alluvial and marine) deposits. A history of discovery of primary and alluvial diamond mines in South Africa is tabulated in Table 3.

Table 3 - History of discovery of primary and alluvial diamond mines

	Secondary occurrences	Primary Bodies
1866/7	Orange River 21.25cts (Eureka)	
1868	Few diamonds near BarklyWest	
1869	Orange River (below O/V confluence) 83.5 cts (Star of SA) Vaal River diggings around BarklyWest	
1870		Jagersfontein Mine
1870		Du Toitspan Mine
1871		Bultfontein, De Beers and Kimberley Mines
1880		Koffiefontein
1880's	Diggers start to move to Warrenton, Christiana, Bloemhof	
1891		Wesselton Mine
1896		Lace Mine
1903		Premier Mine
1906		Voorspoed Mine
1909	Small diamonds at Alexander Bay (Martin)	
1912	Schweizer Renecke (Mooifonein, London)	
1912	Droogeveld	
1912	Diggers move to Orange/Vaal junction (Douglas, Hopetown, Prieska)	
1918-1919		Posmasburg Mine
1926	Lichtenburg	
1926	Namaqualand (Kleinzee, Port Nolloth)	
1926	Orange River Mouth (Alexander Bay)	
1958	Buffels River deposits	
1960		Finsch Mine
1962	Near shore (surf) Sammy Collins	
1963	Lower Orange River deposits	
1972	Shelf (90-200m depth)	
1980		Venetia Mine
1998		Marsfontein

The two primary source rock types from which diamonds are economically recovered, i.e. kimberlites and lamproites, are similar in composition in that they are both highly potassic, ultramafic and alkaline igneous rocks. The difference lies in the gem quality percentage and the tectonic setting. Kimberlites have a gem quality distribution of between 40 and 50% while the world's largest diamond producer by volume (Argyle, South Western Australia) has a gem distribution of only 5%. In terms of the tectonic setting, diamondiferous peridotitic kimberlites are exclusively found in regions underlain by thick Archaean cratons where at depths of ± 120 km below surface high pressure and low temperature ($< 1200^{\circ}\text{C}$) were considered ideal for the crystallisation of pure carbon. The eclogitic lamproites of Argyle are an exception and formed "off craton" in a Proterozoic mobile belt.

No significantly diamondiferous lamproites are known in Southern Africa where the primary sources mined are kimberlite pipes and dykes. Of the approximately 1000 individual kimberlite intrusions known in South Africa, only about 50 carry significant quantities of diamonds. Of the 50, many are considered sub-economic either because of the quantity or quality of the diamonds, or the quantity of ore is insufficient.

Only a small proportion of known kimberlites carry diamonds. For example De Beers (2003) drilled approximately 2000 new kimberlite discoveries during the last 20 years and only about 2,5% of these were found to have a grade of greater than 10cpht.

It is noted that South African diamondiferous kimberlites as tabulated in Table 1 all occur on the Archaean Kaapvaal Craton of Southern Africa. Diamond-bearing gravels are the remains of the eroded tops of kimberlites formed within the Kaapvaal Craton soon after the break-up of Gondwanaland. Geologists have estimated that on average the top 1400m of the pipes have been eroded since their formation with the material transported by rivers of both ancient and relatively recent age (over the past 100 million years). Diamonds have been concentrated through cycles of erosion and redeposition and as such have been preserved in alluvial deposits because of their hardness and high relative density (3.52 compared to quartz at 2.67). It has been estimated that the erosion of kimberlites on the Kaapvaal Craton has equated to some 3 billion carats of diamonds of which only about 7% have been recovered to date from alluvial systems and marine deposits.

Table 4 shows the relative total production contributions between 1992 and 2002 in South Africa with respect to primary kimberlite deposits (100.4 million carats, 89% of total); alluvial deposits (11.3 million carats, 10% of total); and marine deposits (0.96 million carats, 1% of total).

Table 4 - South Africa's Rough Diamond Production, 1992 - 2002

Year	Origin			TOTAL (carats)	Origin		
	Kimberlite (carats)	Alluvial (carats)	Marine (carats)		Kimberlite (%)	Alluvial (%)	Marine (%)
1992	7,040,677	1,210,304	169,803	8,420,784	83.6%	14.4%	2.0%
1993	8,759,236	1,274,413	143,634	10,177,283	86.1%	12.5%	1.4%
1994	9,816,957	946,919	89,777	10,853,653	90.4%	8.7%	0.8%
1995	8,625,398	959,323	98,023	9,682,744	89.1%	9.9%	1.0%
1996	8,860,497	1,034,350	51,903	9,946,750	89.1%	10.4%	0.5%
1997	8,941,689	1,039,650	60,041	10,041,380	89.0%	10.4%	0.6%
1998	9,685,456	929,377	89,796	10,704,629	90.5%	8.7%	0.8%
1999	9,029,599	921,132	64,085	10,014,816	90.2%	9.2%	0.6%
2000	9,714,325	1,002,611	72,039	10,788,975	90.0%	9.3%	0.7%
2001	10,098,950	1,013,114	50,565	11,162,629	90.5%	9.1%	0.5%
2002	9,848,950	975,000	74,000	10,897,950	90.4%	8.9%	0.7%

Note: Does not include production from "diggers" (estimated 100000 - 300000 carats/yr)

Published figures suggest approximately 40 to 55% of the diamonds in primary deposits are of gem quality. The proportion of gems in West Coast marine deposits is over 98%. This is ascribed to the fact that in the process of transportation and redeposition the poorly formed stones and those with many inclusions and cleavages were either lost or destroyed, leaving only those which were able to withstand attrition and continuous sorting during deposition.

Minnex has a mixed portfolio of diamond projects targeting both secondary deposits (alluvial and marine) and primary deposits (kimberlites). In terms of its size and potential, Minnex will remain a very minor player in the diamond industry in Southern Africa.

2 MINNEX PROJECTS IN NAMIBIA

2.1 Ndiyona Kimberlite Project

2.1.1 Project Location and Infrastructure

The concessions are located in the Kavango area on the border between Namibia and Angola (Figure 2). The Kunene River defines the Northern Boundary and the Khaudom National Park the Southern Boundary of the concession area. The area is very remote with little infrastructure, except a tarred road that crosses the concession from east to west in the northern part.

2.1.2 Legal Aspects and Tenure

During 2002 Minnex signed an agreement with a small Namibian geological company, Geo-Explore Consulting CC, whereby Geo-Explore would provide Minnex with logistical assistance, information etc., regarding Namibian exploration activities. Geo-Explore indicated to Minnex the availability of prospective kimberlite/lamproites concessions in northeastern/northeastern Namibia.

After an evaluation of existing data a decision was made that the area has good geological potential for economically viable kimberlite/lamproites. The reason for focusing on the area of interest is due to the favourable geological setting (i.e. aeromagnetic anomalies, on ancient craton, kimberlite indicators found in the concession areas via regional sampling by De Beers) and is elaborated on in section 2.1.4.

Minnex management has had fairly extensive experience in kimberlite exploration in the Limpopo Province, Angola and Zimbabwe.

After considering the above an application for the available area was lodged with the Ministry of Mines and Energy in Namibia and a two-year exclusive prospecting renewal permit will be issued during the first quarter of 2007. The payments for these permits have been made and the status of the permits is tabulated below Figure 2.

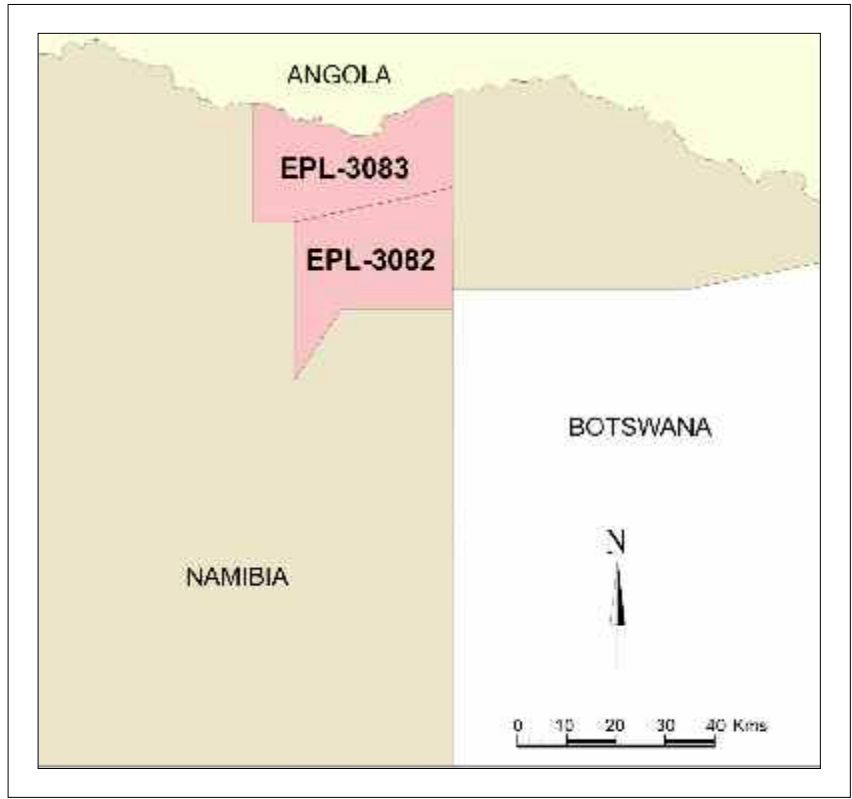


Figure 2 – Ndiyona Project – Location of concessions

Status of Ndiyona Permits

Country	Namibia
Region	Kavango
Extent (Ha)	81 533
Mineral Rights Holder	State
Surface Rights Holder / Title Deed	State
Applicant Company	Minnex Namibia (Pty) Ltd
Minnex Shareholding in Applicant Company	84%
BEE Shareholding	16%
Permit Type	Exclusive Prospecting Permit
Permit Number	EPL 3082
Environmental Approval	Yes
Date Expire / Renewal	Renewal Payment N\$ 9000 on 27/06/06

Country	Namibia
Region	Kavango
Extent (Ha)	77 322
Mineral Rights Holder	State
Surface Rights Holder / Title Deed	State
Applicant Company	Minnex Namibia (Pty) Ltd
Minnex Shareholding in Applicant Company	84%
BEE Shareholding	16%
Permit Type	Exclusive Prospecting Permit
Permit Number	EPL 3083
Environmental Approval	Yes
Date Expire / Renewal	Renewal Payment N\$ 8000 on 27/06/06

2.1.3 Geological Motivation

It is well known that an economically viable kimberlite / lamproite discovery is one of the most rewarding successes for an exploration company, normally providing enormous returns. Potential value is therefore present in the possible discovery of a kimberlite on any one concession, or purely added value to the properties due to a potential discovery by one of the other junior exploration companies in the immediate vicinity.

Dr Chris Jennings, chairman of Southern Era noted at the 2003 Geoforum that a single kimberlite diamond mine can be worth US\$50 billion and costs would be in the region of 9% of revenue (i.e. very high margins). Although the odds of discovery are long the mine's life could be between 30-50 years. In our opinion even a small kimberlite with a 2-3 year life (e.g. Marsfontein) would yield revenue in excess of R1.7 billion and Dr. Jennings has noted the possibility of discovering kimberlite in NW of Botswana (i.e. Tsolido Resources) that is contiguous to Minnex Ndiyona Project (NE of Namibia).

The Angola/Congo craton, present in Angola, extends southwards into the northern parts of Namibia and Botswana. A window for potential exploration for kimberlite exist between the Namibian and Botswana border, due to the fact that the Kalahari overburden in this area is less than 60m in thickness (Figure 3).

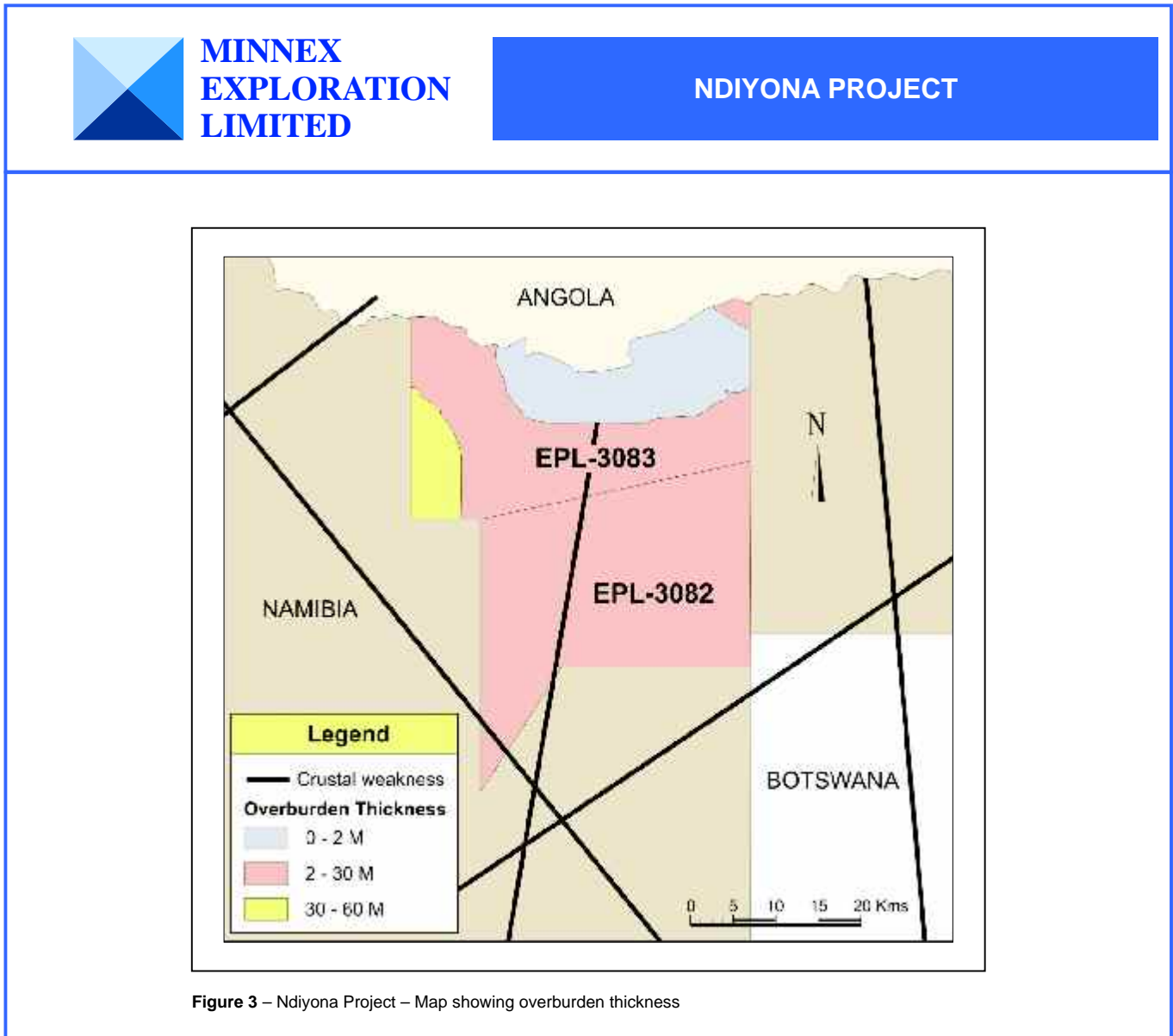


Figure 3 – Ndiyona Project – Map showing overburden thickness

2.1.4 Exploration History

The presence of the craton, the first essential geological parameter for potential diamondiferous kimberlites, induced De Beers to commence with a loam-sampling program in the late 1970's. Exploration successes consisted of the identification of a discreet kimberlite indicator anomaly on the southeastern edge of the craton. The exploration program was, however, stopped during the later 70's due to increased instability in northern Namibia. Subsequent exploration in the area was done by an Ashton/Reunion joint venture, followed by very active current exploration by a number of junior exploration companies. De Beers found kimberlite indicator minerals on the concession area from a regional sampling programme.

Recent exploration by companies like Mount Burgess, Motapa Diamonds (seven new kimberlites) in Namibia and Tsodilo Resources (twenty four new kimberlites) in Botswana, has resulted in the discovery of a number of kimberlites (some of which are diamondiferous) as well as the recovery of some macro diamonds and G10/G9 garnets. All these companies are currently actively exploring their concessions (Figure 4).

Although none of the kimberlites discovered have yet been proven to be economically viable, recovery of G10 garnets gives strong indication that diamondiferous pipe/s could be present in the general area and further prospecting and perseverance may lead to a discovery.

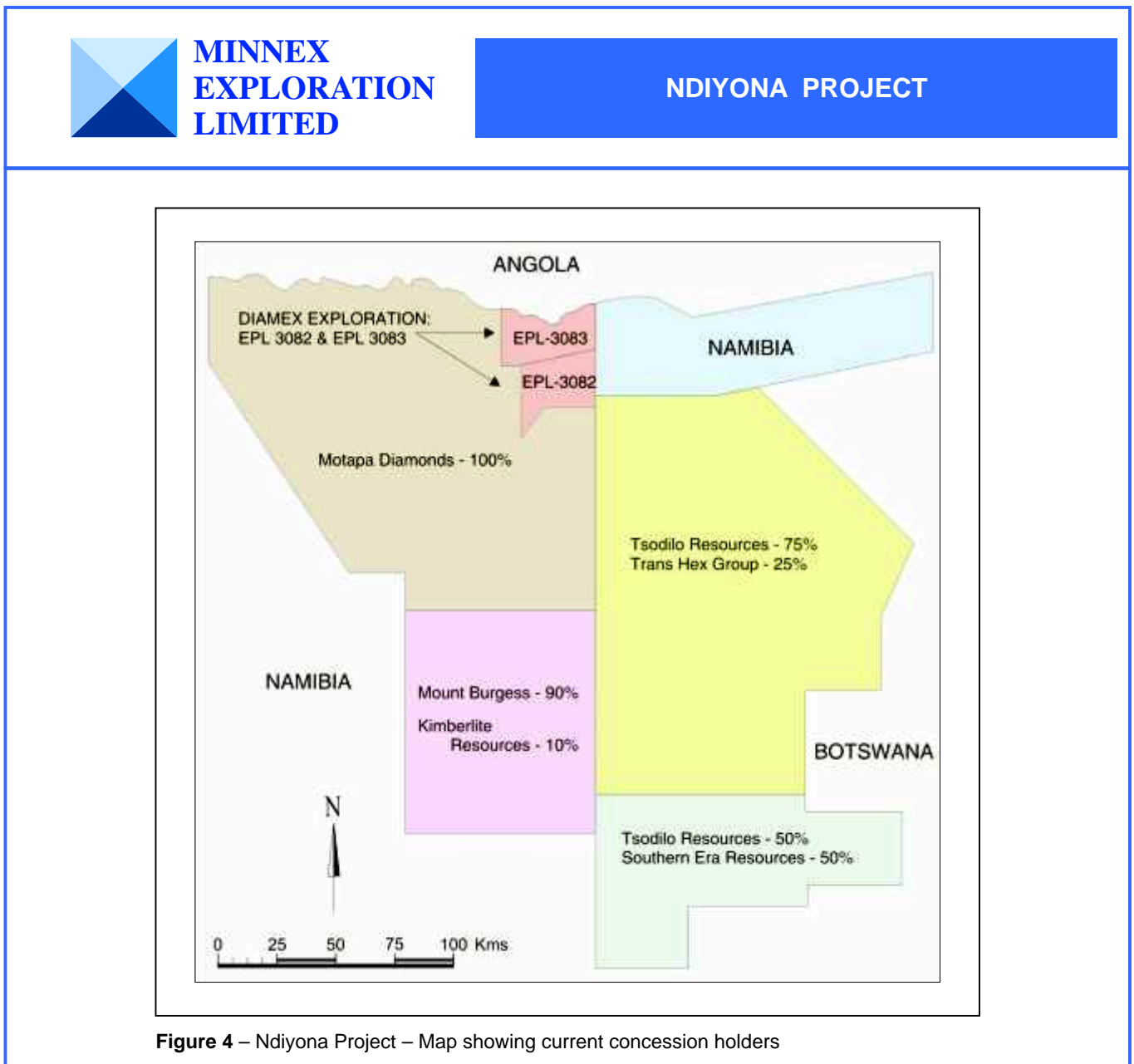
2.1.5 Exploration by Minnex

Minnex has undertaken the following exploration work on its concessions:

- ◆ Creation of a detailed GIS database incorporating all known data.
- ◆ Desktop study of aerial photos and topographic maps identifying features and structural aspects are reproduced in Figure 5.

Minnex also acquired high-resolution airborne magnetic survey data, covering its entire concession, from the Namibian Geological Survey. The area was flown in 2004 on 200m-line spacing. An independent geophysical company, Elstadt Geoscientific Services, interpreted the raw data. A total of seventeen aeromagnetic anomalies were identified from interpreting the data (Figure 6).

A base camp was constructed from where exploration activities were conducted. Field equipment is stored at this facility (Figure 7).



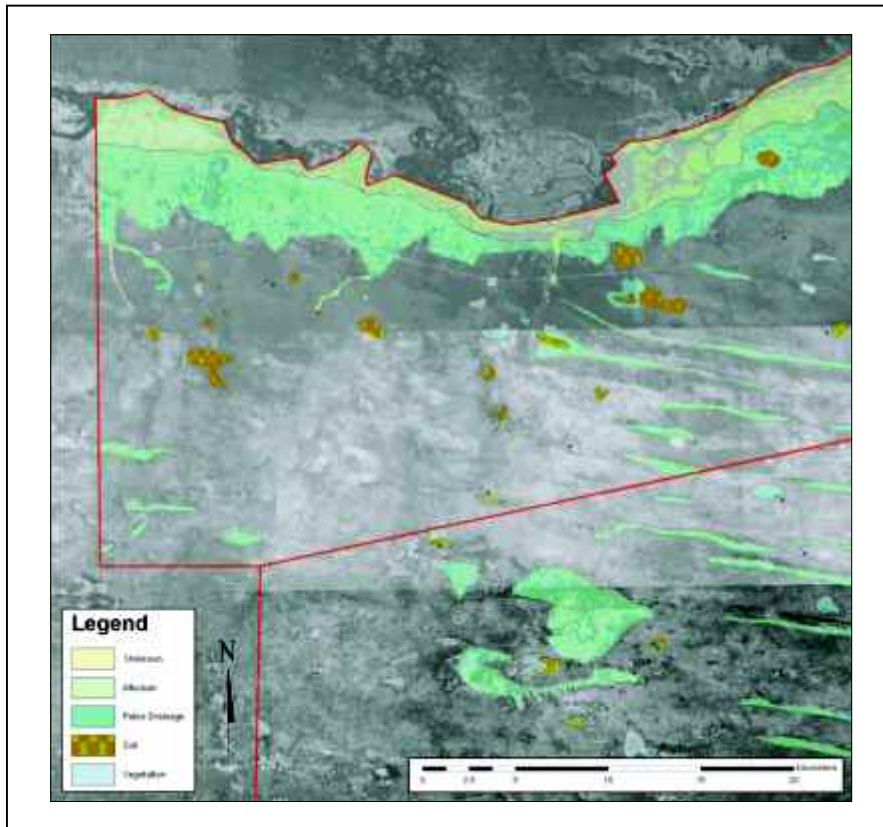


Figure 5 – Ndiyona Project – Aerial photo showing topographical features

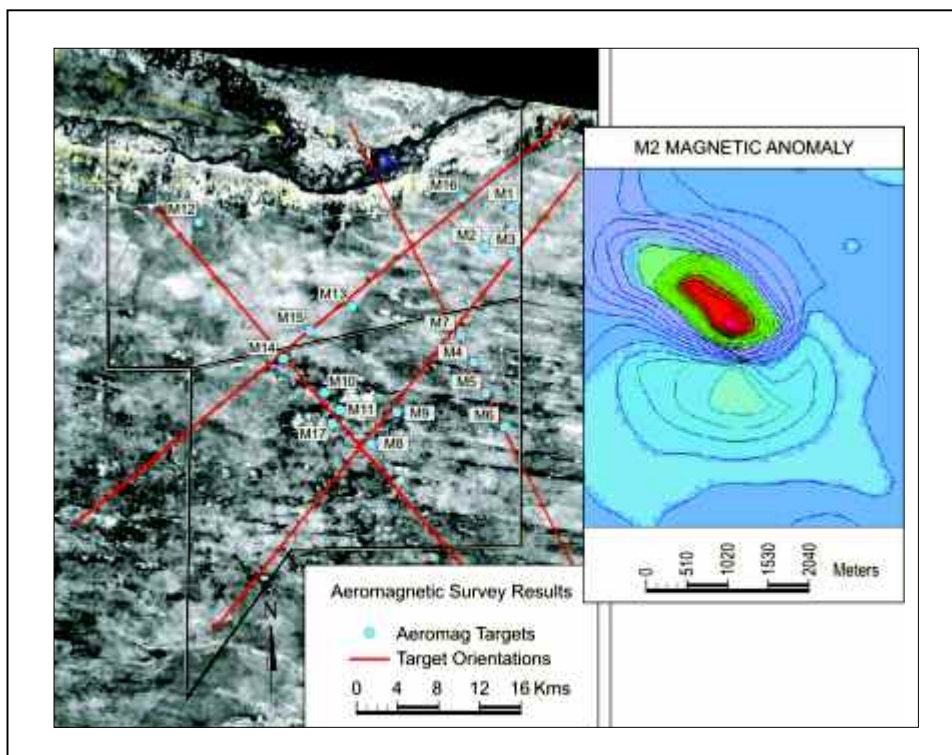


Figure 6 – Ndiyona Project – Aeromagnetic target orientation on crustal weakness trends



Figure 7 – Photo's of camp and testing of equipment

2.1.6. Future Exploration

By joint venturing its concession with Namdeb, Minnex will have no future expenditure with regards to these projects. Namdeb will conduct future exploration on the Minnex concession, in conjunction with de Beers. Exploration would include, loam sampling, magnetic and gravity surveys, drilling and new revolutionary methods to be adopted in primary exploration, which has been developed by de Beers over the last few years.

With the use of these technologically advanced exploration tools the potential exists for major new discoveries. It must be noted that in 1998 the Marsfontein kimberlite was discovered in a geological setting that was regarded as “well explored”.

2.1.7 Conclusions

Minnex holds a 36% interest in the Ndiyona kimberlite project and the two EPLs are highly prospective due to the favourable geological setting.

3. MINNEX PROJECTS IN SOUTH AFRICA

3.1 Middelwater Alluvial Project

3.1.1 Project Location and Infrastructure

The diamondiferous gravel deposit on the farm Middelwater 18 extends over portions R/E and 1 is located approximately 55 km northwest by road from the town of Prieska in the Northern Cape Province of South Africa (Figure 8). The gravel deposit is located on the southwestern bank of the Orange River, some 140 kilometres downstream of the confluence of the Orange and Vaal Rivers (Figure 9).

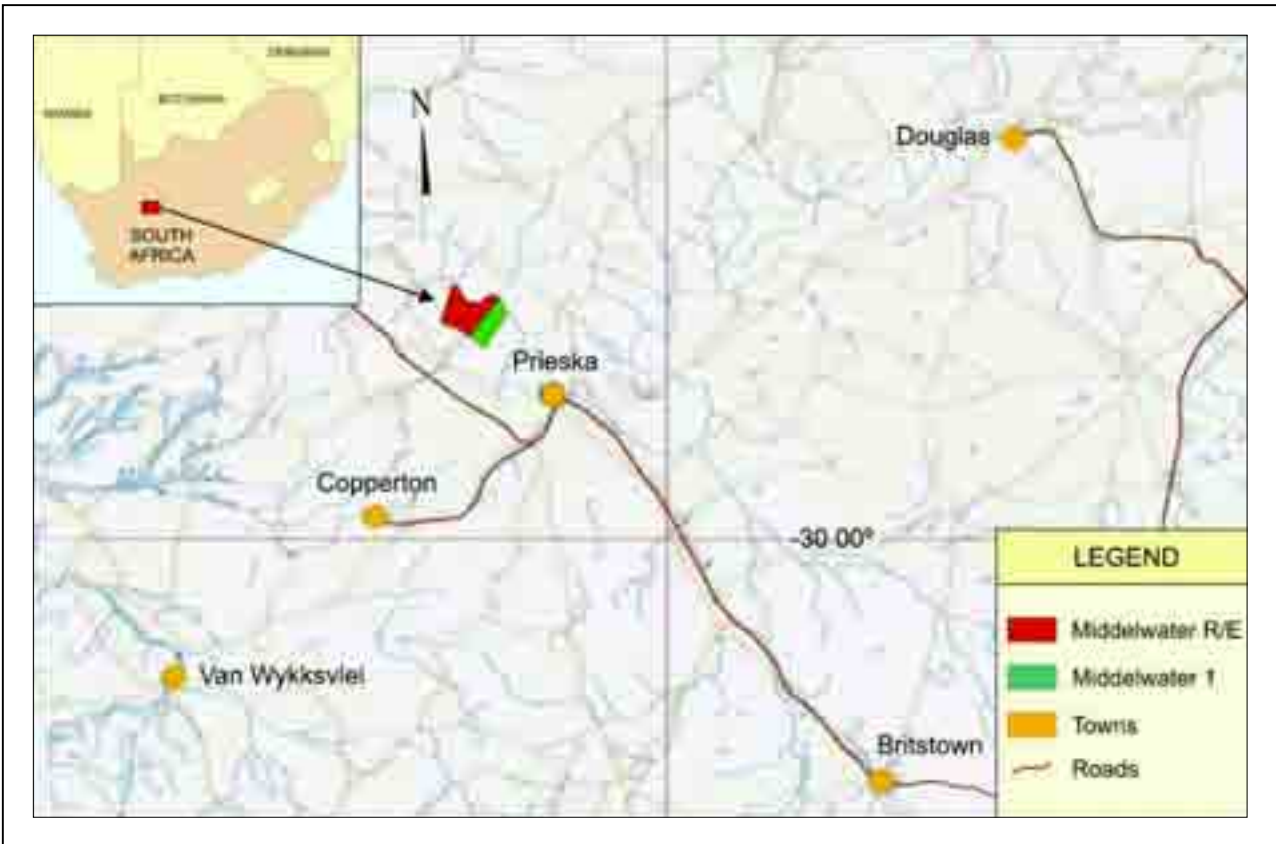


Figure 8 – Map showing locality of Middelwater Project

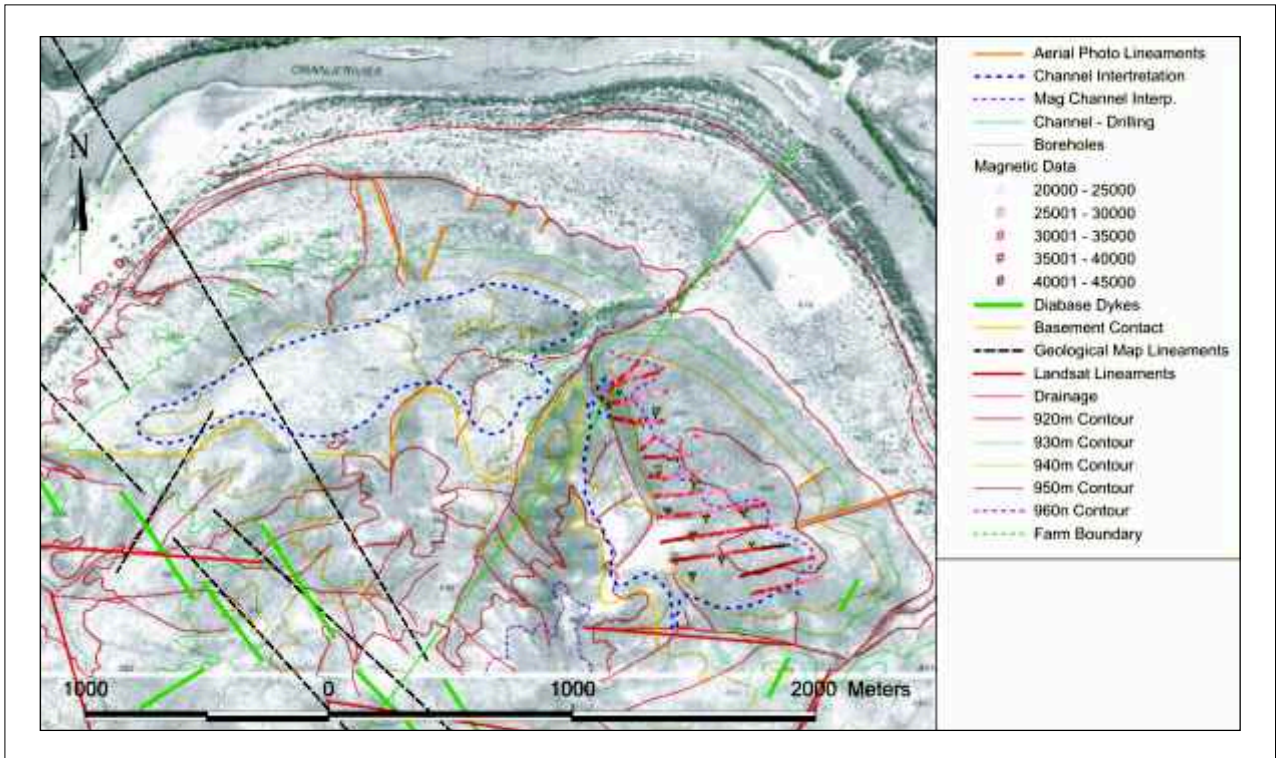


Figure 9 – Middelwater structural setting

3.1.2. Legal Aspects and Tenure

Farm Name	Middelwater 18, Prieska RD
Portion Number	RE(0)
Mineral Rights Holder	State
Applicant Company	Alliance Afric (Pty) Ltd
Minnex Shareholding in Applicant Company	84%
BEE Shareholding	16%
Permit Type	Prospecting
Permit Number	PP 45/2004
Environmental Approval	Conversion to New Order Permit applied for and granted by the DME
Date Granted	Yes 7 th September 2006

Farm Name	Middelwater 18, Prieska RD
Portion Number	1
Mineral Rights Holder	State
Applicant Company	Panagis Vervoer Bpk
Minnex Shareholding in Applicant Company	Option, Note 1
BEE Shareholding	16%
Permit Type	Prospecting
Permit Number	New Order Permit applied for and granted by the DME
Environmental Approval	Yes
Date Granted	15 th November 2006

3.1.3. Geological Motivation

The first diamond discovered in South Africa in 1868, the Eureka diamond (a 21-carat stone) was found in the area known as the Middle Orange River. This led to small-scale mining (digging) activities along the Orange River. The Rooikoppie gravels were mined extensively between Douglas and Prieska from 1926 to 1936 and again during 1943 to 1945 (Figure 5). Table 5 below shows historic diamond production, estimated grade and stone size information of the Rooikoppie gravels mined at different locations along the Orange River prior to 1965.

Table 5 - Historic diamond production of Rooikoppie Gravels

Deposit	Production (Carats)	Area Mined* (M²)	Grade** (CPHT)	Largest Stone (ct)
Beatrys	16 272	39 600	1.47	233
Kransfontein - Kwartelspan	12 000	1 000 000	0.43	136
Brakfontein - Saxendrift	97 867	3 764 200	0.93	181
Zwemkuil - Moidraai	27 881	1 991 500	0.50	124
Remhoogte	6 414	264 000	0.87	133

* Area mined by diggers estimated from aerial photographs

**Grade estimates based on an assumed average gravel thickness of 0.5m and S.G. of 2.2

Other than the Rooikoppie gravels, the Vaal and lower Orange River region area was not extensively prospected and mined, until about 1996. There are two primary reasons for this:

- ◆ The area is overlain by a very hard layer of calcrete, 0.5 - 3m thick, which limits access to underlying gravels.
- ◆ In many areas the gravels include a high proportion of banded ironstone. The inclusion of high density banded ironstone makes gravity separation of diamonds difficult.

Since late 1996 the mining problem was solved by the use of blasting and heavy earthmoving equipment to rip and remove the hard calcrete layer. Diamond recovery methods were also improved by the removal of the banded ironstones with magnetic separators.

This new technology resulted in the area being effectively explored for the first time by companies like Northern Cape Diamond Mining, Moonstone Diamonds (an Australian Company), and Pioneer Minerals. Exploration resulted in Gem Diamond Mining Corporation (GEM) listing a company on the Johannesburg Stock Exchange in 1997, in order to mine the Saxendrift diamond deposit. The deposit has been mined very profitably since the beginning of 2000, when Transhex, one of the world largest diamond companies, acquired the property from GEM. Transhex also took over all Moonstone Diamonds properties in the area.

Recent mining activities have taken place on the farms Wouterspan, Beatrix and Saxendrift, with Transhex conducting exploration activities on various properties.

Minnex conducted a regional diamond study of the Douglas - Prieska area during 1999. All the known terrace gravel deposits in the area were held under option, from one or another company. The obvious reason for this is the high price these diamonds obtained in the open market. Minnex focus was thus outside the known diamond production area with the hope of finding a deposit of similar type and dimensions typical of the deposits found in the Douglas - Prieska diamondiferous belt. A high exploration potential target, the Middelwater deposit that has never been explored previously was identified as being very similar to the known diamond deposits.

The geological motivation for conducting a detailed exploration programme on this property is listed below:

◆ **Favourable Depositional Setting**

Middelwater is situated just beyond a very narrow palaeo-entry point in the Orange River. The river eroded through the very hard-banded iron stone formation, thus forming a focused incision. This has resulted in a sudden reduction in flow energy, the general flow direction being perpendicular across the general north-south outcropping trend of bedrock geology. The prospect area also lies on the inside of the river bend, resulting in natural flow velocity reduction with resulting coarser and heavy sediment deposition, including diamond deposition.

This depositional setting is indicative of a geological environment with good diamond potential. In addition the presence of diabase dykes, as part of the terrace floor are favourable localized trap sites and the presence of a palaeo channel (Figure 10).

◆ **Presence of Rooikoppie Gravel and Terrace's**

The geological environment of the Middelwater gravels is interpreted by Minnex geologists to be similar to the Saxendrift, Remhoogte and Zwemkuil deposits, further upstream in the Orange, indicative of the potential for palaeo-Orange type deposits. Although "Rooikoppie" type deflation material is extensively present on the terraces and overlying the calcrete layer, the possibility of extensive underlying palaeo-Orange channel deposits beneath the calcrete layer could only be confirmed by drilling.

3.1.4 **Exploration History**

At Middelwater a few small historical pits suggested diamondiferous prospecting within the Rooikoppie gravels but there was no apparent evidence of previous activity in the gravels below the calcrete.

3.1.5 **Exploration by Minnex**

The overall impression of the Middelwater geological appraisal was that sound reasoning and first-rate geological concepts and principles were applied by Minnex to delineate possible diamondiferous palaeo channels.

The deposit was well delineated from:

1. Aerial photo survey conducted by Albertus Pepler (see Figure 9).
2. Geological mapping conducted by Albertus Pepler (see Figure 10).
3. Aeromagnetic Survey conducted by the Council of GeoScience.
4. Percussion drilling of thirteen, 6.5-inch holes (line spacing 200m, borehole spacing 100m - see Figure 11)

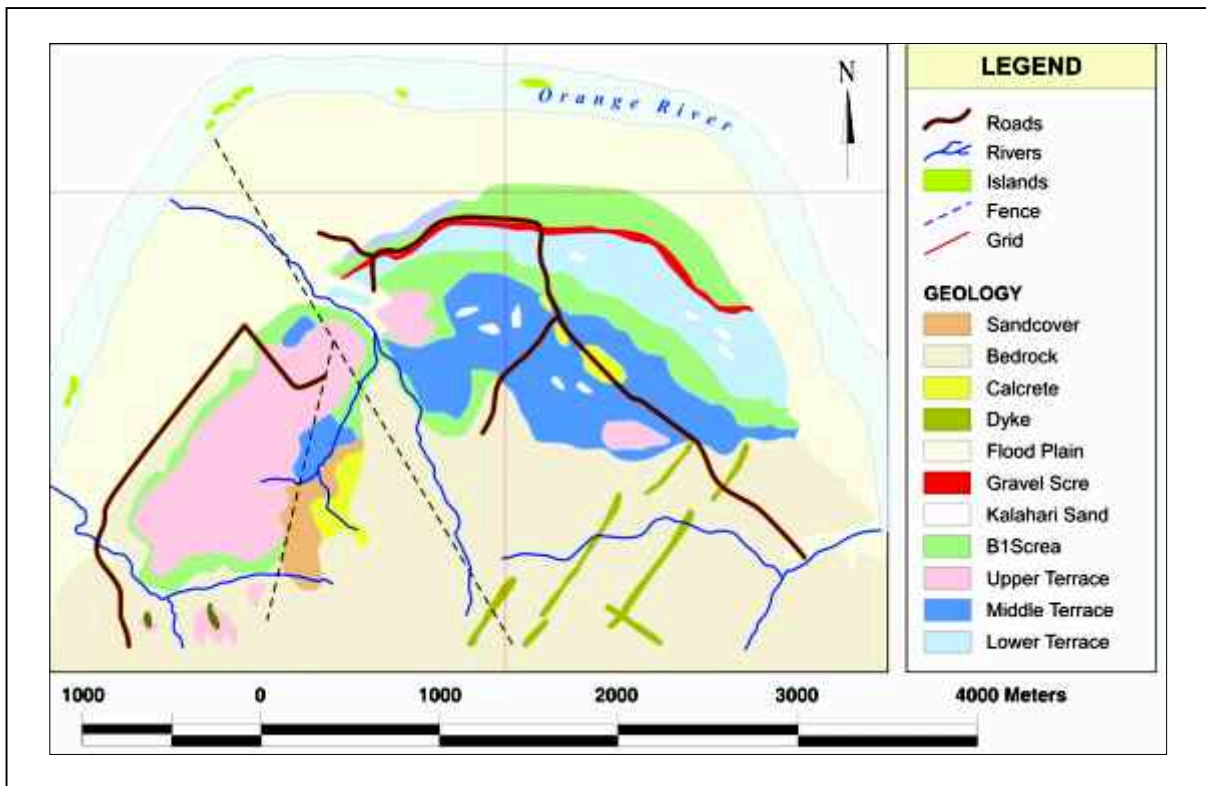


Figure 10 – Middelwater Project – Detailed geological map

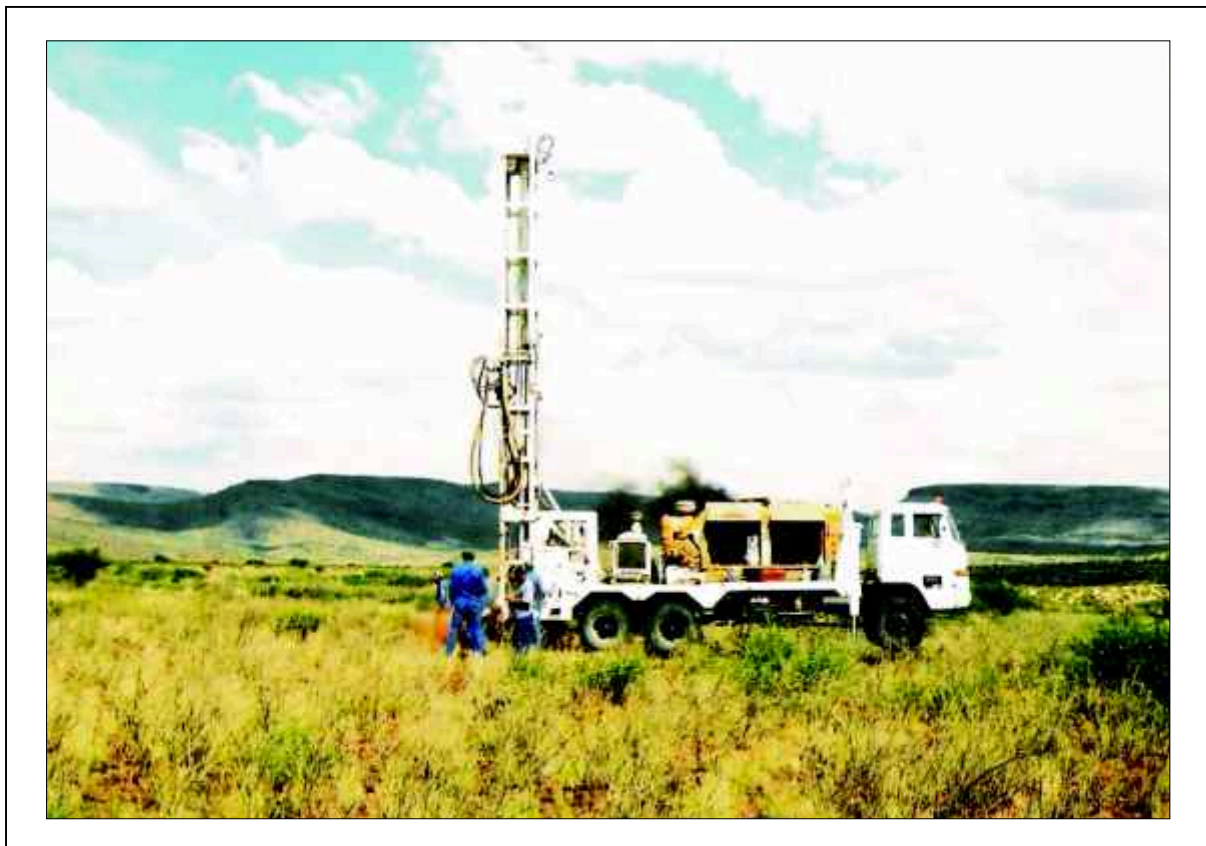


Figure 11 – Photo of Drill Rig – Middelwater Project

Three geological units were identified from the percussion-drilling programme:

1. Rooikoppie gravel consisted of 0.5m to 1.5m, very tightly packed, banded ironstone deflation material. Pebbles vary from big pebble to cobble sizes, predominantly angular to sub-rounded. According to P. Gresse of Transhex the Rooikoppie in the area was generally devoid of typical well-rounded chert and agate clasts.
2. A 3m thick calcrete layer that is exceptionally hard with scattered, very angular big pebble to cobble-size banded ironstone material present. Pebbles in the calcrete are noticeably more angular than the overlying Rooikoppie gravels. The calcrete will have very low liberation potential and very low diamond potential.
3. The 7 to 9m-gravel sequence have a general coarsening upward sequence with cobble-sized material at the top grading to small/medium boulders towards the basal contact. (Figure 11).

The thickness variation (isopachs) trends of three units are shown in Figure 12.

In August 2003 a 48m x 24m x 10m pit was excavated in an area that Minnex geologists regarded as most prospective exposing the entire previously drilled sequence in one locality (Figure 13). Although the calcrete layer required blasting, the top gravels were recovered with the excavator only and a bulldozer assisted with the ripping and recovery of the basal gravels. Eight thousand tonnes of basal gravel was stockpiled separate from an equal portion of upper gravels.

P. Grease of Transhex inspected the pit and stated, "... the gravel can be classified as typical "Orange River type" typical of the lower elevation terraces (less than + 40 m above present river bed) of the Orange River. These gravels, as on Dagbreek, are typified by up to 30% sand matrix with a high proportion of zeolite-rich sand lenses and a high proportion of red Drakensberg basalt clasts. These gravels normally exhibit intermediate to low diamond grades.

A contracting company PLK Diamonds processed 2500 tonnes of gravel from which 6 diamonds totalling 6.56 carats (the largest of which is 1.80 carats) was recovered and independently valued. Minnex geologists monitored the process throughout. The bottom cut-off screen size during the processing was 1.6 mm.

3.1.6 Volume and Value

The drilling to date has estimated 1.6 million tonnes of Rooikoppie gravel, 5 million tonnes of top gravel and 10 million tonnes of basal gravel. Additional drilling is required at a closer spacing in order to be able to categorise a resource.

Until a representative bulk sample is treated no grade estimate can be made other than the basal gravel is diamondiferous.

Tienie Barnes of Diamond Education College stated the 6.56-carat parcel was of "gem quality" and valued between U.S.\$ 850 and U.S.\$ 1000 per carat.



**MINNEX
EXPLORATION
LIMITED**

MIDDELWATER PROJECT

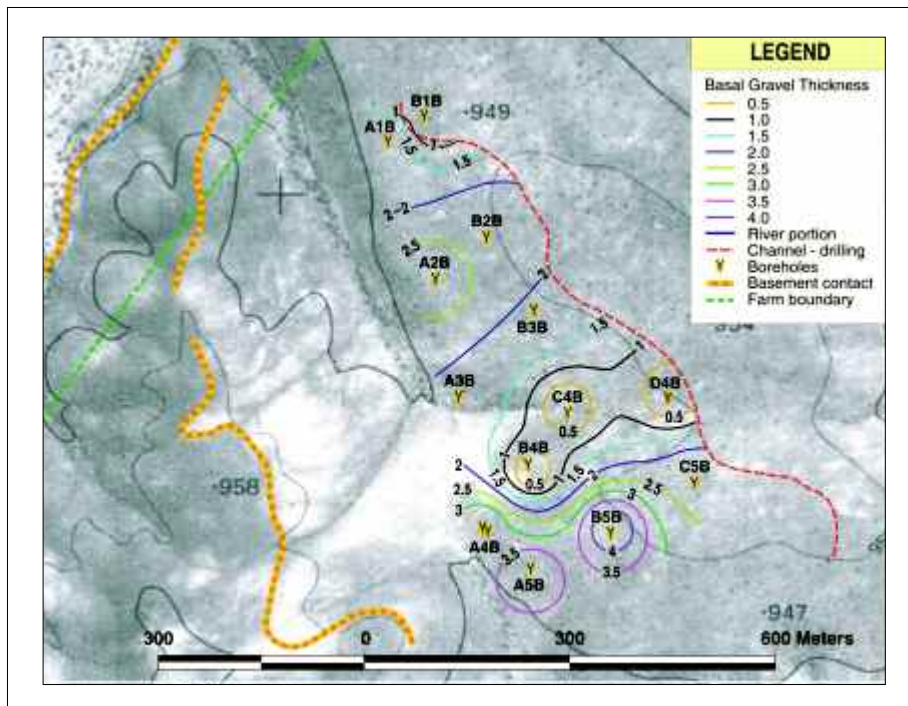


Figure 12 – Basal Gravel Isopachs – Middelwater Project



Figure 13 – Pit excavation – Middelwater Project

3.1.7 Future Exploration

The remaining material already mined by the first bulk sample will be treated and an additional larger bulk sample will be taken in 2007. The object of the next bulk sample at Middelwater is as follows:

- ◆ Obtain a reasonably accurate grade in ct/100t for the deposit.
- ◆ Test the concept of a screening, magnetic separation, dense media, and X-ray flow sheet on the deposit.
- ◆ Obtain detailed metallurgical data to enable the design of a full-scale plant.
- ◆ Obtain enough diamonds to enable the generation of a statistical model of the diamond distribution.

Minnex will make use of a mining contractor to extract the bulk sample but the Minnex technical team will be responsible for overseeing the whole bulk sample treatment process. Security is an extremely important aspect of any diamond operation, and during the treatment of the bulk sample it will have a high priority.

If the bulk sample exercise is positive, additional percussion drilling will better define the deposit. A pilot mining programme will then be employed as part of a feasibility study.

3.1.8 Conclusions

The Middelwater prospect is still defined as an Exploration Target but upon completion of the above programme it might be upgraded to a Resource. The discovery of gravels west of Prieska at Middelwater is highly significant. The recovery of the diamonds from such a small sample has indicated that the deposit is diamondiferous and a significant new discovery has been made.

3.2 Alexkor Marine Diamonds Project

3.2.1 Project Location and Infrastructure

The project is located offshore along the west coast of South Africa, in the Namaqualand region (Figure 15). The closest town is Port Nolloth and all operations would also be conducted from the Port Nolloth port.

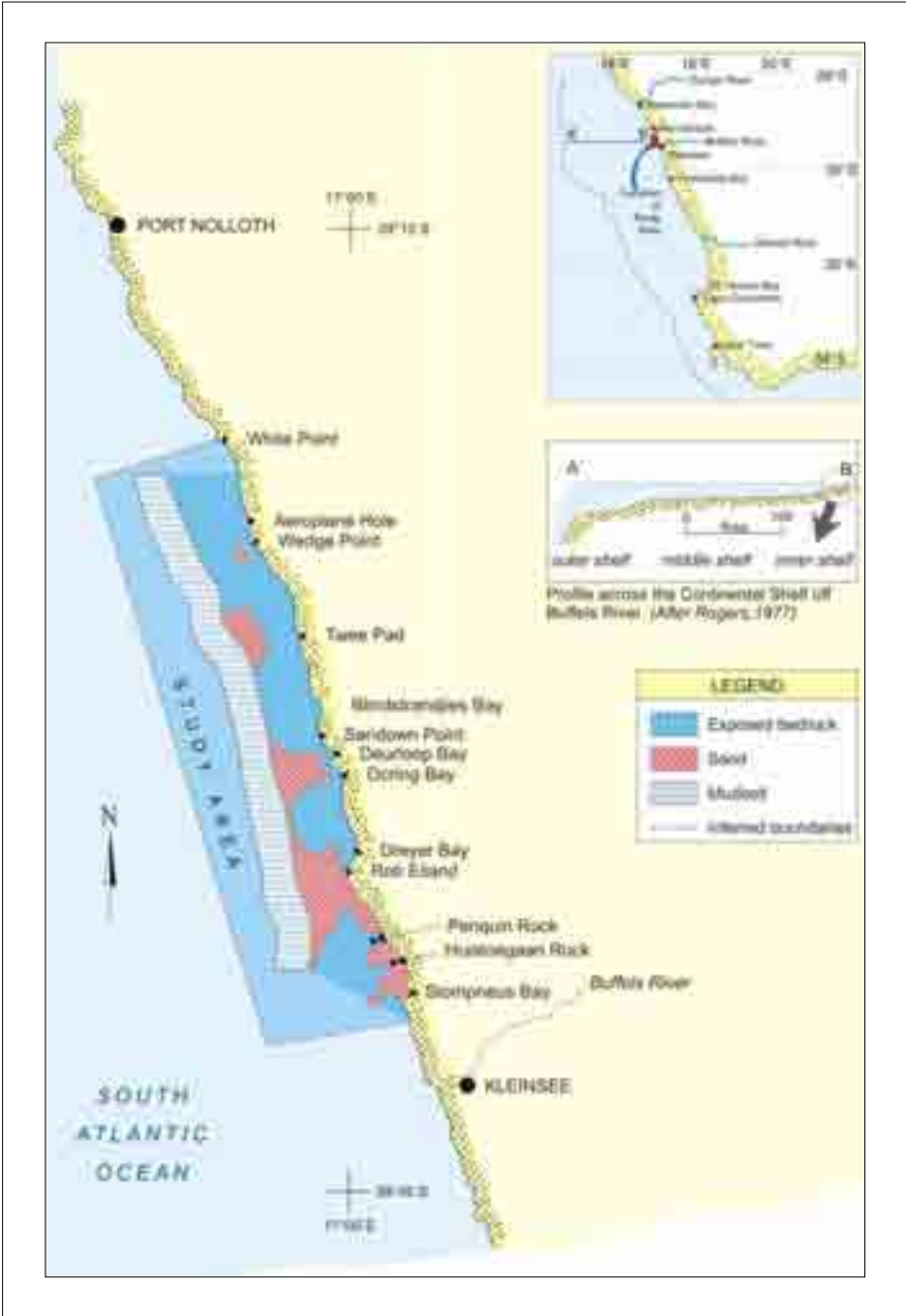


Figure 14 – Locality of Alexkor 4'a' Concession

3.2.2 Legal Aspects and Tenure

Following lengthy discussions with Alexkor, Gas Energy and Mineral Investment (Pty) Ltd (GEM) has been offered the mining and exploration rights to Alexkor 4'a' concession area subject to GEM procuring a funding and technical partner. Minnex was the preferred partner and a joint venture has been forged between these two companies (Minnex and GEM), to form GeoGem Mining Investments (Pty) Ltd (GeoGem). The commencement date of the Alexkor contract with GeoGem was the 1st May 2006 and is for a period of three years. The share capital allocation between Minnex and GeoGem is: GEM (51%) and Minnex (49%). Minnex transferred its original shareholding of 49% in GeoGem to Westside Trading in February 2006.

The split of income from all diamonds recovered from the 4 'a' concession conducted by GeoGem operations will be Alexkor

30% and GeoGem 70%. Alexkor's diamond evaluator, in the presence of a GeoGem representative, would evaluate the diamonds. The split on income and not profit is such that the operation has to make a profit above a profit to revenue ratio of 30%, as GeoGem will be responsible to fund all losses below this margin. Minnex personnel, with vast experience in marine diamond mining, will assist in planning and management of the project and in return would get a 5% royalty on all diamonds recovered by GeoGem from the Alexkor concession in the future.

In terms of experience, P le Roux between 1997 – 1999 managed the Alexkor mid and deep water exploration and mining programme (28 days onboard vessel/ 28 days off) and thereafter up to 2000 was responsible for the overall management of all Alexkor marine operation 1'a', 1 'b', 1'c', 2'b', 4'a' and 4'b' concessions. His additional offshore experience includes:

- ◆ Ocean diamond mining 1996 – exploration geologist.
- ◆ Namco 1999 – 2001 consulting geologist, responsible for exploration and training of personnel.
- ◆ 2002 External consultant to SRK for a complete feasibility study on a shallow marine operation in Namibia.
- ◆ 2004 Managed Minnex shallow marine operation in Namibia.

P le Roux fully understands diving, airlift and crawler operations.

The nature of the share transfer is that Westside Trading would provide funding to the amount of R 3 million, to purchase a mining vessel, a 10-tonne DMS plant, a remote mining tool and provide operational funds. Recently, the Seedelwer XI has been purchased and the Dense Medium Separation (DMS) plant and the remote mining tool ordered for the operation.

3.2.3 Geological Overview

The Namaqualand coastline is a wave dominated, microtidal region with a mean tidal range of only 1,6m. This average depth at the seaward westward boundary of Alexkor 4'a' would be approximately 20m below sea level.

The general observation is that sediment transport is predominantly northwards from a combination of both incomplete refraction of the southwesterly swells along the generally north-south orientated coastline (Birch et al 1976) and these are enhanced during summer by southerly winds (Swart 1983).

According to De Decker (1987), average wave conditions (i.e. occurring 95% of the time) are capable of transporting very coarse sand (1-2mm) at a depth of 30m. Furthering storm waves (i.e. occurring 5% of the time) can move medium-sized pebbles ($\pm 10,5\text{mm}$) and small cobbles ($\pm 100\text{mm}$) at -15m . Clearly, diamond size distribution should follow this same trend and diamondiferous deposits on the shelf platform (0-40m) are continually being reworked and redistributed northwards (Woodborne, 1991).

Discussions with G. Davies, acting CEO of Alexkor and Mineral Resource Manager notes that diamond distribution of 4 'a' concession area indicates northward decreasing trend of diamond stone size from 0,4 carats at the Buffels River (Kleinsee) in the south to 0,15 carats in the north off Port Nolloth.

This fits perfectly with the current oceanographic wave climate as described above. G. Davies is of the opinion that a large 18m vessel is required to mine Alexkor 4'a' as a large volume of gravel needs to be processed to yield 150-200 carats per month and the average stone size will be approximately 0,25 carats (95% gem quality).

In terms of marine geology and oceanography, the ability to survey and depict the seafloor radically changed with the introduction of multibeam echo sounders and associated data processing techniques that can produce complete-coverage, high-resolution maps of relatively large areas of the seafloor. While first used for military, geophysical, and hydrographic applications, the combination of high spatial coverage along with great bathymetric detail has made multibeam echo-sounding a useful tool for seafloor mapping. While the fundamental measurement provided by multibeam echo-sounders (bathymetry) offers, in conjunction with interactive visualization techniques, the possibility of spectacular depictions of the morphology of the seafloor (at many scales), most multibeam echo-sounders also produce a time-series of acoustic backscatter. Changes in acoustic backscatter can be very indicative of changes in seafloor type (Mayer and Fonseca, 2007).

It is recommended that multibeam surveys be undertaken so that a digital terrain model of the bathymetry is compiled together with a high-resolution plan of the nature of the seafloor (rugged or subdued microrelief, bedrock structure, lithological variation, sand development, etc). A recent regional study of the West Coast diamond deposits, independently conducted by GeoGem, has confirmed previous findings that a well-defined palaeo-beach exists at a 14 to 20 meter water depth. Limitations are the fact that water depth is too deep to run a viable diving operation by the small operators and that the large diamond mining vessels cannot operate safely within this zone. A known palaeo channel, called "tweepad" also exists on the 4 'a' concession. This deposit has only been exploited on a very small scale.

The primary criterion for a successful marine diamond extraction operation is a regional knowledge of diamond distribution along the southern African west coast. Vast regions have low potential or very low diamond concentrations. Knowledge regarding diamondiferous areas is of the utmost importance. In addition, experience and knowledge of geologically induced primary trap sites, inside diamond population areas, is important for "jackpot" recoveries.

3.2.4 Exploration History

Diving operations explored the 4 'a' concession of Alexkor from 1993 to 1997 (Figure 15). A summary of the results over this period as reported in Alexkor offshore marine database:

Table 6 - Historical 4 'a' concession exploration results

Tonnes	Diamonds	Carats	Avg. Size	Carats/ Tonne
322	7170	2272	0.32	7.01



Fig Figure 15 – Previous sample locations – Alexkor Project



Figure 16 – Photo of Seedelwer X (similar design to Seedelwer XI) – Alexkor Project

The total area explored during this period amounts to less than 5% of the total sediment cover of the concession.

3.2.5 Exploration by GeoGem

GeoGem conducted exploration on the 4 'a' concession of Alexkor at the end of 2004; the aim on the exploration programme was to:

- ◆ Verify previous historical grades
- ◆ Obtain the latest value per carat
- ◆ Obtain a better understanding of the gravel overburden to assist with future mine and plant planning

The Seedelwer XI was hired from Alexkor to conduct this exploration programme, making use of divers. This is the same vessel that would be equipped with a plant and a mining tool to conduct mining in the future. A photo of Seedelwer XI is not available for inspection but according to the Minnex Directors it was designed similar to that of Seedelwer X (Figure 16).

The summary of the exploration results as tabulated by P. le Roux of Minnex appear in Table 7.

Table 7 - Exploration Summary

Area	Tonnes	Diamonds	Carats	Avg. Size	Carats / Tonne
Doringbaai	3.4	32	12.74	0.4	3.7
Grens	15.1	327	133.96	0.41	8.8
Total	18.5	359	146.7	0.41	7.9

Note: The bottom cut-off screen on board the vessel and without undersized material discharged back into the sea was 1.6mm.

Fifteen stones larger than 1 carat were recovered with the largest three stones being, 4.14, 3.08, and 2.91 carats per stone. The average price per carats received for this parcel was \$192 per carat.

3.2.6 Grade and Value

As could be seen from the historical as well as the test sample conducted by Geogem the area has a very high grade of about 7 carats per tonne. An average carat price of \$200 per carats could also be accepted as the norm for this concession. To date less than 5% of the sediment deposit of the concession, has been sampled, mined, and more detailed exploration is required under controlled conditions to verify a reserve for this concession.

The positive results to date however warrant an exploration and trial mining programme to continue on this concession.

3.2.7 Future Mining

GeoGem has the knowledge of areas that produced extensive diamonds from the +30m zone as well as some areas where good diamond recoveries have been obtained by shallow water operations. The knowledge was gleaned from database information, sampling results and geological information (i.e. seafloor type) while Philip le Roux was in charge of overall management of all Alexkor marine operations. High-grade areas can be identified with a high degree of confidence by extrapolating these areas into the 10m to 30m-water zone.

Maximum production time is critical for success. For this reason a mining vessel that can operate in shallow water and can remain at sea during adverse weather conditions is needed. Currently the only mining activity that is carried out in the buffer zone is done by sub-contractor diving operations. The divers encounter difficulties in that they are limited to only about 60 hours production per month. This is a result of adverse weather conditions on the west coast that does not allow diving operations because of high swell and / or poor visibility. Another contributing factor is that a diver can only dive for a limited period per day. Diver operations are also not equipped to process diamondiferous material at sea, resulting in frequent port visits to unload material.

GeoGem will strive to introduce new innovations by making use of sound principles that can be applied to increase the active mining time to at least 300 hours per month. These include:

◆ Technology

Due to very difficult conditions for logistical support at sea, technology employed should be such that critical parts are limited and equipment can be easily maintained and repaired at sea, thereby limiting port visits and downtimes due to equipment failure. Several marine diamond producers who utilised sophisticated technology that could not be supported, managed and effectively operated at sea have learnt expensive lessons.

◆ Surveying Information

GEOGEM firmly believes that the best long term strategy for the exploitation of offshore marine diamond deposits is with a shallow water mining vessel, combined with good surveying equipment, which will allow for the identification of high grade trap sites. A small geophysical surveying unit, which operates in combination with the mining vessel, is considered to be a medium term necessity.

◆ Mining Vessel

The mining vessel should be designed and developed along the following guidelines:

- ◆ Size to operate within the legal framework with a skipper and not a ship's captain
- ◆ Relatively flat base to accommodate shallow water operations.
- ◆ Accommodations for 10 people - for a double shift of 5 people each.
- ◆ A 10m long mining head for an airlift/gravel pump unit
- ◆ Placement of 4 anchor winches (2 stern and 2 aft) and two winches for the mining unit.
- ◆ Space for a storage bin between the mining and plant units

Seedelwer XI from Alexkor has been purchased and meets all the above requirements.

◆ Design Criteria for Equipment

The design of the equipment was dictated by the scope of work that would be required for the buffer zone areas. The primary function of the equipment is the effective sampling of a large area, while using minimum effort and cost, and excluding the ineffectiveness of a diving crew. The following criteria that were considered:

- ◆ The removal of sediment overburden at mid-water sampling sites. Sediment removal rates need considerable improvement over the common 20 m³/hour logged by diving operations. A hands-off system for this operation will also eliminate the costly human/diver factor.
- ◆ The ocean floor topography of Alexkor concessions results in the need to remove large sized overburden, including > 300 mm boulders. Recorded operations have proved the inefficiency of diver operations in this environment. Taped recordings show the actual suction nozzle idling for up to 64% of mining duration, due to divers struggling with the removal of the boulder sediments.
- ◆ Suction nozzle blockage is a common occurrence in all-marine mining. During deep-water mining operations brute force is used to eliminate blockages. The nature and scale of shallow-water mining does, however, not allow for heavy-duty equipment. There is therefore a need to introduce a non-blocking suction nozzle capable of being used by divers or being supported by a remote sub-sea frame.

◆ Mining/Sampling Equipment

In order to address the above criteria a remote mining tool on the seafloor operated via winches placed on the vessel has been developed and upgraded to sample and exploit potential diamondiferous seafloor gravels and sands at a rate of 10 tonnes per hour. Likewise the on vessel DMS facility has been modified to cater for the increased mining rate from 5 to 10 t/hr. Different versions of the remote mining tool have been in commercial service for approximately one year.

◆ Security Aspects

- ◆ DMS concentrate will be kept in a secure bin on the mining/sampling vessel, which will be accessible to Alexkor personnel only.
- ◆ An undertaking will be made that all personnel that are involved in the agreement can be polygraph tested on Alexkor's request.
- ◆ All personnel involved with the program will sign a confidentiality agreement.
- ◆ Alexkor to post an independent security person on the vessel at all times.

3.2.8 Conclusions

It is envisaged that this project would be operational within the next three to four months, and because of Minnex's 5% royalty this would result in a short-term positive cash flow to Minnex.

4. Risk Factors

Minnex inland diamonds is an exploration vehicle and as such is highly speculative and involves a high degree of risk.

Diamond exploration investment appeals to investors that have a mindset of 'venture capitalists' (i.e. very high risks which could result in very high rewards) and not to pensioners (i.e. low risk and certain low reward). Investors are accordingly advised, before making a decision to invest, to consult an independent financial advisor who specialises in advising on the acquisition of share of this nature.

The following risk factors in order of priority are considered to be potential flaws in investing in Minnex. It must be noted that additional risks and uncertainties of which the Minnex directors and the Competent Person are presently unaware could arise.

◆ Financial

Minnex has limited financial resources from its present directors and has only recently begun to generate very limited revenue from its inland diamond operations. The Directors do not expect the Company to achieve profitability in the short term and there can be no assurance that, if required, further funds will be available on favourable terms. The market price of diamonds has fluctuated widely in the past.

◆ **Exploration Risk**

Few properties that are explored are ultimately developed into producing mines. Although exploration targets and resources may be well delineated there can be no guarantees that estimate of quantities and grade of diamonds described will be available to extract. This is especially the case in the marine concession areas where historical mine grades are very erratic and tonnage estimates highly variable.

◆ **Bulk Sampling / Mining Risk**

The position of the bulk sample and the grade thereof may not be representative of the project. For a Samrec compliant resource to be defined for the project in addition to the bulk sample and the results thereof further pitting may be required at an additional cost.

◆ **Operational Risk**

The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and other accidents. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

◆ **Competition / Growth**

The Group has exclusive exploration and / or prospecting rights over the areas covered by its licences. Current and potential competitors may have substantially greater financial, technical and marketing resources, longer operating histories, larger customer bases, greater name recognition and more established relationships than Minnex and so may be better able to compete and hinder the Group's growth. There can be no assurance that Minnex will be able to fund and manage any future successfully.

◆ **Skills Base**

The Group is dependent upon its current executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of the existing executive management team, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Group may have an adverse effect on the future of the Group's business.

◆ **Environmental**

A suite of legislative Acts designed to mitigate their effects on the environment regulates diamond mining and associated activities in South Africa and Namibia. These, include requirements for Environmental Assessments (EA's) and Environmental Management Programmes (EMP's).

Additional legislation also controls pollution at sea ,the use of landing facilities ,access to the coastal zone ,and damage to natural or cultural resources in these two countries .Environmental documents with respect to Minnex prospecting application were made available. Minnex as a holder of prospecting permits (see section 1.7) have submitted Environmental Management Programmes (EMP's) in accordance with an established approach as required by section 39 of the Minerals Act, 1991, (Act 50 of 1991). The guidelines as supplied by the D M & E for the mining of land based precious stones was adhered to .

Minnex acquired these rights and will therefore remain liable subject to Section 12 of the Minerals Act, 1991. Should Minnex contravene or fail to comply with any provision in the EMP, the Company shall be guilty of an offence as per Section 60(1)(a)(i) of the Minerals Act, 1991.

The relevant forms "Environmental Management Plan for prospecting in Namibia" was obtained from the Ministry of Environment and Tourism for the Caprivi Project. These forms have been completed and returned to the relevant Ministry (see Section 4).

Environmental management of the marine diamond mining industry in South Africa has made major progress. A considerable volume of baseline information, albeit at a fairly coarse scale, has been collected and is available for use in the management of the system. Most of the major biophysical impacts of the mining activities on the environment have been addressed and, wherever feasible, appropriate mitigation measures have been implemented (Clark et al, 1999).

The total area of the marine environment affected per annum by the diamond mining industry, as a whole remains relatively small relative to what is available. Thus, whilst some of the impacts of mining may appear very severe in terms of the local environment, these must be placed into perspective on a larger geographical scale.

In terms of the biophysical environment, several issues still require attention, with cumulative impacts of mining coupled with those of other users, as well as selected single species studies being the most pressing.

An Environmental Forum comprises representatives of local and national government (e.g. Ministry of Mines and Energy, the Ministry of Fisheries and Marine Resources), and the fishing and mining industry. A liaison committee has been established for the West Coast region in the South Africa on which various industries and other coastal users are represented. Another positive initiative has been the formation of the South African and Namibian Marine Diamond Mining Associations. The former association has recently adopted a coordinated approach to environmental management through the development of a Generic Environmental Management Programme. Consolidated environmental baselines report on the environment of the South African west coast B, C and D concession areas was compiled in late 1997. A baseline report for the A concession areas and a generic EMPR for all four zones (Clark et al, 1999) is in progress.

As the Group is involved in early stage diamond exploration, it is subject to extensive environmental regulations. While the Group believes that its current provision for compliance with South African and Namibian environmental laws and regulations is reasonable, unforeseen environmental flaws may adversely affect its operations. However, Minnex will endeavour to abide by the above environmental regulations and will benefit by adopting routine standards and procedures that are in place.

5. CONCLUSIONS

Minnex, now part of Thabex, was built around the discovery process of the alluvial diamond Middelwater Project and the kimberlite search within the Ndiyona (previously Caprivi) Project. In 2004, the Namagroen and Makgabana projects were described in the 14th May 2004 CPR and these are now no longer part of the Minnex portfolio. In their place a minor (<7%) shareholding in Lehumo Resources was added that are currently being negotiated for possible sale.

Due to several deals that Minnex has made over the last few years, it is no longer responsible for the exploration budgets of its diamond interests in Namibia (Ndiyona Project) or in its offshore Alexkor 4'a' concessions.

Namdeb Corporation (Pty) Ltd. will explore the targets within the Ndiyona permit areas while its shareholding in the Alexkor 4'a' concession area was transferred to Westside Trading. The only major asset that Minnex is responsible for is the Middelwater Project. The two geological directors of Minnex, B. Pepler and P. le Roux, have the experience and expertise to manage the exploration programme and budget of the Middelwater Project.

Minnex project potential as it stands in February 2007 is too small to warrant investor interest. While project potential is what ultimately makes or breaks any exploration company, investors are aware that a small company's takeover by a larger exploration company can significantly affect the reaction it gets from the marketplace. Thabex acquired the entire issued share capital of Minnex in November 2006 for R8 million.

Thabex is managed by a very experienced team of professionals that rely on some of the most knowledgeable geological and mining engineering experts in the industry for advice on a range of commodities. These include, **Nick Norman**, who has the following degree: MSc (Geology). He has been a consultant to Thabex for the past 10 years and is the co-author of the popular Struik publication "Geological Journeys", **Dr Johannes Cornelius Linde** (Chairman until 1999) who was a Consultant to Thabex and has the following degrees: D Phil (Mineral Economics), BSc (Hons) (Geology); **Professor David Louis Reid** (Director), a University Professor who has the following degrees D Phil (Geochemistry), MSc (Geology) and BSc (Hons) (Geology); **Leopold Bosch** (non-executive director) has a MSc (Geology degree) and **Marius Welthagen** (Chief Executive Officer/Managing Director) who has the following degrees: M Eng (Mining), M Phil (Mineral Economics) and B Comm (Hons) (Economics). **Robert Cooke** (Technical Consultant) is mentioned in the Thabex Prospectus. Robert Cooke, Life Member of the Geological Society with 46 years' membership, passed away in Kimberley on 9th March 2007. His advice to Thabex was based on a BSc (Hons) (Geology) degree and 40 year's experience in exploration and mining projects throughout Southern Africa. Rio Tinto of South Africa employed him from 1964 to 1987 as General Manager and Director of Exploration. During this time he was involved in the planning and supervision of major exploration projects, including Rössing Uranium, Haib Copper, Mafikeng Diamonds, Northern Cape Copper-Zinc and regional diamond, uranium and coal investigations. In 1997 he established a mineral consulting and contracting business involved in numerous mineral evaluation and exploration projects throughout Southern Africa, with a focus on the evaluation of diamond properties and planning and supervision of diamond exploration programmes.

According to the Minnex Directors, the funds generated from the recent sale of the Lehumo Resources base metal project will be dedicated to the Minnex exploration budget. A significant proportion of these funds (R1.9 million) will be dedicated to the Middelwater Project.

6. REFERENCES

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GLOSSARY

“Airborne/Aeromagnetic Magnetic survey”	a survey conducted from the air for the purpose of recording the natural magnetic characteristics of rocks on and below the surface of the earth; kimberlites, the host rock for diamonds, often have different magnetic characteristics and form a magnetic anomaly.
“Alluvial”	a sediment or gravel deposited by the action of a stream or river in a river bed, flood plain, lake, fan at the foot of mountain slopes, or in estuaries that may or may not contain diamonds or precious minerals or both.
“Archaean craton”	old and stable parts of the earth crust, formed more than 2.5 billion years ago. They are good areas for finding diamond-bearing kimberlites.
“Archaean”	the oldest rocks of the Precambrian era, formed over 2.5 billion years ago.
“Banded Ironstone Formation (BIF)”	a distinctive type of Precambrian sedimentary rock comprised of alternating bands of haematite and silica, often associated with gold mineralisation.
“Bedrock”	the competent rock type near surface overlain only by surficial material (soil, alluvial, etc).
“Bulk sample”	a large sample usually taken from one site, and usually of several hundred tonnes weight.
“Bulk sampling”	a descriptive term used to imply a large volume sample that is processed in order to determine the grade of a deposit where mineralisation is unevenly distributed within the deposit. Bulk sampling is invoked to overcome the “nugget effect”
“Blue sky”	a conceptual exploration target with little supporting data.
“Carat”	a unit of weight for diamonds. The international metric carat is 200mg.
“Concentrate”	the result of a mechanical process in which diamonds (or some other desired product) is “concentrated” into a smaller volume of material called “concentrate”.
“Craton”	ancient stable areas of the Earth’s crust.
“Deposit”	an anomalous occurrence of a specific mineral or minerals within the Earths crust.
“Diamond drilling”	a drilling method which obtains a cylindrical core of rock by drilling with an annular bit set with diamonds.
“Diamondiferous”	an adjective describing a substance containing diamonds.
“DMS”	dense media separation.
“EM”	electromagnetic geophysical survey technique.
“Feasibility study”	a detailed study of the economics of a project based on technical calculations and specific mine designs undertaken to a sufficiently high degree of confidence to justify a decision on construction.
“GIS”	Geographical Information Systems often used to compile exploration data.
“Grade”	In economic geology, the term is used to express the relative quantity of an ore in a rock or unconsolidated sediment mass.
“Gravel”	An accumulation of rounded, water-worn pebbles.
“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 locations such as outcrops, trenches, pits, workings and drillholes. 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 which may be limited or of uncertain quality and reliability.
“In-situ”	in place.
“Intrusion”	body of igneous rock that invades older rocks.
“Kimberlite”	typically occurring as narrow pipes or fissures and are the main primary source of diamonds.
“Km”	kilometre
“Lamproite”	refers to a clan of peralkaline, typically ultrapotassic mafic to ultramafic rocks. Similar to kimberlites, they are hybrid rocks consisting of mixtures of primary magmatic constituents and upper mantle derived xenocrysts, including xenoliths.

“Lineament”	A linear topographic feature of regional extent that is believed to reflect crustal structure.
“Lithology”	description of the characteristics of rocks.
“Ma”	abbreviation denoting million of years.
“Mafic”	descriptive of igneous rocks composed predominantly of magnesium and iron rock forming silicates.
“Metallurgical testwork”	studies pertaining to the diamond content of gravels and the extraction of diamonds.
“Mineral Resource”	a concentration or occurrence of material of intrinsic economical interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
“Ore”	a mineral or rock, which can be worked economically.
“Outcrop”	the exposure of bedrock projecting through the overlying cover of detritus and soil.
“Overburden”	the overlying cover of whatsoever nature over useful materials or ores.
“Precambrian”	the time preceding the Cambrian. It ranges from 4.7Ga to 590 Ma. Generally associated with the time of the formation of the cratons.
“Proterozoic”	the youngest of two divisions of the Precambrian era; 600-2.500 Ma.
“Specific gravity”	the ratio of the weight of a substance to the weight of an equal volume of water, expressed as a number.
“Strike”	direction taken by a structural surface such as a fault or bedding plane as it intersects a horizontal plane.
“Tectonic”	1. relating to a major structural event 2. description of a structure produced by deformation 3. relating to a major earth structure and its formation.

SCHEDULE OF THABEX'S MINERAL RESERVES AND MINERAL RESOURCES

Summary of Thabex's Mineral Reserves and Resources:

Holding Company	Attributable to		Area of Interest	Mineral Type	Permit No	Area Ha	Boreholes		Inferred		Indicated		Measured		Valuation PV Rbn
							Percussion	Diamond	Tonnes	Grade	Tonnes	Grade [†]	Tonnes	Grade [†]	
Tradepost 121 (Pty) Ltd	100%	Pilanesberg	Taung	Diamond Trading	-	-	-	-	-	-	-	-	-	-	-
Taung Diamond Mines Ltd	50%		Vaal River	Alluvial Diamonds	Granted Prospecting Rights	2 700	-	-	-	-	-	-	-	-	-
Cinprop 0002 (Pty) Ltd			Harts River	Alluvial Diamonds	Registered Prospecting Rights	1 700	-	-	-	-	-	-	-	-	-
Diamex JV (Pty) Ltd	100%		Vaal River	Mining Company	-	-	-	-	-	-	-	-	-	-	-
Pilanesberg Gold Holdings (Pty) Ltd	100%	49%	Uganda	Gold Trading Joint Venture Mafuga Forest	EPL 103	37 800	-	-	-	-	-	-	-	-	-
Protero Investment Holdings (Pty) Ltd	8%		Pofadder Northern Cape Province	Zinc, Copper Lead	Granted Prospecting Rights	7 000	-	-	-	-	-	-	-	-	-
Salt River Base Mineral Project	100%		Kenhardt Northern Cape Province	Zinc, Copper, Lead, Silver	Granted Prospecting Rights	12 035	27	58	14.13	1.78% Zn 0.66% Cu 0.35% Pb 18.9g/t Ag 0.69g/t Au	9.97	1.83% Zn 0.46% Cu 0.55% Pb 21.4g/t Ag 0.45g/t Au	2.64		
Salt River West	100%		Kenhardt Northern Cape Province	Zinc, Copper, Lead, Silver, Gold	Accepted prospecting Rights	34 008	3	9	-	-	-	-	-	-	
Total															2.64

* The measured resources of Salt River Resources have been determined by a LOS during April 2007. [†]All grades reported at a cut-off of 1.0% Zn

SCHEDULE OF MINNEX'S MINERAL RESERVES AND MINERAL RESOURCES

Summary of Minnex's Mineral Reserves and Resources

Holding Company	Attributable to Minnex	Area of Interest	Mineral Type	Permit No	Area ha	Boreholes				Inferred		Indicated		Measured		Valuation Rm	
						Percussion	Diamond	Million Tonnes	Grade	Million Tonnes	Grade	Million Tonnes	Grade				
														-	-		-
Minnex Exploration Ltd	36%	Namibia	Kimberlite Diamonds	ELP's 3082 & 3083	160 000	-	-	-	-	-	-	-	-	-	-	-	
Middlewater Portion 1	84%	Prieska	Alluvial diamonds	New order Permit Registered	ha	18	-	-	-	-	-	-	-	-	-	11.4	
Middlewater Remaining Extent	84%	Prieska	Alluvial diamonds	New Order Permit Granted	ha	-	-	-	-	-	-	-	-	-	-	-	
Diamond Concession 4a	5%	West Coast	See diamonds	Royalty agreement	-	-	-	-	-	-	-	-	-	-	-	-	
Total																	11.4

VENDOR INFORMATION

1. The following table sets out the details concerning the acquisition and the vendors in respect thereof. The acquisition is subject to the conditions precedent that the acquisition is approved by the Thabex shareholders in a general meeting and the JSE approves the listing of the additional 4 million Thabex ordinary shares.

Names of vendors	Number of Minnex shares sold	Number of Thabex shares acquired	Address of vendor
Mr D. Cowie	9 800 000	445 500	90 Randpark Drive Randpark Ridge Ext 1 2194
Mr A. Romanowicz	2 000 000	300 000	101 Linksfield Court Illovo 2196
Mr T. Naknov	180 000	45 000	73 Hofmeyer Street The Gardens Cape Town 8001
Philani Mining and Property (Pty)	8 200 000	196 000	P.O. Box 12353 Die Boord Stellenbosch 7613
Isnoto Investments (Pty) Ltd	7 500 000	196 000	P.O. Box 2261 Franschoek 7690
Unakite Investments (Pty) Ltd	7 500 000	196 000	P.O. Box 107 Malmesbury 7299
Nejacatada Beleggings (Pty) Ltd	7 500 000	196 000	P.O. Box 169 Malmesbury 7299
Mr J. H. Lombard	1 000	500	90 Randpark Drive Randpark Ridge Ext 1 2194
Mrs M. A. Lombard	1 000	500	90 Randpark Drive Randpark Ridge Ext 1 2194
Mrs S. P. Ayres	20 000	10 000	1 Willow Walk Hurdles Avenue Weltevredenpark Ext 30 1709
Mr G. Culley	5 000	2 500	20 Olyfboom Avenue Weltevredenpark 1709
Mr K. Loser	5 000	2 500	P.O. Box 73786 Fairlands 2030
Mr E. Munnik	200 000	50 000	2 Hyperion Close Randburg 2194
Mr T. A. Lake	1 875 000	152 500	P.O. Box 402 Cramerview 2060
Mr T. W. Cramer	750 000	75 000	P.O. Box 2322 Cresta 2118
Mr A. Cowie	900 000	90 000	5 Cleopatra Place Queensburg 4093
Mr K. J. Richardson	650 000	65 000	P.O. Box 236 Cramerview 2060
Mr L. A. Richardson	500 000	50 000	P.O. Box 114 Krugersdorp 1740
Mr D. W. Logan	625 000	62 500	Private Bag X16 Honeydew 2040

You have 450 000 ordinary shares in Thabex and they could possibly trade at 10cps after the de-listing of Thabex

Names of vendors	Number of Minnex shares sold	Number of Thabex shares acquired	Address of vendor
Mr. J. D. Nitkin	524 000	131 000	2911 Port Boulevard Miami Florida USA
Mr B. Briggs	116 000	29 000	25 Grand Raynes Park London , UK
Mr D. F. Baard	116 000	29 000	25 Grand Drive Raynes Park London UK
Mr J. A. Baard	116 000	29 000	7B Granville Road South Fields London UK
Mr I. Yulzary	17 400 000	861 000	P.O. Box 2885 Houghton 2041
Mrs A. B. Cronje	25 000	2 500	P.O. Box 610 Wilgeheuwel 1736
Mr W. J. A. van Jaarsveld (Snr)	75 000	7 500	P.O. Box 2026 Noordheuwel 1756
Mr W. J. A. van Jaarsveld (Jr)	1 000 000	1 00 000	P.O. Box 610 Wilgeheuwel 1736
Mr O. M. van Wyk	675 000	67 500	P.O.Box X9 Postnet Suite Melville 2109
W. Vermeulen	40 000	5 000	5 Ndleni Gardens Fairland
A. Heystek	64 000	8 000	19 Wright Street Parkrand 1459
G. Hegland	200 000	25 000	P.O. Box 225 Kew 2067
G. O. Read	1 661 000	225 000	17 Rose Road Houghton Estate 2198
G. Hollingsworth	40 000	5 000	2 Chalimar 6th Street Linden 2195
C. Z. Dube	40 000	5 000	P.O. Box 5354 Rivonia 2128
D. Khoza	1 000 000	125 000	4th Floor Office Towers Sandton City Sandton 2165
B. M. P. Senokwane	80 000	10 000	Unit 8 Garankuwa 208
J. Cruise	1 000 000	125 000	254 Papenfus Drive Beaulieu Midrand
M. Lebos	200 000	25 000	P.O. Box 751053 Gardenview 2047
A. Dickmann	40 000	5 000	Shop L476 Nelson Mandela Square 69 Belmont Maude Street Sandton
H. Erasmus	10 000	5 000	Gordons Bay
A. Warne	40 000	20 000	P.O. Box 2393 Windhoek
Copper Royale (Pty) Ltd	160 000	20 000	Shop L39 Nelson Mandela Square Sandton City
Total	72 784 000	4 000 000	

2. The vendors have not guaranteed the book debts or other assets of Minnex, but have provided “normal” warranties for a transaction of this nature.
3. The acquisition agreement –
 - ◆ does not preclude the vendors from carrying on business in competition with Thabex;
 - ◆ does not impose any restrictions on the vendors;
 - ◆ does not contain any restraint of trade.
4. In term of the acquisition agreement, the vendors indemnified Thabex against all liabilities, actual or contingent and in particular against taxation liabilities of Minnex not incurred in the ordinary normal course of business and the cause of which arose on or before the effective date and/or for which no provision has been made in the financial statements of Minnex as at the effective date.
5. The reconciliation between the amounts paid for the Minnex shares and the proportionate value of the net assets of Minnex is as set out below:

Reconciliation on value paid by Minnex Shareholders	R'000	Per Thabex share(cps)	Premium Per Thabex share(cps)
Total paid-up issued share capital as at 28 February 2005	3 560	89	111
Net asset value of Minnex as at 28 February 2007	4 121	103	97
Total value of Thabex shares paid as at the date of Circular	8 000	200	-

6. No promoter or director of Thabex had any beneficial interest, direct or indirect, in the acquisition. No promoter or director of Thabex was a member of a partnership, syndicate or other association of persons that that had a beneficial interest, direct or indirect , in the acquisition.
7. No cash or securities were paid or benefit given or proposed to be paid or given to any promoter in respect of the acquisition.
8. The acquisition is subject to the conditions precedent and the Minnex share have not therefore been transferred into the name of Thabex. The Minnex shares have not been ceded or pledged.



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

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of members of Thabex Exploration Limited will be held at Ground Floor, Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Randburg, 2194 on Wednesday, 8 August 2007, at 10:00 for the purpose of considering and, if deemed fit, passing with or without modification, the following resolutions:

ORDINARY RESOLUTION NO 1

Approval of acquisition agreement

"Resolved that the acquisition agreement, a copy of which was tabled at the general meeting, entered into between Thabex and the ordinary shareholders of Minnex Exploration Limited ("Minnex shareholders") and dated 6 November 2006, whereby Thabex will acquire 100% of the Minnex ordinary shares from the Minnex shareholders for the purchase consideration of R8 000 000 (eight million rand) which purchase consideration shall be discharged by the issue of 4 000 000 (four million) Thabex ordinary shares with a par value of 10 cents each and at a premium of 190 cents per share, be and is hereby approved."

ORDINARY RESOLUTION NUMBER 2

Placement of unissued shares under the control of directors

"Resolved that, subject to the passing of ordinary resolution number 1 proposed at the general meeting at which this ordinary resolution is to be considered, 4 000 000 (four million) unissued Thabex ordinary shares in the capital of the company, be and are hereby placed under the control of the directors of the Company who are specifically authorised in terms of section 221(2) of the Companies Act 61 of 1973, as amended ("Act"), to allot and issue all or any of such shares."

ORDINARY RESOLUTION NUMBER 3

Directors authority

"Resolved that any director or alternate director of the company be and are hereby authorised and empowered to do all such things and sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to and implement the provisions of ordinary resolutions number 1 and 2 above and special resolution number 1 below, as set out in the notice convening the general meeting."

SPECIAL RESOLUTION NUMBER 1

The change of name of Thabex

"Resolved that the Company change its name from Thabex Exploration Limited to Thabex Limited with effect from Monday, 27 August 2007 or such other date acceptable to the JSE."

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to change the name of the company from Thabex Exploration Limited to Thabex Limited in order to more accurately reflect the company's objectives and activities, and that shall be its effect.

Voting and proxies

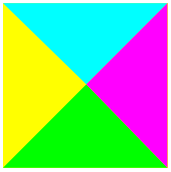
A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and speak and vote in his stead. A proxy need not be a member of the company. Proxy forms must reach the transfer secretaries, Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) of the company at least 48 hours before the time of holding the meeting excluding Saturdays, Sundays and Public Holidays.

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

By order of the Board

SAMineral Investments (Pty) Ltd
Secretaries
Pretoria

Monday, 16 July 2007



Thabex Exploration Limited

A mining and exploration company listed on the JSE,
JSE share code: TBX
ISIN Code: ZAE000013686

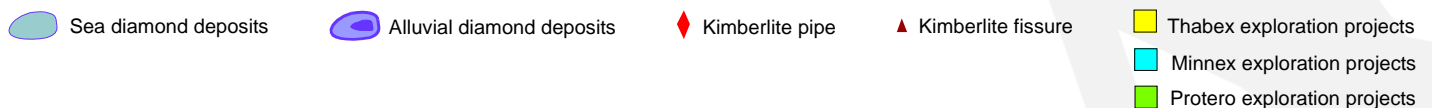


DIAMONDS - GOLD - PLATINUM - BASE MINERALS

Young Lions **Exploring** Africa

Explore our website:
www.thabex.com

LOCATION OF EXPLORATION PROJECTS IN SOUTHERN AFRICA

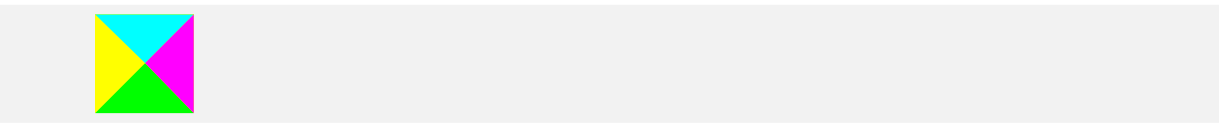
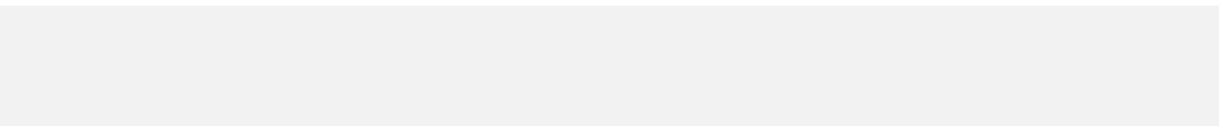


THABEX EXPLORATION PROJECTS

1. Angel Diamonds (Pty) Ltd ("Angel") - Kolo Kimberlite Project
2. Monestary Mine (Pty) Ltd - Monestary Kimberlite Project
3. Diamex JV (Pty) Ltd ("Diamex") - Lichtenburg Alluvial Diamond Projects
4. Minnex Exploration Ltd ("Minnex")
 - 4.1 Ndiyona Kimberlite Projects
 - 4.2 Middelwater (Remaining Extent) - Alluvial Diamond Project
 - 4.3 Middelwater (Portion 1) - Alluvial Diamond Project
 - 4.4 Alexkor 4a - 5% Royalty
5. Pilanesberg Gold Holdings (Pty) Ltd ("Pilanesberg") - Mafuga Gold Project: Uganda
6. Protero (Pty) Ltd ("Protero") - Northern Cape Province - Base Mineral Projects
7. Taung Diamond Mines Ltd ("Taung Diamonds") - Taung Alluvial Diamond Project
8. Thaba Egoli Mining & Exploration Ltd ("Thaba Egoli") - Salt River Base Mineral Projects



Marius Welthagen and Dave Cowie
at the Kolo Kimberlite Project





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

FORM OF PROXY

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

For use at the general meeting on Wednesday, 8 August 2007. If shareholders have dematerialised their shares with a CSDP or broker, other than with own name registration, they must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the custody agreement entered into between the shareholder and the CSDP or broker concerned.

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 Ground Floor, Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Randburg, 2194 on Wednesday, 8 August 2007 at 10:00 and at any adjournment thereof, as follows:

Resolutions	Number of votes (one vote per share)		
	In favour	Against	Abstain
Ordinary resolution Number 1 Approval of acquisition agreement			
Ordinary resolution Number 2 Placement of unissued shares under the control of directors			
Ordinary resolution Number 3 Directors authority			
Special resolution Number 1 The change of name of Thabex			

Signed at _____ this _____ day of _____ 2007.

_____ (Signature)

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

Please read the notes on the reverse hereof.

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.

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 thereat. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
3. Forms of proxy must be received at the Company's transfer secretaries, Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Monday, 6 August 2007.
4. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the general meeting.
6. The signatories must initial any alteration or correction made to this form of proxy.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
8. The chairman of the general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the member wishes to vote.
9. Dematerialised shareholders who wish to attend the general meeting or to vote by way of proxy must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the general meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the member and his/her CSDP or broker in the manner and cut-off time stipulated therein.