

FOR INFORMATION ONLY



("Thabex" or "the Company")
(Formerly Southern Platreef Company Limited)
(Registration number 88/00763/06)
(Incorporated in the Republic of South Africa)

Prospectus

**Offer for subscription by way of a private placing of
1 650 000 ordinary shares of 10 cents each
in the share capital of Thabex at an issue price of
200 cents per share**

Opening date of Offer	16 October 1997
Closing date of Offer	7 November 1997
Proposed listing date	20 November 1997

Sponsoring broker



(PTY) LIMITED

(Registration number 96/15589/07)

(Member of the Johannesburg Stock Exchange)

Attorneys



MCMXC111

**BRINK COHEN
LE ROUX & ROODT INC**

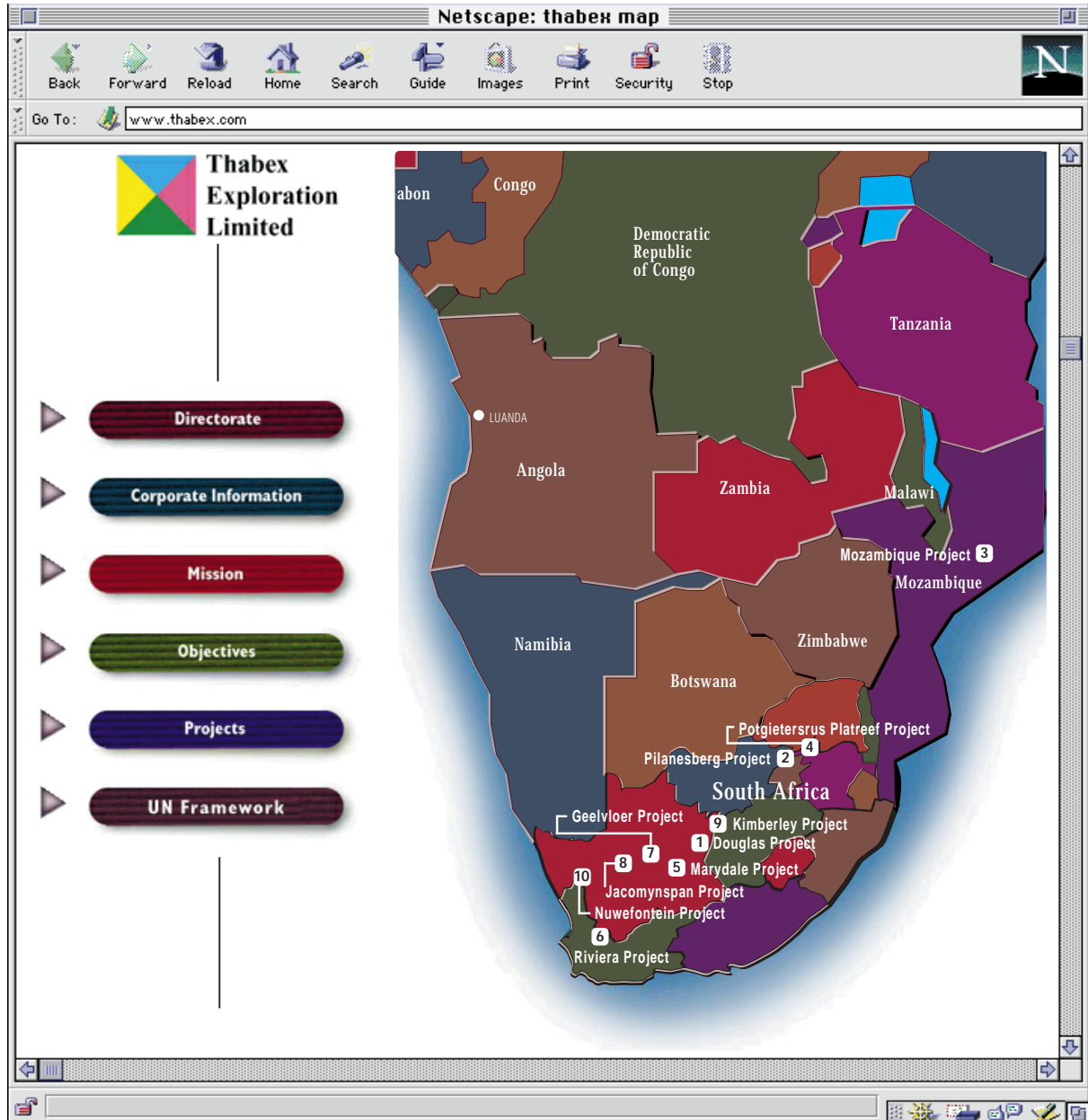
ATTORNEYS
REG NO 930480/21

Reporting accountants



This Prospectus (accompanied by the documents referred to in paragraph 27) was registered by the Registrar of Companies in terms of section 155 of the Companies Act, 1973 (Act 61 of 1973), as amended, on 7 October 1997

Explore our website



e-mail thabex@cis.co.za
Website www.thabex.com

Salient features of the Offer

The information in this summary, which sets out certain salient features of the Prospectus, is an overview only and is not intended to be comprehensive. It should be read in conjunction with the information contained in the other sections of this Prospectus. Unless otherwise indicated, the definitions in paragraph 1 of the Prospectus also apply to this summary.

1 Nature of operations

The main business of Thabex is to carry on mining and exploration.

1.1 Portfolio of diverse exploration projects

Thabex's portfolio of exploration is diversified in:

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

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

1.2 Main objectives

Thabex's main objectives are:

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

1.3 Exploration Projects

1.3.1 Diamonds

1.3.1.1 Douglas Project

The Project area is 450 ha in size and contains 3,65 Mt indicated diamondiferous reserves at an average grade of 1,1 ct/100 t at an average expected price of R2 500/ct. Commencing February 1998, production on this Project will be scaled up from the current 1 000 tonnes per month (from exploration trenching) to a diamond mine producing at a rate of 50 000 tonnes per month.

1.3.1.2 Kimberley Office Exploration Project

Pioneer, a subsidiary of Thabex, has an option to acquire the Kimberley office and database of Robert Cooke Mineral Consultants for R500 000. Exploration activities currently conducted from this office is concentrating on the palaeo Vaal/Orange River system. This Project is considered very important to Thabex's future diamond exploration activities as it contains valuable geological information.

1.3.2 Gold

1.3.2.1 Pilanesberg Project

The Project is under option from Edward L Bateman Limited and covers an area of 422 ha. Proven open cast reserves are 210 000 tonnes at an average grade of 2,94 g/t. Drill indicated reserves are 2,24 Mt at an average grade of 2,63 g/t. A full feasibility study is available for the Project and Thabex is planning to commence a due diligence investigation to verify the feasibility results. On the successful completion of these investigations, Thabex plans to commence with an open cast gold heap-leach mining operation at a rate of 6 000 tonnes per month during 1998.

1.3.2.2 Mozambique Project

The Project covers an area of 450 ha in the Gilé district of the Zambezia Province in Mozambique. Thabex has entered into an agreement to acquire a 60% stake in MGD, a company registered in Mozambique. The Project is at a grassroots stage and an application for a larger area has been lodged. Thabex plans to further investigate the alluvial gold potential of the area with the view of discovering the source of the alluvial gold deposits.

1.3.3 Platinum

Potgietersrus Platreef Project

The deposit is situated on the Potgietersrus Townlands. A total of 15 000 m of drilling by Thabex during the period 1989 to 1992 has defined a proven 25 Mt sulphide ore reserve grading 0,5 – 5,0 g/t total PGE, 0,1 – 1,0% Ni, 0,1 – 0,8% Cu, 0,01 – 0,02% Co. The rights to this Project were cancelled by the previous board of Thabex. However, the Project is currently the subject of a new tender adjudication process, the results of which are being awaited. Thabex has submitted the highest tender.

1.3.4 Base minerals

Thabex acquired 40% of the Cape Town based Pioneer, which company has a mineral exploration database of the Northern Cape Province and Namibia. The database was assembled by Newmont prior to that company leaving South Africa during the early eighties. The following projects were identified by Pioneer, from its Marydale office:

1.3.4.1 Marydale Project

This Project area is 64 000 ha in extent, situated between Marydale and Prieska. Exploration is in the early stages with various mineral occurrences present and further prospecting will be undertaken to locate Copper-Zinc volcanic sulphide deposits of the Copperton-type.

1.3.4.2 Riviera Project

The Project area is 774 ha in extent and a total of 19 000 m of drilling, by Union Carbide and Anglo American, has defined a 46 Mt proven open cast tungsten ore reserve at an average grade of 0,216% WO₃ and 0,02% Mo based on a cut-off grade of 0,1% WO₃ and a minimum width of 15 m. A pre-feasibility study of the Project indicates, at current tungsten prices, that the Project is potentially economic and any improvement of prices would render it economic.

1.3.4.3 Geelvloer Project

Thabex acquired the mineral rights over the farm Adjoining Geelvloer 197 in the district of Kenhardt of the Northern Cape Province, 3 041 ha in extent. A pre-feasibility study defined an underground multi-metal ore body of 8 Mt with an average grade of 0,6% Pb, 0,8% Cu, 2,3% Zn, 24 g/t Ag, 0,8 g/t Au. At the current metal prices this equates with an *in situ* value of R340 per ton. At present the underground reserves are not economically viable. However, an open cast reserve of 380 000 tonnes has been identified and can be classified as economic at current metal prices. Thabex has a further 12 000 ha under option and will seek a Joint Venture partner to explore the area.

1.3.4.4 Jacomynspan Project

The Project contains a large ore body and a pre-feasibility study has defined 86 Mt sulphide ore body with an average grade of 0,25% Ni and 0,17% Cu. At current metal prices this equates with an *in situ* value of R120 per ton. An independent valuation indicates that a large open cast mine could be established on the Project area. The total area under option is 20 000 ha in extent and Thabex is actively seeking a Joint Venture partner to assist in further exploring the area and to better define the ore body, which is open-ended at a depth of 900 m. Thabex plans to re-assay for PGE mineralisation which could further enhance the value of the Project.

1.3.4.5 Nuwefontein Project

The Project contains a sulphide-hosted nickel and copper deposit with minor cobalt and PGE mineralisation. The area under option to Thabex is 2 600 ha in size. The drill indicated ore reserves are 2 Mt with an average grade of 0,88% Ni, 0,2% Cu, 410 g/t Co, 0,5 g/t total PGE plus Au. At current metal prices this equates to an *in situ* value of R400 per ton. An estimated 480 000 tonnes of open cast ore reserves have been identified.

Detailed descriptions of Thabex's projects are contained in paragraph 9 of the Prospectus.

1.4 Financial forecast

Thabex has prioritised the development of its projects in terms of the UN International Framework for the Classification of Mineral Resource Development Projects. Once the Offer is fully taken up, two projects, the Douglas Diamond Project and the Pilanesberg Gold Project, will be developed. The following earnings forecast for Thabex is based on the assumptions contained in Annexure "E" of this Prospectus.

Forecast for years ending February	1998	1999	2000	2001	2002
Turnover (R'000)	248	18 281	39 250	59 145	79 199
Attributable income (R'000)	(1 453)	2 640	3 668	8 038	13 621
Earnings per share (cents)	(10,73)	19,50	27,09	59,37	100,61
P/E	—	10,3	7,4	3,4	2,0
Capital expenditure (R'000)	1 620	1 686	6 000	4 000	—

It should be noted that historically the price earnings ratios of exploration companies listed on the JSE have, on average over the past ten years, been in excess of 100 and are currently in excess of 600. Thabex does not anticipate paying dividends during the four year period following its listing, but will concentrate its efforts on enhancing its capital base. Thabex will endeavour to pass on the benefits of its exploration successes to its shareholders via dividends in specie or direct participation in new mine development listings.

The business of mineral exploration is subject to a variety of significant risk factors and any investments therein must be considered to be of a speculative nature. Although historically the rewards that have accrued to the shareholders of successful South African exploration companies have been substantial, many projects undertaken by exploration companies do not develop into mines.

2 Purposes of the Offer

The purposes of the Offer are:

- 2.1 to offer selected institutions, employees and business associates of Thabex, in particular members and institutions of disadvantaged communities, an opportunity to participate in the equity and growth of Thabex;
- 2.2 to raise sufficient finance to fund further exploration expenditure and working capital for the development of small to medium sized projects that are set out in more detail in paragraph 9 of the Prospectus; and
- 2.3 to enlarge Thabex's capital base thereby providing the necessary funds to facilitate diversification into further mining and exploration development opportunities.

3 The Offer

It is proposed to raise R3 300 000 by way of a private placing of 1 650 000 ordinary shares of 10 cents each in Thabex at a premium of 190 cents each. The shares offered for subscription in terms of this Prospectus will rank *pari passu* with the existing issued ordinary shares of Thabex.

4 Commencement of listing

Approval of an application has been granted by the Johannesburg Stock Exchange for a listing of 13 538 597 Thabex ordinary shares in the "Mining Financial – Mining Exploration" sector of the list under the abbreviated name "Thabex" with effect from the commencement of business on 20 November 1997.

5 Salient financial information

Authorised ordinary shares of 10 cents each	30 000 000
Ordinary shares to be issued in terms of the private placing at 200 cents per share	1 650 000
Ordinary shares of 10 cents each in the issued share capital of Thabex on the date of listing	13 538 597

6 Underwriting and minimum subscription

The Offer has not been underwritten. The minimum subscription which must be raised in terms of this Prospectus is R3 000 000, which will be utilised as follows:

Provision of working capital	R1 180 000
Capital expenditure – the Douglas Project	R1 120 000
To defray expenses of the listing, estimated at	R700 000
	<hr/>
	R3 000 000

7 Directors' responsibility

The directors, whose names are given in paragraph 12 of the Prospectus, accept, collectively and individually, full responsibility for the accuracy of the information given in this Prospectus and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this Prospectus contains all information required by law.

8 Report by the auditors

KPMG, Chartered Accountants (SA), whose report is included in this Prospectus, have given and have not, prior to registration, withdrawn their written consent to the inclusion of their report in the form and context in which it appears.

9 Salient dates

Opening of the Offer	Thursday, 16 October 1997 at 09:00
Closing date of the Offer	Friday, 7 November 1997 at 14:30
Date for the listing of the shares under the abbreviated name "Thabex" in the "Mining Financial – Mining Exploration" sector of the JSE list	Thursday, 20 November 1997 at 09:00
Share certificates and refund cheques posted	Friday, 14 November 1997

Copies of this Prospectus are available during normal business hours from

Thabex Exploration Limited

51 Austin Street
Northcliff
Johannesburg
2195

KPMG

2nd Floor
KPMG Forum
427 Hilda Street
Hatfield
Pretoria
0083

Mercantile Registrars Limited

6th Floor
Mercantile Building
94 President Street
Johannesburg
2001

Sponsoring broker

SMK Securities (Proprietary) Limited
5th Floor
Stock Exchange Building
17 Diagonal Street
Johannesburg
2001

All other members of the Johannesburg Stock Exchange

Corporate information [1 (a), 3, 4 and 5, 1 (b)] {7B8}

Secretary [5]

SA Mineral Investments (Proprietary) Limited
(Registration number 81/04619/07)
51 Austin Street
Northcliff
Johannesburg
2195

Sponsoring broker [4]

SMK Securities (Proprietary) Limited
(Registration number 96/75589/07)
5th Floor, Stock Exchange Building
17 Diagonal Street
Johannesburg
2001

Competent person

Geodatec CC
(Registration number CK 95/40321/23)
19 Bartholomew Street
Grahamstown
6139

Transfer secretaries [1 (a)]

Mercantile Registrars Limited
(Registration number 87/00519/06)
6th Floor, Mercantile Building
94 President Street
Johannesburg
2001

Registered office [1 (a)]

2nd Floor
KPMG Forum
427 Hilda Street
Hatfield
Pretoria
0083
Website www.thabex.com
e-mail thabex@cis.co.za

Reporting accountants [3]

KPMG
(Practice number 900168)
2nd Floor
KPMG Forum
427 Hilda Street
Hatfield
Pretoria
0083

Commercial bankers [4]

First National Bank of South Africa Limited
(Registration number 71/09695/06)
Commissioner Street Branch
87 Commissioner Street
Johannesburg
2001

Attorneys [4]

Brink Cohen Le Roux & Roodt Inc
(Registration number 93/04501/21)
South Wing
PPS House
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Parktown
Johannesburg
2193

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Thabex Exploration Limited

("Thabex" or "the Company")
(Registration number 88/00763/06)
(Incorporated in the Republic of South Africa)

Prospectus

Offer for subscription by way of a private placing of 1 650 000 ordinary shares of 10 cents each in the share capital of Thabex at an issue price of 200 cents per share

1 Interpretations and definitions (12.7 (f))

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

"Alizarin"	Alizarin Investments Limited (registration number 11 0058)
"the Act"	the Companies Act, No 61 of 1973, as amended
"Common Monetary Area"	RSA, Swaziland, Lesotho and Namibia
"ct/100 t"	Carats per 100 tonnes of ore
"DME"	Douglas Mining & Exploration (Proprietary) Limited (registration number 92/02415/07)
"Diamex"	Diamex JV (Proprietary) Limited (registration number 97/14096/07)
"g/t"	Grammes per ton of ore
"the JSE"	the Johannesburg Stock Exchange
"Lat"	Latitude
"Long"	Longitude
"Ma"	Million years
"Mt"	Million tonnes
"MGD"	Minas Gerais Diamante LDA
"Mo"	Molybdenum
"NPV"	Net present value
"the Offer"	the private placing in terms of this Prospectus
"PGE"	Platinum Group Elements
"Pioneer"	Pioneer Minerals (Proprietary) Limited (registration number 91/06123/07)
"Rand"	the lawful currency of RSA
"REE"	Rare Earth Elements
"RSA"	Republic of South Africa
"Saminco"	SA Mineral Investment Corporation Limited (registration number 92/03187/06)
"SA Minerals"	SA Mineral Investments (Proprietary) Limited (registration number 81/04619/07)
"SEDEX deposits"	Sedimentary-exhalative deposits
"SouthWits"	Southern Witwatersrand Exploration Company Limited (registration number 87/03452/06)
"STD"	Standard deviation
"Steynsdorp"	Steynsdorp Mining Company (Proprietary) Limited (registration number 08/02343/07)
"Thaba Egoli"	Thaba Egoli Mining & Exploration Limited (registration number 94/08806/06)
"Thabex" or "the Company"	Thabex Exploration Limited (registration number 88/00763/06)
"Tonne"	Metric ton
"VMS deposits"	Volcanic Massive Sulphide deposits
"WO ₃ "	Tungsten oxide

The Offer

2 Purposes of the Offer ^{{7}{7.C.1}}

The purposes of the Offer are:

- 1 to offer selected institutions, employees and business associates of Thabex, in particular members and institutions of disadvantaged communities, an opportunity to participate in the equity and growth of Thabex;
- 2 to raise sufficient finance to fund further exploration expenditure and working capital for the development of small to medium sized projects that are set out in more detail in paragraph 9 of the Prospectus; and
- 3 to enlarge the capital base of Thabex thereby providing the necessary funds to facilitate diversification into further mining and exploration development opportunities.

3 Details of the Offer ^{{18 (a)}{7.C.2}}

3.1 Particulars of the Offer

A total of 1 650 000 ordinary shares of 10 cents each are being offered at a subscription price of 200 cents per share.

The directors of Thabex reserve the right to accept or refuse any applications, either in whole or in part, or accept some applications in full and others in part, or to abate any or all applications in such manner as they may determine, but so that each applicant is treated in a fair and equitable manner.

3.2 Times and dates of opening and closing of the Offer ^{{19}{7.C.4}}

The Offer will open at 09:00 on Thursday, 16 October 1997 and will close at 14:30 on Friday, 7 November 1997.

3.3 Applications

- 3.3.1 The instructions on how to apply for shares in terms of the Offer are set out in paragraphs 6 and 7 below.
- 3.3.2 An application may not be made on a photocopy or reproduction of an application form.
- 3.3.3 The directors of Thabex reserve the right to accept or refuse any applications or to accept some applications in full and others in part, or to abate all or any applications in such a manner as they determine.
- 3.3.4 If any application is refused, or accepted for a lesser number of shares than that applied for, the whole or excess amount paid on application respectively will be refunded by Thabex in South African currency, without payment of interest, by cheque, which will be despatched by post at the risk of the applicant concerned within seven days of the closing date of this Offer.
- 3.3.5 Applications are irrevocable and may not be withdrawn once received.
- 3.3.6 No receipts will be issued for application forms, application monies or supporting documentation.
- 3.3.7 The cheques or banker's drafts accompanying each application will be deposited immediately for payment.
- 3.3.8 All money received for shares allocated to applicants will be held by First National Bank of Southern Africa Limited as bankers to the Offer, pending the fulfilment of the conditions precedent set out in paragraph 3.5 below. If such conditions are not fulfilled, application monies will be refunded by cheque drawn in South African currency, posted by ordinary mail at the risk of the applicant, within seven days of the conditions not being fulfilled, to the address furnished on the application form by the applicant. No interest will be paid on any amounts refunded.
- 3.3.9 Share certificates will be posted by certified mail at the risk of the persons entitled thereto by not later than the date of commencement of the listing.

3.4 Exchange Control Regulations

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional advisor. In terms of the South African Exchange Control Regulations:

- 3.4.1 a former resident of the Common Monetary Area who has emigrated may use blocked rands to apply for shares in terms of this Prospectus;
- 3.4.2 all payments in respect of subscriptions for shares by non-residents using blocked rands must be made through a South African authorised dealer in foreign exchange; and
- 3.4.3 share certificates issued pursuant to blocked Rand applications will be endorsed "non-resident" and will be placed under the control of the authorised dealer through whom a payment was made.

If applicable, refund monies payable in respect of unsuccessful or partly successful applications for shares in terms of this Prospectus originating from blocked Rand accounts, will be returned in terms of the applicable exchange control regulations to the authorised dealer administering such blocked Rand accounts, for the credit of such applicant's blocked Rand accounts.

Applicants resident outside the Common Monetary Area should:

- 3.4.3.1 note that their share certificates will be endorsed non-resident in terms of the exchange control regulations;
- 3.4.3.2 seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable a subscription to be made in terms of the Offer; and
- 3.4.3.3 note that this Prospectus is not an offer in any area of jurisdiction in which it is illegal to make such offer. In such circumstances, this Prospectus and the application form(s) are sent for information purposes only.

3.5 Conditions precedent

Acceptance of applications and the allotment and issue of shares pursuant thereto will be conditional upon:

- 3.5.1 a listing on the JSE of all the issued ordinary shares in the capital of Thabex; and
- 3.5.2 the minimum subscription set out in paragraph 4 below being obtained.

Thabex has made application to the JSE for the listing of 13 538 597 ordinary shares. It is anticipated that the listing will commence with effect from the commencement of business on 20 November 1997 under the abbreviated name "Thabex" in the "Mining Financial – Mining Exploration" Sector of the JSE list.

4 Underwriting and minimum subscription ^{{4.14 and 21}{5.21-5.23}}

The Offer has not been underwritten. The minimum subscription which must be raised in terms of this Prospectus is R3 000 000, which will be utilised as follows:

Provision of working capital	R1 180 000
Capital expenditure – the Douglas Project	R1 120 000
To defray expenses of the listing, estimated at	R700 000
	<hr/>
	R3 000 000

5 Expenses of the Offer ^{{15}{7.C.8}}

The expenses of the Offer and listing are estimated at R700 000 (excluding VAT, where applicable) which include JSE documentation inspection fees of R17 614,03 and a listing fee of R18 240,00. The balance of the estimated expenses relates to the printing, publication and distribution costs of this Prospectus (R250 000), fees payable to the professional advisors (R277 000), issue duty (R16 500) and public relations and publicity costs (R120 000). The expenses will be paid by Thabex out of the proceeds of the Offer.

Instructions to applicants

If you are in any doubt about any aspect of this Prospectus, please consult your stockbroker, banker or other professional advisor.

6 How to apply for shares

A total of 1 650 000 ordinary shares are being offered for subscription in terms of the Offer.

Application form

The application form attached to the Prospectus sent to private placing offerees is for the use of that offeree only, is non-transferable and may be completed only by the person/party to whom it has been addressed.

At the discretion of the directors of Thabex, an applicant shall be entitled to cede his entitlement in respect of all or any of the shares allocated to him in terms of the private placing in favour of any trust or close corporation created primarily for the benefit of his spouse or issue, or any company, the entire issued share capital of which is held by the applicant concerned, his spouse or issue or any trust or close corporation as aforesaid.

Applications in respect of the Offer must be for that number of shares allocated to the applicant on the application form, or such lesser number of shares for which the applicant may elect to subscribe, provided such number is for a minimum of 100 ordinary shares and in multiples thereof.

Copies or reproductions of the application form will not be accepted.

7 Submission of application forms and payment

Application forms may be delivered by hand, in an envelope marked "Thabex" to:

Mercantile Registrars Limited
6th Floor Mercantile Building
94 President Street, Johannesburg, 2001

so as to be received by not later than 14:30 on Friday, 7 November 1997. Late applications will not be accepted.

Neither Thabex nor its appointed advisors accept responsibility for any application forms which are not lodged as aforesaid.

Each application form should be accompanied by payment of the total price of the shares applied for by way of a cheque or banker's draft crossed "not negotiable" and drawn in favour of "Thabex Exploration Limited – Offer".

Where to obtain a Prospectus

Copies of the Prospectus may be obtained during business hours until 14:30 on Friday, 7 November 1997 at the following places:

Thabex Exploration Limited
51 Austin Street, Northcliff
Johannesburg, 2195

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

Mercantile Registrars Limited
6th Floor, Mercantile Building
94 President Street, Johannesburg, 2001

Sponsoring brokers
SMK Securities (Proprietary) Limited
5th Floor, Stock Exchange Building
17 Diagonal Street, Johannesburg, 2001

All other members of the Johannesburg Stock Exchange

Applicants with queries on how to complete the application form should consult their professional advisors.

8 Incorporation, history and background [1 (a); 6 (a) (i); 6 (a) (iv); 6 (d); 6 (f)(7.D)]

The Company that is now known as Thabex Exploration Limited was incorporated in the RSA on 11 February 1988 as a private company by the name of Nico Platinum Mines (Proprietary) Limited, the main business and object of which was 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").

The principal exploration target of SouthPlats was the Platreef, which is the name given by geologists to the mineralised zone in the northern limb of the Bushveld complex. The Platreef is located in the upper part of the Critical Zone and thus approximates the position of the Merensky Reef in other areas. Located on SouthPlats' property is a thick mineralised zone rich in nickel, copper and cobalt sulphides with variable concentrations of platinum group metals. As a consequence of encouraging results from the two earlier phases of exploration carried out during 1988 and 1989, SouthPlats raised, during 1990, R4 900 000 to enable it to fund a detailed mining feasibility study of the Potgietersrus Platreef Project.

Messrs LTA Process Engineering Limited ("LTA-PE") was appointed to manage the study. They concluded that, based on the proven reserves and the grades of base metals and platinum group metals contained therein, the venture was marginal at the then applicable current metal prices. However, one of the conclusions reached by LTA-PE was the possible existence of high grading, ie a smaller scale operation yielding a substantially higher grade of ore.

On 14 February 1996 the board of SouthPlats, at the time only comprising two directors, aborted the Project which was the Company's only asset of any value and set about delisting and deregistering the Company. Contrary to section 228 of the Companies Act the board proceeded without approval of the shareholders in general meeting with the cancellation of the prospecting agreement with the Potgietersrus Town Council and its application for delisting.

A new board with a full complement of directors was appointed on 27 March 1996, which was unsuccessful in its efforts to have the cancellation of the prospecting agreement revoked. However, the then Transitional Local Council of Greater Potgietersrus called for new tenders to prospect the area covered by the previous prospecting agreement and the board decided to submit a new tender, which was the highest tender submitted. The results of the adjudication of the tenders are being awaited.

On 17 May 1996, the board submitted restructuring proposals to the JSE, with a view of preventing the delisting. 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 (described in the Share Exchange Agreement referred to in paragraph 27.1 of this Prospectus), the Company was delisted. The JSE did in its letter of the same date, invite 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 then authorised share capital was increased from R1 000 000 to R3 000 000 divided into 30 000 000 million ordinary shares of 10 cents each, to rank pari passu in every respect with the then 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 1996 Annual General Meeting.

The restructured Thabex commenced exploring for minerals through its subsidiaries and other associates namely:

- 1 **DME**, which was incorporated in 1992 as an investment company under the name Finanz Investments (Proprietary) Limited. In 1995, its name was changed to Douglas Mining & Exploration (Proprietary) Limited and its main object to that of mining and exploration in all its aspects. DME commenced exploration activities during January 1995 on the alluvial gravels of the Vaal River;
- 2 **Diamex**, which is a Joint Venture company formed to exploit the diamondiferous gravel reserves on the Douglas Project area, and which was incorporated on 25 August 1997 with the main object of mining and exploration in all its aspects.
- 3 **Pioneer**, was incorporated on 30 October 1991 and carries on the business of a prospector for ores and minerals, to mine and accordingly to purchase or otherwise acquire mineral rights, mine workings already in existence and tailings or defunct mining grounds and lands and properties necessary for the exercise of this purpose;
- 4 **Steynsdorp**, which was incorporated on 25 April 1995 as a mining and exploration company and commenced operations on incorporation;
- 5 **Thaba Egoli**, which was incorporated on 30 October 1994 and has carried on the business of mining and exploration in all its aspects since its incorporation.

The restructuring of Thabex enabled the Company to focus on its main business, that of exploring for minerals.

8.1 Profit history of Thabex

Years ended February	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R
Turnover	–	–	–	–	–	–
Operating loss	(158 137)	(79 848)	(73 287)	(102 819)	(77 175)	(202 744)
Write-off of lapsed prospecting options	(85 474)	(85 474)	–	–	–	–
Extraordinary item	–	–	–	–	–	(22 366)
Net loss	(243 611)	(165 322)	(73 287)	(102 819)	(77 175)	(225 110)
Accumulated loss						
– At the beginning of the year	(4 850 758)	(4 850 758)	(4 777 471)	(4 674 652)	(4 597 477)	(4 372 367)
– At end of year	(5 094 369)	(5 016 080)	(4 850 758)	(4 777 471)	(4 674 652)	(4 597 477)
Loss per share (cents)	(4,51)	(3,06)	(4,55)	(4,48)	(4,38)	(4,31)

8.2 Profit history of DME

Years ended February	1997 R	1996 R	1995 R	1994 R	1993 R
Turnover	26	4	3 770	–	–
Operating loss	(74 872)	(181 211)	(20 787)	(681)	(65)
Net loss	(74 872)	(181 211)	(20 787)	(681)	(65)
Accumulated loss					
– At the beginning of the year	(202 744)	(21 533)	(746)	(65)	–
– At end of year	(277 616)	(202 744)	(21 533)	(746)	(65)
Loss per share (cents)	(277,62)	(202,74)	(21,53)	(0,75)	(0,07)

8.3 Profit history of Pioneer

Years ended February	1997 R	1996 R	1995 R
Turnover	9 450	89 300	–
Operating (loss)/profit	(39 109)	3 030	(2 085)
Taxation	–	(331)	–
Net loss	(39 109)	2 699	(2 085)
Retained income (Accumulated loss)			
– At the beginning of the year	614	(2 085)	0
– At end of year	(38 495)	614	(2 085)
(Loss)/Profit per share (cents)	(3,85)	0,06	(0,21)

8.4 Profit history of Thaba Egoli

Years ended February	1997	1996
	R	R
Turnover	–	–
Operating loss	(4 205)	(7 658)
Net loss	(4 205)	(7 658)
Accumulated loss		
– At the beginning of the year	(7 658)	(7 658)
– At end of year	(11 963)	(7 658)
Profit/(Loss) per share (cents)	0,00	0,00

8.5 Profit history of Steynsdorp

Years ended February	1997	1996	1995	1994	1993
	R	R	R	R	R
Turnover	21	1	52 702	10 514	–
Operating profit/(loss)	888	(26 297)	35 227	9 474	(2 136)
Net profit/(loss)	888	(26 297)	35 227	9 474	(2 136)
Accumulated loss					
– At the beginning of the year	0	(78 882)	(114 109)	(123 583)	(121 447)
Transfer to mineral options at cost		105 179			
– At end of year	888	0,00	(78 882)	(114 109)	(123 583)
Profit/(Loss) per share (cents)	0,36	0,00	(31,55)	(45,64)	(49,43)

The business of mineral exploration is subject to a variety of significant risk factors and any investments therein must be considered to be of a speculative nature. Although historically the rewards that have accrued to the shareholders of successful South African exploration companies have been substantial, many projects undertaken by exploration companies do not develop into mines.

9 Structure, nature of business and prospects [6 (b) and 6 (i)](7.D.5)

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

9.1 Summary of Thabex's exploration projects

The projects are currently being explored, investigated and evaluated on a dynamic basis and this work is summarised in paragraphs 9.6 to 9.9 (detailed descriptions are contained in Annexure "C" to this Prospectus).

9.2 Introduction

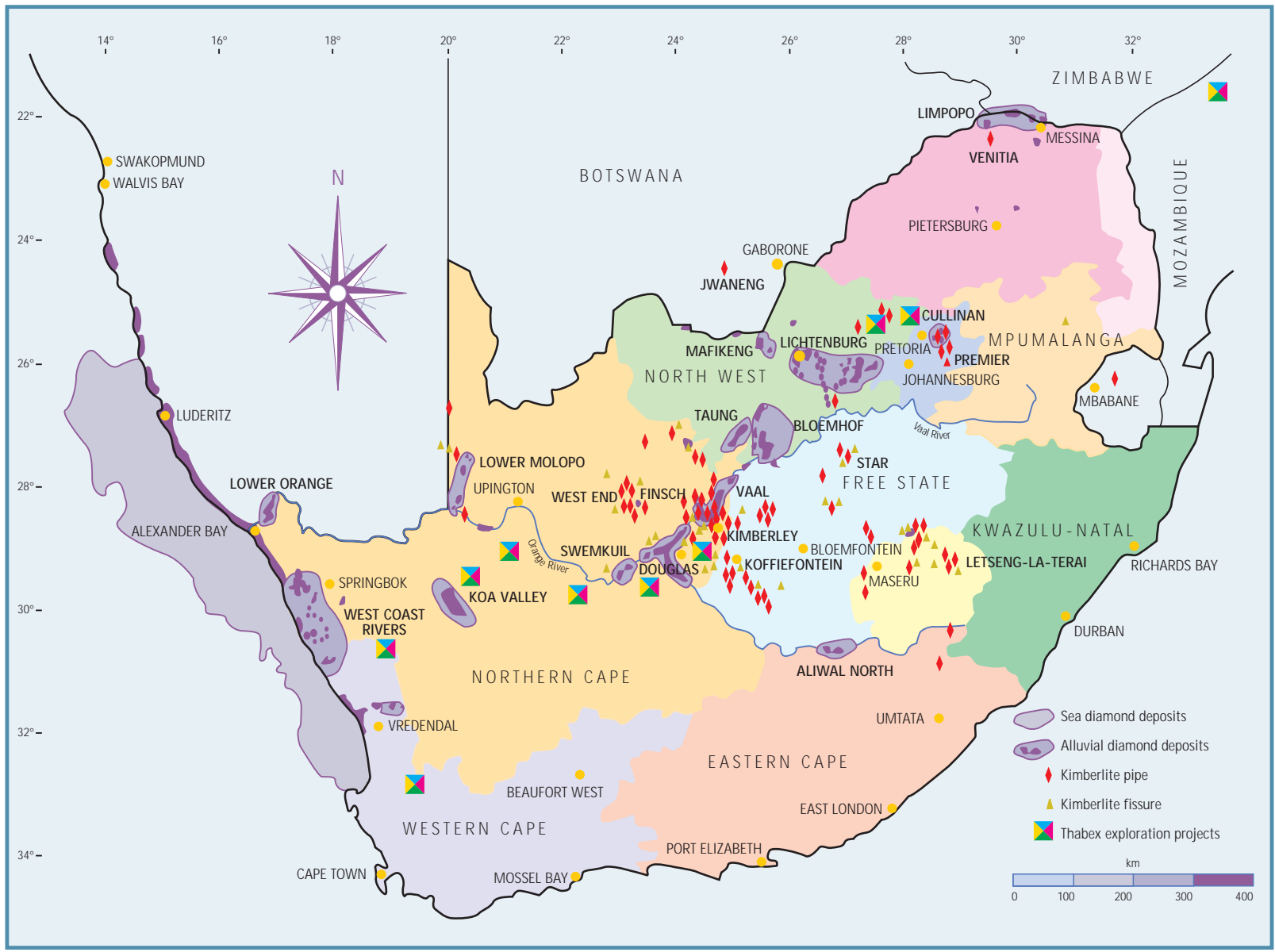
Thabex's mission is to search and explore and turn to account its mineral exploration projects located in Southern Africa by using professional teams to benefit shareholders, employees and local communities.

9.3 Main objectives

The Company's main objectives are:

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

Kimberlite and alluvial deposits in South Africa



THABEX EXPLORATION LIMITED PROSPECTUS

9.4 Project diversification

To spread and minimise exploration risk over the longer term, Thabex's project areas are diversified in:

- 9.4.1 the minerals being explored for, diamonds, gold, platinum and base minerals;
- 9.4.2 the geological assurance and certainty, ranging from projects with limited exploration information to drill proven ore bodies with measured ore reserves;
- 9.4.3 the stage of feasibility, ranging from grassroots projects to pre-feasibility stage projects; and
- 9.4.4 economic viability, ranging from undetermined economic value to potentially economic and economic projects under current market conditions.

Thabex is a South African based exploration company with one project in Mozambique. The Company's strategy will be to explore the vast array of opportunities available in Southern Africa and at a later stage diversify into other countries in Sub-equatorial Africa (see the locality map of the project areas).

9.5 Classification

Thabex's projects can be classified in terms of the UN International Framework of Resource Classification as indicated below:

UN International classification of Thabex's Projects incorporating the South African classification

UN International Framework	THABEX – RSA CLASSIFICATION	Detailed exploration	General exploration	Prospecting	Reconnaissance
		MEASURED	INDICATED	INFERRED	EXPLORATION INFORMATION
Feasibility study/ Mining report	Detailed technical and economic studies	Potgietersrus (111) Pilanesberg (111)	Douglas (112)		
Pre-feasibility study	Preliminary technical and economic studies	Jacomynspan (122) Riviera (221) Geelvloer (222) open cast Nuwefontein (222) open cast			
Geological study	<i>In situ</i> resource/ No economic studies			Marydale (?33)	Mozambique (?34) Kimberley (???)

Economic viability categories

- 1 = economic
- 2 = potentially economic
- 1 – 2 = economic to potentially economic (intrinsicly economic)
- ? = undetermined

Code

- first digit = economic viability
- second digit = level of technical work
- third digit = level of exploration

9.6 Diamonds

9.6.1 Douglas Project

Douglas is situated on the south bank of the Vaal River about 90 km southwest of Kimberley in the Northern Cape Province. The alluvial diamond project is located on the north bank of the Vaal River, 4 km downstream from Douglas, and is 450 ha in size. Estimates of ore reserves made by independent consultants are 3 659 600 tonnes in four separate terrace deposits with an average grade of 1.1 carats per 100 tonnes.

For the past nine months, DME has been conducting an extensive bulk sampling programme on each of terraces A, B and C, processing about 1 000 tonnes per month, to determine the grade, size and the gravel thickness on each of these terraces. Exploration expenditure of R150 000 is planned. This exploration will consist of close grid percussion drilling to more accurately confirm the thickness of the gravel terraces and topography of the floor sediments.

Thabex has entered into a Joint Venture agreement in order to commence mining operations by January 1998 on the project area. The planned production rate is 50 000 tonnes per month. The capital cost to DME will be R1 120 000.

9.6.2 Kimberley Exploration Office Project

The Kimberley regional office is used as a base for Pioneer's diamond exploration activities in the region. Pioneer has an option to purchase the Kimberley office together with an extensive geological and exploration database from Robert Cooke Mineral Consultants. Diamond exploration is currently directed at the evaluation and acquisition of economically viable alluvial diamond deposits associated with the palaeo Vaal/Orange River drainage system. Some potential diamondiferous kimberlite occurrences are also under investigation.

The Kimberley Exploration Office Project is considered important to Thabex's future mine development activities as it would form the basis for the generating potential mining targets for investigation. It can be classified as a project with an undetermined economic value, stage of feasibility study and geological certainty. However, the information contained therein would be expensive to recreate and as such is invaluable to Thabex as an exploration company. After exercising its option to acquire the project for R500 000, Thabex plans to spend R400 000 on exploration over the next two years to identify and investigate project target areas generated from the data basis.

9.7 Gold

9.7.1 Pilanesberg Project

The Pilanesberg deposit is located 12 km west of Sun City in North West Province. Gold-bearing quartz lodes occur at the surface in an area close to the major mining district of Rustenburg in North West Province. Estimates of ore reserves made by independent consultants are summarised below:

Drill indicated reserves:	2,24 Mt at 2,63 g/t gold
Proven open cast reserves:	210 000 tonnes at 2,94 g/t gold

The Pilanesberg gold deposit consists of a series of en echelon auriferous quartz lodes localised along a north-northwest trending fault zone that separates quartzites of the Pretoria Group in the west from norites of the Bushveld Complex in the east. Much of the gold is concentrated in lodes associated with a subsidiary fault within the Bushveld norites, that parallels the main bounding fault. Oxidation of the auriferous sulphides extends to a depth of 40 m with transition to unoxidised ore at 55 m depth.

Two separate high grade zones have been defined along the fault zone. Drilling has revealed mineralisation to extend beyond 200 m depth.

Edward L Bateman Limited ("EL Bateman") conducted a full feasibility study during 1986. Thabex is planning to drill five percussion boreholes to confirm the results and to update the previous feasibility study. The total cost for the planned exploration is R195 000.

The planned mining rate for this project is 6 000 tonnes per month. Gold recovery will be by heap-leaching. Capital cost is estimated at R1 000 000 excluding purchase of the mineral rights from EL Bateman. The mineral rights will cost R2 000 000 payable over the life of the open cast mine.

The Pilanesberg Project is economic, with detailed technical information available and detailed geological information compiled by EL Bateman.

9.7.2 Mozambique Project

Thabex has in principle agreed to acquire 60% of the equity of a Mozambique mining company, Minas Gerais Diamante LDA ("MGD"). MGD has a Prospecting Licence over an area of 400 ha in the Nampula area of the Zambezi Province in Mozambique. It is currently trading in semi-precious stones, including tourmaline, garnets and emeralds.

Although the area is better known for numerous pegmatite deposits containing emeralds, garnets, tourmaline and aquamarine, the region has considerable mineral potential for gold mineralisation. A number of gold placer deposits have been located in the licence area.

No reserves have been estimated since the licence area has yet to be fully evaluated. It is expected that further prospecting of the gold placer deposits could lead to the discovery of primary gold deposits.

Thabex plans to undertake further regional geophysical mapping and to bulk sample the placer gold deposits. The material will be treated with a portable sluice box in order to determine the recoverable gold content. The total cost of exploration on this project is estimated at R300 000.

The project is a grassroots project and is not economic at present. All technical and geological information is uncertain and therefore can be classified as an undetermined exploration project. However, considerable "blue sky" potential exists should Thabex be successful in locating the source of the gold mineralisation.

9.8 Platinum

Potgietersrus Platreef Project

The Potgietersrus deposit is situated on the northern extension of the Potgietersrus Townlands, about 30 km south of Potgietersrus Platinum Limited's platinum mine. PGE mineralisation occurs from surface to 200 m vertical depth within the Platreef zone of the Bushveld Complex from surface to a vertical depth of 900 m.

Estimates of ore reserves made by independent consultants are summarised below.

Proven reserves: 25 Mt sulphide ore grading 0,5 – 5,0 g/t total PGE,
0,1 – 1,0% Ni, 0,1 – 0,8% Cu, 0,01 – 0,02% Co

The prospect is located within the northern lobe of the ~2 500 Ma old Bushveld Complex near its basal contact with the underlying Transvaal Sequence. Extending in a northerly direction from Potgietersrus, this basal intrusive contact progressively cuts lower into the Transvaal stratigraphy until it encounters the Archaean granite gneiss basement. Of particular importance is the resultant interaction between the Bushveld magmas and carbonate sediments that occur in the lower parts of the Transvaal stratigraphy.

The Platreef comprises rocks ranking from mafic to ultramafic (pyroxenite, norite, gabbro), hosting irregularly-distributed sedimentary xenoliths which are in various stages of assimilation by the intruding magma.

The Platreef occurs along the basal contact of the Bushveld Complex and has been mapped throughout the northern option area. It has been indicated over large portions of the main Townlands to the south of Potgietersrus. Platinum and palladium and other minor concentrations of the balance of the PGE are found in association with copper, nickel and cobalt sulphides together with trace amounts of gold.

The Project is subject to a new tender and it is recommended that, subject to Thabex's tender being successful, a thorough re-evaluation of the Potgietersrus Platreef rights, both technically and financially, should be conducted. The re-valuation is particularly important in view of the ongoing substantial adjustments in relative exchange rates since the initial feasibility study was completed. However, for the purposes of this Prospectus neither the directors nor the independent consultants place any value on the Potgietersrus Platreef Project. Accordingly no value is placed on this project and no exploration expenditure budgeted for.

The Project is, however, economic, with a detailed feasibility study available as well as detailed geological information.

9.9 Base minerals

Thabex acquired 40% in Pioneer, a Cape Town based exploration company, with an option to acquire a further 20% at any time during the next two years. The rationale for the acquisition is to generate new exploration projects and to obtain an active exploration associate. Pioneer has a considerable mineral exploration database on projects in the Northern Cape Province and Namibia. The geological database was assembled by Newmont prior to that company leaving South Africa in the early eighties. The following base mineral exploration projects have been directly and indirectly identified by Pioneer from its second regional office in Marydale:

9.9.1 Marydale Project

No single deposit has been defined and the Marydale project is essentially a land holding situated between Marydale and Prieska. A number of mineral occurrences are present and further prospecting will be undertaken to locate additional Cu-Zn volcanogenic massive sulphide ("VMS") deposits of the Copperton-type, with attention also given to gold potential and the possible along strike development of Cu-Pb-Zn SEDEX sulphide deposits.

Pioneer has eleven farms, totalling 64 638 ha, under option in the area from Prieska to Marydale in the Northern Cape Province. The properties are situated in the Areachap Terrane which contains the Prieska and Areachap deposits. A number of small massive sulphide bodies are known to occur in the option area.

As a guide to the type of deposits to be located, published estimates of reserves at Copperton and Areachap are given below.

Copperton:	47 Mt with 1,7% Cu, 3,8% Zn	Mined out
Areachap:	8,9 Mt with 0,4% Cu, 2,24% Zn	No recent mining

The Areachap Terrane is a roughly north-south trending belt in the eastern marginal zone of the Namaqua Province, consisting of metamorphosed volcanic, plutonic and associated sedimentary rocks possibly developed in an island-arc setting, between 1 300 and 1 100 Ma ago. Economic Cu-Zn mineralisation developed within the Areachap Terrane (Copperton and Areachap mines) has been classified as related to Besshi-type Volcanogenic Massive Sulphide (VMS) deposits.

Apart from the typical Cu-Zn metal association, gold has also been detected in similar VMS deposits elsewhere, so the precious metal potential needs to be further investigated.

The Marydale Project's economic value is undetermined. The geological data is still very general and a more detailed exploration will have to be conducted. The planned exploration expenditure for this project is R500 000.

9.9.2 Riviera Project

The property, situated about 130 km north of Cape Town, was discovered and investigated by Union Carbide and Anglo American during the period 1975 – 1988. Some 19 000 m of drilling has defined a mineralised ore body.

A mineralised granite roof zone occurs close to the surface and is amenable to open pit development for extraction of tungsten and possibly molybdenum. No primary mines producing these metals currently exist in South Africa.

Estimates of ore reserves made by independent consultants are summarised below:

Pre-feasibility study reserves: 46 million tonnes with 0,216% WO₃ and 0,02% Mo based on a cut-off grade of 0,100% WO₃ and a minimum width of 15 m.

The Western Cape region is underlain by a folded sequence of low grade metasediments of the Malmesbury Group. While predominantly clastic in character, limestone and volcanic units are known to occur within the sequence. Subsequent to their first phase of deformation, the metasediments were intruded between 600 and 500 Ma ago, by a suite of high level granite plutons (Cape Granite Suite) around which Sn-W-Mo mineralisation has developed to varying degrees.

No further exploration is planned for the project until the tungsten price improves. Pioneer is planning to do some metallurgical test work in order to establish the correct process route to take should the tungsten price improve and to investigate the influence of rare earth elements on the value of the ore. The estimated cost of these investigations is R150 000.

The Project can be classified as a large drill indicated deposit which is potentially economic with a very high level of technical and geological information available.

9.9.3 Geelvloer Project

On 4 March 1997, Thaba Egoli exercised its option over the mineral rights on the farm the Remaining Extent of Adjoining Geelvloer. The purchase price of the rights were settled by issuing 1 600 000 Thabex ordinary shares of 10 cents each at a premium of 90 cents each.

The Geelvloer deposit comprises massive sulphide mineralisation occurring in a sequence of metamorphic rocks comprising biotite gneiss, leptyte, amphibolite and calc-silicates. Previous drilling by Phelps Dodge, Newmont and Gencor has identified three separate startabout mineralised zones dipping 25° – 30° to the northeast. These zones vary in width from 1 to 8 m and contain significant amounts of zinc (1,80 – 4,23%), copper (0,50 – 1,00%), lead (0,40 – 0,89%), silver (18 – 34 g/t) and gold (0,04 – 0,85 g/t). Gencor has estimated that drill indicated ore reserves are 7,18 Mt.

Thaba Egoli is holding options over a further 12 000 ha area adjacent to the Geelvloer property.

The Geelvloer deposit is located on the farm Adjoining Geelvloer, approximately 100 km east-southeast of Aggeneys and 80 km southwest of Kakamas. Situated within the Bushmanland region of the Northern Cape Province, Geelvloer shares many features of the producing polymetallic ore deposits of Aggeneys and consequently Thabex has decided, as a priority, on the full evaluation of Geelvloer's potential.

Estimates of ore reserves made by independent consultants are summarised below:

Pre-feasibility study reserves: 8 Mt 0,6% Pb, 0,8% Cu, 2,3% Zn, 24 g/t Ag, 0,8 g/t Au. At the current metal prices this equates with an *in situ* value of R340 per tonne.

The Geelvloer copper-zinc-lead-silver-gold deposit is a drill indicated resource.

The geologic structure has not yet been satisfactorily identified, and further investigations are required. A lithochemical study of the host rocks may allow the recognition of a metamorphic halo, as was recently recognised in the Aggeneys area. Information obtained from these laboratory studies will help in better defining a working model of the Geelvloer mineralisation, thereby providing guidelines for additional drilling.

Exploration drilling planned will be limited to verify the extent of mineralisation of the oxide zone in order to obtain all the parameters for a small open cast mine. The total planned exploration expenditure for the Geelvloer Project is R400 000.

Detail geological work has to be conducted on the oxide zone to prove the technical feasibility of the Project. Preliminary economic estimates of a possible small open cast mine classify the open cast project as economic. The underground, drill indicated reserves are not at present economic.

9.9.4 Jacomynspan Project

The sulphide mineralisation occurs mainly as disseminated pyrrhotite, pentlandite and chalcopyrite. Preliminary investigations have shown that the mineralisation is also associated with PGM mineralisation.

Jacomynspan and the Adjacent Farm Hartebeestpan are situated approximately 70 km east of Kenhardt in the Northern Cape Province. The area covered by Thaba Egori's options is 20 000 ha in extent.

Estimates of ore reserves made by independent consultants are summarised below:

Pre-feasibility study reserves: 86 Mt sulphide ore with 0,25% Ni and 0,17% Cu. At the current metal prices this equates with an *in situ* value of R120 per ton.

Further value could be added to the existing Ni-Cu resource by re-assaying for PGE and gold. Increased tonnage could be obtained by additional drilling as the ore body continues below the 900 m level.

Drilling results show a large tonnage, low grade copper-nickel sulphide deposit. The sulphide content rarely exceeds 5% by volume in the mineralised zone. The dominant sulphide minerals are pyrrhotite, pentlandite, chalcopyrite and minor pyrite.

Low grade nickel-copper mineralisation is present in the zone hosted in chlorite-biotite-tremolite schist and measuring some 5 000 m along strike, and varying in width from a few metres to a maximum of 116 m. Previous drilling by Anglo American and AngloVaal has indicated reserves of 6,42 Mt oxide ore grading 0,19% Ni and 0,13% Cu and 107,76 Mt sulphide ore grading 0,25% Ni and 0,16% Cu.

An independent valuation of the Project indicates that a large open cast mine could be established on the Project area. This would require major capital expenditure and in line with Thabex's policy, a Joint Venture partner is being sought to take the Project further. Thabex will for the immediate future investigate the open cast reserves, metallurgy and presence of PGE's. A feasibility study is planned for this Project to be conducted over the next eighteen months, at a cost of R800 000.

The Project can be classified as a large project which is economically viable, but further metallurgical test work and geological studies would be required to increase the technical viability of the Project.

9.9.5 Nuwefontein Project

The Nuwefontein Project is a sulphide-hosted nickel and copper deposit containing minor cobalt and PGE on the farm Nuwefontein, near Kliprand in Southern Namaqualand. While this region has long been known as an orthomagmatic copper province (eg Okiep Copper District), the presence and significance of associated orthomagmatic nickel-bearing deposits has only recently been recognised.

Published drill indicated reserves: 2 Mt grading with 0,88% Ni, 0,20% Cu, 410 g/t Co, 0,5 g/t total PGE plus Au.
At current metal prices this equates to R400 per ton.

The feasibility of mining the oxidised ore zone is currently being investigated. Total open cast drill indicated reserves are estimated at 480 000 tonnes at a similar grade as above. Exploration expenditure planned for the Project for the next two years is R900 000, which will include a detailed feasibility study.

The open cast mining of the ore body can be classified as an economic project with preliminary geological studies and general exploration information available.

9.10 Exploration expenditure, earnings and dividends {7.C.11, 12.7 (g)}

Detailed estimates and forecasts of exploration expenditure for each of the above projects are contained in Annexure "D" of this Prospectus. In accordance with Thabex's main aims, priority is given in these forecasts to the development of the shallow deposit in order to develop these into going concerns over the shortest period of time.

It is estimated that Thabex will be able to generate its own cash flow within two years, after implementing its strategy to explore and develop its smaller open cast projects with the funds raised in this Offer. Thabex, as an exploration company, will endeavour to pay dividends by way of dividends in specie when it turns to account an exploration project. Thabex does not plan to become a mining holding company and intends to pass all benefits arising from its exploration activities, in a tax efficient manner, to its shareholders.

9.11 Structure of the Thabex group

The structure of Thabex's subsidiaries is presented in paragraph 11 of this Prospectus.

10 Major shareholders {7.A.26 – 28}

On listing, the anticipated shareholding of Thabex will be as follows:

THABEX EXPLORATION LIMITED

Shareholder	Shareholding %
Saminco	39,12
Alizarin	22,51
Kobie Spangenberg Trust	7,39
WJC Spangenberg	4,43
SouthWits	1,60
General public	12,76
New investors by way of private placing	12,19
Total	100,00

At the date of this Prospectus the only shareholders who hold or are directly or indirectly entitled to 5% or more of the share capital of Thabex are Saminco, with 5 385 656 shares constituting 45,3% of the issued share capital, Alizarin with 3 047 689 shares constituting 25,64%, the Kobie Spangenberg Trust, with 1 000 000 ordinary shares constituting 8,41% and WJC Spangenberg, with 600 000 shares constituting 5,05% . As at the date of this Prospectus, there is no shareholder with a majority holding and the Offer should not result in the situation changing.

11 Subsidiaries [(6) (e) (i)]

The corporate structure of the Thabex Group is as follows:

- 11.1 100% of the issued share capital of DME. The authorised share capital is R10 000 divided into 10 000 ordinary shares of R1,00 per share, of which 1 000 shares have been issued and are held by Thabex. The directors are M Welthagen, a mining engineer, and P de Jager, a geologist.



- 11.2 51% of the issued share capital of Diamex, a company incorporated in the Republic of South Africa with the main object of exploiting the Douglas Diamond Project. The authorised share capital of Diamex is R20 000 divided into 20 000 ordinary shares of R1,00 per share, of which 10 000 shares have been issued. The directors are Luis Antonio Dias, a businessman, Laurence Charles Mathews, a consulting geologist, and Marius Welthagen. LA Dias and LC Mathews own 1 634 and 1 633 ordinary shares of R1,00 each, respectively, in the share capital of Diamex.
- 11.3 40% of the issued share capital of Pioneer, a company incorporated in the Republic of South Africa on 30 October 1991. The main business is "to carry on the business of a prospector for ores and minerals, to mine and accordingly to purchase or otherwise acquire mineral rights, mine workings already in existence and tailings or defunct mining grounds and lands and properties necessary for the exercise of this purpose". The main object is "to act as a prospecting company in the search for ores and minerals both precious and otherwise and to mine for ores and minerals and accordingly to establish mines, smelters and refiners". The authorised share capital is R20 000 divided into 20 000 ordinary shares of R1,00 each, of which 16 700 ordinary shares have been issued. The directors are R Cooke, a geologist, Dr JC Linde, a consultant, EJ v R Meyer, an accountant, U Schiefer, a geologist and M Welthagen. R Cooke and U Schiefer own 5 000 and 500 ordinary shares of R1,00 each, respectively. EJ v R Meyer indirectly owns 500 ordinary shares of R1,00 each through the Simba Trust.
- 11.4 100% of the issued share capital of Thaba Egoli. The main business is "mining and exploration in all its aspects". The authorised share capital is R500 000 consisting of 50 000 000 ordinary shares of 1 cent each, of which 27 000 000 shares have been issued and are held by Thabex. The directors are Dr JC Linde, M Welthagen, JR Rapoo, an accountant, and P de Jager. Thabex acquired Thaba Egoli in terms of the Share Exchange Agreement dated 17 May 1996, referred to in paragraph 27.1 below.
- 11.5 100% of the issued share capital of Steynsdorp. The main business is "mining and exploration in all its aspects". The authorised share capital is R200 000 divided into 200 000 ordinary shares of R1,00 each of which 2 500 shares have been issued, originally to Thaba Egoli and thereafter transferred to Thabex at cost on 27 January 1997. The directors are M Welthagen and P de Jager. Steynsdorp became a subsidiary of Thabex on the acquisition of Thaba Egoli in terms of the abovementioned Share Exchange Agreement.

12 Directors and consultants [2 (a)7.B, 12.7 (c)]

Directors	Occupation
Dr Johannes Cornelius Linde (Chairman) 44 Waterval Village Corner Hendrik Potgieter and 3rd Street, Florida, 1708	Consultant D Phil (Mineral Economics), BSc (Hons) (Geology), GDE, AEP, Pr Sci Nat

Johannes Cornelius Linde was born on 30 August 1929 at Brandfort, Orange Free State, South Africa. He started his career as a Mine Geologist with Johannesburg Consolidated Investment Co Ltd ("JCI") in 1954 on Freddie's Consolidated Mines. He became Chief Geologist of Freddie's in 1958 and also of Western Areas Gold Mine in 1962. He moved to JCI Head Office in 1964 to become Group Geologist in 1970. He managed all geological activities and was appointed to the boards of Spectral Africa, a remote sensing company, and Terratech, a geological servicing company. He became Consulting Geologist in 1972. He managed all geological activities and was Managing Director of Spectral Africa. He switched to management in JCI in 1973. He managed the finding of, negotiating over, evaluation of and the development of geological deposits into new mines and supervised feasibility studies for new mines. He was appointed as a director of Randfontein Estates Witwatersrand Gold Mine, Elsburg Gold Mine, Consolidated Murchison, Free State Development and Investment Corp Ltd, Tavistock Coal Mines and became Senior Manager in JCI in 1977 and of the Coal Division. He was Managing Director of Natal Cambrian Collieries and computerised the Mineral Rights Division of JCI in 1981. He joined the Technical Services Division in 1983. He was responsible for the development and implementation of the Evaluation Function and Automated Process Control for the Base mineral, Coal, Platinum and Gold divisions of the JCI Group until retirement in 1987.

Marius Welthagen (Chief Executive Officer/Managing Director) 51 Austin Street Northcliff Johannesburg, 2195	Mining Engineer M Eng (Mining), M Phil (Mineral Economics), B Comm (Hons) (Economics)
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Marius Welthagen has 19 years of mining and exploration experience. He, inter alia, worked at Kloof Gold Mine, Greenside Coal Mine in the Gold Fields Group, at the Minerals Bureau of South Africa and as a gold analyst for Ed Hern Rudolph Inc (now BOE NatWest Securities (Pty) Ltd), a leading stockbroker on the JSE, for a period of three years. During the period July 1987 to April 1992, Mr Welthagen was involved as founder member of SouthWits. He is also a founder member of Saminco, a mining investment company, and SA Mineral Resources Corporation Limited, a company listed in the Venture Capital sector of the JSE list. He is an associate member of the Geological Society of South Africa, a member of the South African Institute of Mining and Metallurgy, a fellow member of the South African Mine Ventilation Society, a member of the Economic Society of South Africa and an individual member of the Freedom Foundation.

Jeffrey Raymond Rapoo 686 Old Farm Road Faerie Glen Pretoria, 0043	Financial Director B Comm (Law), Hons B Compt
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Jeffrey Raymond Rapoo started his career as a trainee accountant with Union Carbide Corporation on an international student exchange programme in New York and was appointed as a Management Accountant in July 1975 with that corporation's Vanadium mining and processing operations. He worked as an audit clerk at Alex Aiken & Carter for the period February 1981 to August 1984. During this period he completed his B Compt (Hons) at UNISA. For the period September 1984 to June 1986 he was employed as Chief Accountant at Vametco Minerals (Pty) Ltd. During the period December 1989 to June 1992, Mr Rapoo held the position of General Manager: Finance and Administration at FABCOS and Administration Manager at Afrox Limited from July 1986 to November 1989. He is at present Acting Managing Director at the Mpumalanga Development Corporation ("MDC") in the Mpumalanga Province. His responsibilities include, as project leader, the integration and structuring of the Finance, Administration and Information Technology departments into one division for the new MDC. He is also responsible for financial planning, treasury, credit control and client services. From July 1992 to September 1995, before being appointed to this position, he was Senior General Manager: Finance at the Kwanabele National Development Corporation, before it dissolved to form part of the MDC. He has considerable experience in the field of project development and financial administration and is also a director of Saminco.

Directors	Occupation
Professor David Louis Reid 29 Budock Street Claremont Cape Town, 7700	University Professor D Phil (Geochemistry), MSc (Geology), BSc (Hons) (Geology)

Professor Reid has been employed at the University of Cape Town since 1972, after gaining his PhD at that university. He is currently an Associate Professor in the Department of Geological Sciences. He has been a member of the Geological Society of South Africa since 1973 and has twice been awarded the Jubilee Medal in recognition for published research in Southern African Geology and Geochemistry. Professor Reid has published, lectured and consulted widely on topics related to economic geology and geochemistry, with particular emphasis on mineralisation in Namaqualand, Bushmanland, Namibia and the Bushveld Complex.

Antonie Petrus Roux La Colline Franschoek 7690	Consultant B Agric
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Antonie Petrus Roux is a deciduous fruit producer in the Franschoek Valley in the Western Cape Province and is a Director of Saminco. He has been associated with the group since 1981 as director of SA Mineral Investments (Pty) Ltd. Mr Roux is also a renewable resource consultant to the Franschoek Co-operative and has considerable experience in this field.

Technical Consultant	Occupation
Robert Cooke 2 Forrest Road Rondebosch Cape Town 7700	Geological Consultant BSc (Hons) (Geology), Pr Sci Nat

Robert Cooke has 40 years' experience in exploration and mining projects throughout Southern Africa. He is a member of the Geological Society of Southern Africa and is registered as a Professional Natural Scientist. He was employed by Rio Tinto of South Africa 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. This work has involved 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.

13 Management [2 (d)]

Neither Thabex nor any of its subsidiaries has entered into any management agreement with its directors or any other entity.

14 Appointment, qualification, remuneration and borrowing powers of directors [2 (b), 2 (c) and 2 (c)]{7.B.3, 7.A.12 – 13}

According to article 96 of the Articles of Association of Thabex, if Thabex should become a listed company all the directors shall retire at the first annual general meeting and thereafter at each annual general meeting one third of the directors, or, if the number is not a multiple of three, then the number nearest thereto, but not less than one third, shall retire from office. The directors retiring in terms hereof shall be the directors who have been longest in office, save for where a director is appointed to any executive office in Thabex and the contract under which he is appointed provides that he shall not, for a period of five years or for the period during which he continues to hold that office, whichever period is the shortest, be subject to retirement by rotation, provided that when the Company is listed, the number of directors who may be appointed to an executive office on the condition that they shall not be subject to retirement by rotation shall not equal or exceed one half of the total number of the directors at the time of such appointment. If, at the date of any general meeting, any director shall have held office for a period of at least three years since his last election or appointment, he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or in addition thereto. Retiring directors are eligible for re-election.

15 Directors' remuneration (7.B.4 – 5)

- 15.1 The Company in general meeting determines the remuneration of the directors of Thabex.
- 15.2 Each subsidiary in general meeting determines the remuneration of the directors of that subsidiary.
- 15.3 For the three year period ended 28 February 1997, the total aggregate remuneration paid to directors in an executive capacity was, R48 000, nil and nil, respectively. No directors' fees were paid to directors in a non-executive capacity.
- 15.4 The total aggregate remuneration and benefits to be paid to the directors of Thabex for the 12 month period ending 28 February 1998 is estimated at R205 000. There will be no variation in the remuneration of directors as a consequence of the listing of Thabex.
- 15.5 The total aggregate remuneration and benefits to be paid to the directors of DME for the 12 month period ending 28 February 1998 is estimated at R60 000.
- 15.6 The total aggregate remuneration and benefits to be paid to the directors of Pioneer for the 12 month period ending 28 February 1998 is estimated at R72 000.
- 15.7 No service agreements exist with any of the directors or consultants of the Company.

16 Directors' interests (8 (d) and 17)(17.B.13 – 16)

- 16.1 On the listing date, the directors of Thabex will beneficially hold, directly or indirectly, in aggregate 2 941 296 shares in the share capital of Thabex.
- 16.2 The direct and indirect beneficial interest of each director are as follows:

	Directly		Indirectly		%
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	
Dr JC Linde	1 000	—	30 360	—	0,23
M Welthagen	1 000	—	2 735 936	—	20,22
JR Rapoo	1 000	—	—	—	—
Prof DL Reid	1 000	—	—	—	—
AP Roux	1 000	—	170 000	—	1,26
Total	5 000		2 936 296		21,71

- 16.3 No payment has been made to any director in the three years preceding the date of this Prospectus to induce him to become a director.
- 16.4 Save as disclosed in this Prospectus, the directors of Thabex have no direct or indirect beneficial interest in any of the material contracts nor in the promotion of Thabex or in any other property acquired by Thabex during the three years preceding the date of this Prospectus.
- 16.5 Save as disclosed in this Prospectus, the directors of Thabex have no interest in transactions entered into by Thabex during the current or the preceding financial year and which remain outstanding or unperformed in any respect.
- 16.6 Thabex has not entered into any Promoter's Agreement during the two years preceding the issue of this Prospectus.

Financial information

17 Auditor's report (25, 30)(7.E.1)

The reporting accountants' report on the Thabex Group is set out in Annexure "A" to this Prospectus.

18 Capital commitments, lease payments and contingent liabilities (6 (e) (ii) (7.A.1)

Thabex had no capital commitments, lease payments and contingent liabilities as at 28 February 1997, other than the acquisition of Pioneer at a price of R10 693 settled in cash on 1 March 1997, as set out in the reporting accountant's report in Annexure "A" to this Prospectus. There have been no material changes to the capital commitments, lease payments and contingent liabilities of Thabex since that date.

19 Loans and borrowing powers [19 and 1 (e)]{7.A.12 – 23}

According to article 129 of the Articles of Association of Thabex, subject to articles 130 and 132 thereof, the directors of Thabex may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company as they see fit.

- 19.1 The above borrowing powers may be varied by an amendment to the Articles of Association of the Company by special resolution of the members of the Company.
- 19.2 There were no material loans to Thabex or its subsidiaries at the date of this Prospectus.
- 19.3 As at the date of the issue of this Prospectus, Thabex had no loan capital outstanding.

20 Properties acquired or to be acquired and shares issued otherwise than for cash [11, 12 (b) and 20 (a)]{7.D.9, 7.H}

- 20.1 Thabex and SA Minerals, Saminco and Alizarin ("the Thaba Egoli Shareholders") entered into the Share Exchange Agreement, dated 17 May 1996, in terms of which Thabex acquired all of the issued shares of in Thaba Egoli. In exchange for these shares, Thabex undertook to allot and issue to the Thaba Egoli Shareholders 8 400 000 ordinary par value shares of 10 cents each in Thabex plus a premium of 90 cents per share. No goodwill arose out of the transaction. The Thaba Egoli Shareholders were the vendors in terms of the above transaction. The beneficial shareholder of both SA Minerals and Saminco is The Marius Welthagen Trust of 2nd Floor KPMG, 427 Hilda Street, Hatfield, Pretoria, 0083. The beneficial shareholder of Alizarin is Thomas Carstens, of 96 Lefebvre Street, St Peter Port, Guernsey.
- 20.2 On 17 May 1996, SouthWits and Thabex (then named Southern Platreef Mining Company Limited) concluded an agreement in terms of which Thabex agreed to repay the SouthWits loan (being SouthWits' claim against Thabex in the amount of R216 851) by allotting 216 851 unissued ordinary shares of 10 cents each at a premium of 90 cents per share.
- 20.3 On 31 December 1996, 44 000 and 36 000 ordinary shares of 10 cents each were issued at a premium of 90 cents a share to the Marius Welthagen Trust and the Pierre De Jager Family Trust respectively, in settlement of the purchase price of DME.
- 20.4 On 14 March 1997, Thaba Egoli exercised its option over the mineral rights on the farm, the Remaining Extent of Adjoining Geelvloer. The purchase price for the rights was settled by the issue of 1 600 000 ordinary shares of 10 cents each in the share capital of Thabex at a premium of 90 cents each.
- 20.5 Thabex acquired a 40% interest in Pioneer with an option to acquire a further 20% at any time during the next two years. The purchase consideration was R10 639. Thabex also agreed to fund Pioneer's exploration programme up to the amount of R840 000 over the next two years, commencing on 1 March 1997. The option to acquire the additional 20% of Pioneer is exercisable at a total price of R668 000 in cash and 200 000 shares in the capital of Thabex.
- 20.6 Thabex has tendered to the Transitional Local Council of Greater Potgietersrus for the platinum prospecting rights on various portions of the farm Piet Potgietersrust Town and Townlands 44, Registration Division KS, Transvaal, previously held by it and subsequently cancelled by the previous board of directors of Thabex. In terms of the tender documentation, the prospecting rights will be granted for a period of 5 (five) years and, as consideration therefor, the successful tenderer will pay R108 864 with an additional fee of R150 000 payable in the fifth year.
- 20.7 In terms of Title Deed T98218/96, Erf 249 Marydale, situated in the municipality of Marydale, division Prieska, the Northern Cape Province, was transferred from Robert Cooke to Pioneer pursuant to a sale concluded on 11 September 1996. The purchase consideration was R26 000. Robert Cooke is a shareholder in Pioneer. This property contains the regional office of Pioneer in the Northern Cape Province.
- 20.8 Pioneer has been granted an option to acquire the remainder of Stand No 11480 Kimberley City situated at 7 Wilkinson Street, Verwoerdpark in Kimberley, Northern Cape, for a purchase price of R160 000, in terms of an option agreement concluded between Pioneer, Thabex, Robert Cooke and Robert Cooke Mineral Consultants, dated 1 September 1997.
- 20.9 As at the date of this Prospectus, there was no litigation or pending litigation concerning the Thabex group's projects or the properties to be acquired by Thabex or its subsidiaries.

21 Property and subsidiaries disposed of or to be disposed of [12 (e)](7.D.10)

During the three year period prior to the listing, no property or subsidiaries have been disposed of, other than the cancellation described in paragraph 8.1 above.

22 Principal immovable property owned and leased [6 (c)](7.D.6)

Pioneer owns Erf 249 Marydale in the municipality of Marydale, division Prieska, Northern Cape Province.

Share capital

23 Capital structure [6 ,8 (a), 8 (c) and 20 (a)] (7.E.7)

23.1 The authorised and issued share capital of Thabex before and after the Offer, but before payment of the expenses of the listing, will be:

Authorised – 30 000 000 ordinary shares of 10 cents each	3 000 000,00
Issued (before the Offer) 11 888 597 ordinary shares of 10 cents each	1 188 859,70
Share premium after share issue expenses	14 526 492,44
Total	15 715 352,14
Issued after the Offer 13 538 597 ordinary shares of 10 cents each	1 353 859,70
Share premium	17 661 492,44
Total	19 015 352,14

23.2 The unissued ordinary shares will be under the control of the directors subject to the provisions of Sections 221 and 222 of the Act and the Rules and requirements of the JSE.

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

23.4 Any variation of rights attaching to shares will require the consent of the relevant shareholders in general meeting, in accordance with Thabex's Articles of Association.

23.5 Pro forma balance sheets and income statements

Income statements	Pro forma after listing		Audited before listing	
	Group 1997 R	Company 1997 R	Group 1997 R	Company 1997 R
Years ended February				
Operating loss	(158 137)	(79 848)	(158 137)	(79 848)
Write-off of lapsed prospecting options	(85 474)	(85 474)	(85 474)	(85 474)
Net loss	(243 611)	(165 322)	(243 611)	(165 322)
Accumulated loss				
– At beginning of year	(4 850 758)	(4 850 758)	(4 850 758)	(4 850 758)
– At end of year	(5 094 369)	(5 016 080)	(5 094 369)	(5 016 080)
Loss per share (cents)	(3,46)	(2,35)	(4,51)	(3,06)

Balance sheets

Years ended February	Group	Company	Group	Company
	1997	1997	1997	1997
	R	R	R	R
Capital employed				
Share capital	1 141 325	1 141 325	976 325	976 325
Share premium	15 499 609	15 499 609	12 364 609	12 364 609
Accumulated loss	(5 094 369)	(5 016 080)	(5 094 369)	(5 016 080)
Ordinary shareholders' equity	11 546 565	11 624 854	8 246 565	8 324 854
Long-term liabilities	376 690	80 000	376 690	80 000
	11 923 255	11 704 854	8 623 255	8 404 854
Employment of capital				
Fixed assets	65 892	—	65 892	—
Mineral rights and participation rights	8 833 329	—	8 833 329	—
Investment in subsidiaries	—	8 560 000	—	8 560 000
Listed investments	2 047	—	2 047	—
	8 901 268	8 560 000	8 901 26	8 560 000
Current assets	3 501 041	3 468 972	201 041	168 97
Inventory	15 800	—	15 800	—
Accounts receivable	22 881	13 450	22 881	13 450
Cash at bank and on call	3 462 360	3 455 522	162 360	155 522
Current liabilities				
Accounts payable	(479 054)	(324 118)	(479 054)	(324 118)
Net current assets/(liabilities)	3 021 987	3 144 854	(278 013)	(155 146)
	11 923 255	11 704 854	8 623 255	8 404 854
Number of shares in issue	11 413 252	11 413 252	9 763 252	9 763 252
Net asset value per share (cents)	101,2	101,8	84,5	85,3

24 Adequacy of capital [22]{7.E.12}

The directors of Thabex are of the opinion that the issued share capital of Thabex and Thabex's working capital resources, including the proceeds of the Offer, are adequate for its current and foreseeable future requirements and that of its subsidiaries. The exploration expenditure and earnings forecast for Thabex and the assumptions on which the forecast is based, are presented in Annexure "E" of the Prospectus.

25 Options or preferential rights in respect of shares [10]

No contract or arrangement or proposed contract or arrangement whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for any shares of the Company or its subsidiaries has been entered into.

26 Alterations to share capital and premium and share issues [(6 (a) (ii), 6 (a) (iii) and 20 (a))]{7.A.8, 7.D.8}

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

- 26.1 the authorised share capital of Thabex on incorporation comprised R1 000 divided into 1 000 ordinary shares of R1,00 each;
- 26.2 on 30 July 1989, the authorised share capital of the Company was increased to R1 000 000 divided into 1 000 000 ordinary shares of R1,00 each by the creation of 999 000 new shares of R1,00 each to rank pari passu with the then existing shares of Thabex;

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- 26.3 each of the 1 000 000 shares of R1,00 each was then subdivided into 100 000 000 shares of 1 cent each;
 - 26.4 as at 29 February 1996, the issued share capital of the Company was R106 638,40 comprising 10 663 840 ordinary shares of 1 cent each;
 - 26.5 on 26 June 1996, the authorised share capital of Thabex was consolidated into 10 000 000 ordinary shares of 10 cents each and 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 Thabex;
 - 26.6 on 30 August 1996, 8 400 000 ordinary shares of 10 cents each were issued at a premium of 90 cents each to satisfy the purchase price of Thaba Egoli and 216 868 ordinary shares of 10 cents each also at a premium of 90 cents each were issued to settle the SouthWits loan account;
 - 26.7 there were no further issues of shares for the three year period prior to 30 August 1996;
 - 26.8 on 31 December 1996, 44 000 and 36 000 ordinary shares of 10 cents each were issued at a premium of 90 cents each respectively to The Marius Welthagen Trust and the Pierre de Jager Family Trust, for the acquisition of DME;
 - 26.9 as at 28 February 1997, the issued share capital of the Company was R976 325,20 comprising 9 763 252 ordinary shares of 10 cents each;
 - 26.10 on 3 March 1997, 100 000 and 171 000 ordinary shares of 10 cents each were issued at a premium of 90 cents respectively to SA Minerals and Alizarin, for cash.
 - 26.11 on 14 March 1997, Thabex's wholly owned subsidiary, Thaba Egoli, exercised its option over the mineral rights on the farm, the Remaining Extent of Adjoining Geelvloer. The purchase price of the rights was settled by issuing 1 600 000 ordinary shares of 10 cents each at a premium of 90 cents each; and
 - 26.12 on 28 July 1997, 91 000 ordinary shares of 10 cents each were issued to Alizarin, 89 613 ordinary shares of 10 cents each were issued to Saminco, 53 202 ordinary shares of 10 cents each were issued to SA Minerals, 2 530 ordinary shares of 10 cents each were issued to The Marius Welthagen Trust, and 18 000 ordinary shares of 10 cents each were issued to the Pierre de Jager Family Trust, all at a premium of 190 cents each.

27 Material contracts [13, 16 (a) and 16 (b)]{7.F.1 – 4}

The material contracts which have been entered into by the Thabex group during the two years preceding the date of this Prospectus, other than in the ordinary course of business, are:

- 27.1 the Share Exchange Agreement concluded between SA Minerals, Saminco, Alizarin and Southern Platreef Mining Company Limited dated 17 May 1996, including Schedule 1 thereto, being the agreement for the capitalisation of the SouthWits loan;
- 27.2 the Shareholders Agreement between Pioneer, Robert Cooke (snr), Robert Cooke (jnr), Philip Cooke, Moira McDonald, Ulrich Herman Schiefer, the Simba Trust, the Alexander Family Trust, the William Meyer Trust and Thabex on 24 February 1997;
- 27.3 the Geelvloer Mineral Rights acquisition agreement, namely:
 - 27.3.1 the Prospecting and Option Agreement concluded between Willem Johannes Coetzee Spangenberg and Robert Cooke in respect of the Remainder of the Farm Adjoining Geelvloer No 197, District Kenhardt, dated 2 February 1995;
 - 27.3.2 the Prospecting and Option Agreement concluded between Willem Johannes Coetzee Spangenberg and Pioneer in respect of the Remaining Portion of Portion 4 of Bry Paal, District Kenhardt, dated 23 November 1993;
 - 27.3.3 the Prospecting and Option Agreement concluded between Willem Johannes Coetzee Spangenberg and Pioneer in respect of Portion 7 (a portion of Portion 5) of the Farm Bry Paal District Kenhardt, dated 23 November 1993;
 - 27.3.4 the Prospecting and Option Agreement concluded between Willem Johannes Coetzee Spangenberg and Pioneer in respect of the Remainder of Portion 4 (Kraandraai Wes) of the Farm Adjoining Geelvloer No 197, district Kenhardt, dated 23 November 1993;
 - 27.3.5 the Prospecting and Option Agreement between Willem Johannes Coetzee Spangenberg and Pioneer in respect of T'Oubeep 158 District Kenhardt, dated 23 November 1993;

- 27.3.6 the Prospecting and Option Agreement between Willem Johannes Coetzee Spangenberg and Pioneer in respect of Portion 6 of Portion 4 (Kraandraai Wes) of Adjoining Geelvloer 197, district Kenhardt, dated 23 November 1993, all of which agreements were ceded to Thaba Egoli in terms of an Agreement of Cession concluded between Robert Cooke, Pioneer and Thaba Egoli on 26 May 1995. The options were thereafter exercised in terms of:
 - 27.3.6.1 an agreement concluded between Willem Johannes Coetzee Spangenberg, Thabex and Thaba Egoli on 4 March 1997; and
 - 27.3.6.2 an agreement concluded between Thaba Egoli, Willem Johannes Coetzee Spangenberg, the Kobie Spangenberg Family Trust and Thabex on 3 September 1997;
- 27.4 tender for prospecting rights and option contract in respect of Potgietersrus Town and Townlands 44AS submitted to the Transitional Local Council of Greater Potgietersrus referred to in paragraph 20.6 above;
- 27.5 Pilanesberg Gold Prospecting Agreement concluded between Thabex and EL Bateman dated 12 September 1997;
- 27.6 an agreement between Luis Antonio Dias, Kelvin Laidlaw, Laurence Charles Mathews, Thabex and DME to mine the diamondiferous gravels of the Douglas Project, dated 22 July 1977;
- 27.7 a Prospecting and Option Agreement between Hugo Johannes Burden Laing and Pioneer over the farm Nuwefontein NR 6 in the district of Vanrhynsdorp, dated 15 July 1997;
- 27.8 the Jacomynspan Option Agreements namely:
 - 27.8.1 a Prospecting and Nomination Contract concluded between Peter William Connan, Murray Michael Connan, Elizabeth Wilhelmina Loubser, Joanna Alison Orpen and Pioneer in respect of the Remainder of the Farm Jacomynspan 176, District Kenhardt, dated 27 April 1995;
 - 27.8.2 a Prospecting and Nomination Contract concluded between Martha Mynie Hugo, the Hugh Connan Trust and Pioneer in respect of Portion 2 (Glen Connan) of the Farm Jacomynspan 176, District Kenhardt and the Remainder of the Farm Hartebeestpan 175, District Kenhardt, dated 20 February 1995, both of which were ceded to Thaba Egoli in terms of an Agreement of Cession concluded between Pioneer and Thaba Egoli on 11 May 1995;
- 27.9 an agreement to acquire 60% of MGD concluded between Arthur Norval and Thabex, dated 15 October 1996;
- 27.10 an Option Agreement concluded between Pioneer, Thabex, Robert Cooke and Robert Cooke Mineral Consultants for an option in favour of Pioneer to acquire the Remainder of Stand No 11480 Kimberley City, situated at 7 Wilkinson Street, Verwoerdpark, Kimberley, dated 1 September 1997.

General information

28 Reports by experts [24](7.F.5)

The following reports are attached to this Prospectus and are deemed to be incorporated herein:

- 28.1 an independent competent person's report and valuation, prepared for Thabex by Geodatec CC, attached hereto as Annexure "B" (24 (a) (i) to (v)). The consent to include the report, in the form and content in which it is included in this Prospectus, has not been withdrawn;
- 28.2 the directors' statements, attached hereto as Annexure "C" [24 (c)].

29 Mineral rights or other rights to mining titles (including government mining leases and immovable property available for mining [24 (b)] (12.9)

Refer to Annexure "F" hereto.

30 Directors' statement as to material changes [31]{7.E.16}

No material changes in the assets or liabilities of the Thabex group have taken place since 28 February 1997 to the date of this Prospectus, other than as disclosed herein.

31 Paragraphs of schedule 3 to the Act which are not applicable [50]

The following paragraphs of schedule 3 to the Act are not applicable to this Prospectus : 45; 6 (g); 6 (h); 8 (b); 20 (b); 18 (b); 21 (b); 26; 27; 28; 29; 32 to 48.

32 Documents available for inspection [16 (a) and 16 (b)]{7.G}

Copies of the following documents will be available for inspection at the registered office of Thabex, 2nd Floor, KPMG Forum, 427 Hilda Street, Hatfield, Pretoria, 0083 during normal business hours prior to the closing of the Offer at 14:30 on 7 November 1997:

- 32.1 the memoranda and articles of association of each member of the Thabex group;
- 32.2 the signed report by the independent reporting accountants, dated 30 August 1997, the texts of which are set out in Annexure "A" of this Prospectus;
- 32.3 the written consents of the reporting accountants and auditors, attorneys, transfer secretaries, commercial bankers, corporate advisors, and sponsoring broker named in this Prospectus, to act in those capacities, which consents have not been withdrawn prior to publication;
- 32.4 the annual financial statements of Thabex in respect of the financial period ended on 28 February 1997;
- 32.5 all agreements referred to under "Material contracts" as set out in paragraph 27 of this Prospectus;
- 32.6 the independent competent person's report and valuation referred to in paragraph 28.1 and signed consent to the publication of that report, in the form and context in which it is included in this Prospectus; and
- 32.7 the independent geological reports of CL van Schalkwyk and JP van Wyk, referred to in the report mentioned in 32.6 above.

33 Statement as to listing on stock exchange [23]

Thabex has made application to the JSE for listing in the "Mining Financial – Mining Exploration" sector under the abbreviated name "Thabex" for its entire issued ordinary share capital. Subject to compliance with the requirements of the JSE, such listing is expected to be granted and dealings in the shares are expected to commence on 20 November 1997.

34 Registration of Prospectus

A copy of this Prospectus was registered by the Registrar of Companies at Pretoria on 7 October 1997, in terms of section 155 (i) of the Act, together with:

- 34.1 the written consents of the reporting accountants and auditors, attorneys, transfer secretaries, commercial bankers, independent competent persons, and sponsoring broker, to act in the capacities stated in this Prospectus, none of these consents having been withdrawn prior to registration;
- 34.2 the written consent of the reporting accountants to the inclusion in this Prospectus of their reports in the form and context in which they appear, which consent likewise had not been withdrawn prior to registration; and
- 34.3 a copy of each of the agreements referred to in paragraph 27 under the heading "Material contracts".

SIGNED at JOHANNESBURG by or on behalf of the Directors of the Company on 7 October 1997.

Dr JC LINDE

M WELTHAGEN

JR RAPOO

Prof DL REID

AP ROUX

Reporting accountants' report {7.E.3 – 6.8.3 (c), 8.3 (m)}

"The Directors
Thabex Exploration Limited
51 Austin Street
Northcliff
Johannesburg
2115

30 August 1997

Gentlemen

Report of the reporting accountants on Thabex Exploration Limited (Thabex)

1 Introduction

In our capacity as reporting accountants of Thabex (registration number 88/00763/06) (formerly Southern Platreef Mining Company Limited) we report on the financial affairs of Thabex and its subsidiaries. The directors are responsible for the preparation of the Prospectus, of which this report forms part, and the information contained therein. The definitions used in the Prospectus apply mutatis mutandis to this report unless the context otherwise indicates.

We have acted as independent auditors to Thabex and its subsidiaries for the financial years ended 29 February 1996 and 28 February 1997 and issued unqualified audit reports for these two years. Messrs Fisher Hoffman Sithole had acted as auditors to the Company for the previous three years, during which period the Company was listed on the Johannesburg Stock Exchange, in respect of which qualified audit reports on the going concern basis were issued for the years ended 28 February 1994 and 28 February 1995 with 28 February 1993 being unqualified.

We have examined the audited financial statements of Thabex and, where applicable, its subsidiaries for the years ended 28 February 1993 to 28 February 1997. Our examination was made for the purposes of reporting in terms of the Requirements of the Johannesburg Stock Exchange relative to the proposed listing of Thabex.

The information set out below was compiled from the financial statements as mentioned above.

2 Accounting policies

The financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies applied by the group, which are consistent with those of the previous year, are set out hereafter:

2.1 Basis of consolidation

The group financial statements incorporate the assets, liabilities and results of the operations of the Company and all its subsidiaries. The results of subsidiaries acquired during a financial year are included from the effective dates of acquisition. Goodwill arising on consolidation is recognised as an asset.

2.2 Fixed assets and depreciation

Depreciation is provided on the straight line method over the estimated useful lives of the assets.

2.3 Options, mineral and participation rights

The cost of options acquired is capitalised. Should the option be terminated or not exercised on due date the cost thereof is written off and charged against income. Mineral and participation rights are maintained at cost less recoupments, but are written down to nominal value when there is little likelihood of the particular rights being exploited. Where considered appropriate, mineral and participation rights are revalued to reflect current market values.

2.4 Land development and exploration expenditure

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

2.5 Inventory

Inventory comprises diamonds recovered from mining operations. It is valued at the lower of cost and net realisable value. Cost which includes an appropriate portion of overheads is determined on a first-in first-out basis.

3 Profit history

The consolidated results of Thabex and its subsidiaries for each of the five years preceding 28 February 1997, as set out below have been extracted from the audited income statements without adjustments:

Years ended February	Note	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R
Turnover		—	—	—	—	—	—
Operating loss	5.1	(158 137)	(79 848)	(73 287)	(102 819)	(77 175)	(202 744)
Write-off of lapsed prospecting options		(85 474)	(85 474)	—	—	—	—
Extraordinary item	5.2	—	—	—	—	—	(22 366)
Net loss		(243 611)	(165 322)	(73 287)	(102 819)	(77 175)	(225 110)
Accumulated loss							
At beginning of year		(4 850 758)	(4 850 758)	(4 777 471)	(4 674 652)	(4 597 477)	(4 372 367)
At end of year		(5 094 369)	(5 016 080)	(4 850 758)	(4 777 471)	(4 674 652)	(4 597 477)
Loss per share (cents)	5.3	(4,51)	(3,06)	(6,87)	(9,64)	(7,25)	(21,11)

4 Balance sheets

The consolidated balance sheets of Thabex and its subsidiaries and that of the Company for the five years, as set out below, have been extracted from the financial statements without adjustments:

Years ended February	Note	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R
Capital employed							
Share capital	5.5	976 325	976 325	106 638	106 638	106 638	106 638
Share premium	5.6	12 364 609	12 364 609	4 570 533	4 570 533	4 570 533	4 570 533
Accumulated loss		(5 094 369)	(5 016 080)	(4 850 758)	(4 777 471)	(4 674 652)	(4 597 477)
Ordinary shareholders' equity		8 246 565	8 324 854	(173 587)	(100 300)	2 519	79 694
Long-term liabilities	5.7	376 690	80 000	216 851	164 050	52 653	31 128
		8 623 255	8 404 854	43 264	63 750	55 172	110 822
Employment of capital							
Fixed assets	5.8	65 892	—	—	—	—	41 293
Options, mineral and participation rights	5.9	8 833 329	—	85 474	71 071	64 343	45 453
Interest in subsidiaries	5.10	—	8 560 000	—	—	—	—
Listed investments	5.11	2 047	—	—	—	—	—
		8 901 268	8 560 000	85 474	71 071	64 343	86 746
Current assets		201 041	168 972	10 420	7 984	5 124	115 367
Inventory		15 800	—	—	—	—	—
Accounts receivable		22 881	13 450	1 734	2 083	1 728	105 284
Cash at bank and on call		162 360	155 522	8 686	5 901	3 396	10 083
Current liabilities		(479 054)	(324 118)	(52 630)	(15 305)	(14 295)	(91 291)
Accounts payable		(479 054)	(324 118)	(52 630)	(15 305)	(14 295)	(91 291)
Net current (liabilities)/assets		(278 013)	(155 146)	(42 210)	(7 321)	(9 171)	24 076
		8 623 255	8 404 854	43 264	63 750	55 172	110 822
Number of shares in issue		9 763 252	9 763 252	1 066 384	1 066 384	1 066 384	1 066 384
Net asset value per share (cents)		84,47	85,27	(16,28)	(9,41)	0,24	7,47

5 Notes to the profit history and balance sheets

The notes to the profit history for the five years ended 28 February 1997 and the balance sheets as at 28 February 1993 to 28 February 1997, are set out below:

5.1 Operating loss

Operating loss is arrived at after debiting/(crediting) the following:

	Group	Company	Company	Company	Company	Company
Years ended February	1997	1997	1996	1995	1994	1993
	R	R	R	R	R	R
Interest received	(641)	(590)	(136)	(80)	(1 074)	(11 615)
Surplus on disposal of listed investments	(2 120)	—	—	—	—	—
Auditors' remuneration	21 000	16 300	3 296	4 700	2 500	4 550
– Audit fees	11 700	7 000	3 200	3 200	2 000	3 000
– Expenses	—	—	—	500	500	500
– Underprovision – prior year	9 300	9 300	96	1 000	—	1 050
Depreciation of fixed assets						
– Plant and equipment	21 430	—	—	—	—	—
– Vehicles, furniture and equipment	—	—	—	—	1 776	12 750
Interest paid						
– Bank overdraft	101	—	—	—	—	—
Loss on disposal of fixed assets	—	—	—	—	—	34 534
Management fees	—	—	48 000	70 000	25 000	93 409
Operating lease charges	—	—	1 481	5 989	16 154	—
– Equipment	—	—	—	1 481	1 481	3 722
– Premises	—	—	—	—	4 508	12 432
Secretarial fees	11 595	11 595	18 790	13 886	8 346	6 098

5.2 Extraordinary item

Loss on disposal of property	—	—	—	—	—	(22 366)
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5.3 Loss per share

The calculation of loss per ordinary share is based on net loss attributable to ordinary shareholders and a weighted average of 5 399 553 (period 1993 to 1996 – 1 066 384) ordinary shares in issue during the year.

	Group	Company	Company	Company	Company	Company
Years ended February	1997	1997	1996	1995	1994	1993
	R	R	R	R	R	R

5.4 Dividends

The Company has not declared any dividend during the past five years

	—	—	—	—	—	—
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Years ended February	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R
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5.5 Share capital

Ordinary

Authorised

30 000 000 shares of 10 cents each
(period 1993 to 1996 – 100 000 000 of
1 cent each)

3 000 000	3 000 000	1 000 000	1 000 000	1 000 000	1 000 000
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Issued

9 763 252 shares of 10 cents each
(period 1993 to 1996 – 10 663 840 of
1 cent each)

976 325	976 325	106 638	106 638	106 638	106 638
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Shares issued during year prior to
28 February 1997

	Number	Value
30 August 1996	8 616 868	861 687
31 December 1996	80 000	8 000
	8 696 868	869 687

Shares issued subsequent to
28 February 1997

3 March 1997	271 000	271 000
14 March 1997	1 600 000	1 600 000
28 July 1997	254 345	508 690
	2 125 345	2 379 690

5.6 Share premium

Balance at beginning of year	4 570 533	4 570 533	4 570 533	4 570 533	4 570 533	4 570 533
Arising out of issue of shares	7 827 181	7 827 181	–	–	–	–
	12 397 714	12 397 714	4 570 533	4 570 533	4 570 533	4 570 533
Share issue expenses written off	(33 105)	(33 105)	–	–	–	–
Balance at year-end	12 364 609	12 364 609	4 570 533	4 570 533	4 570 533	4 570 533

5.7 Interest free debt

SA Mineral Investment Corporation Limited	179 225	–	–	–	–	–
SA Mineral Investments (Proprietary) Limited	106 404	–	–	–	–	–
The Marius Welthagen Trust	55 061	44 000	–	–	–	–
The Pierre de Jager Family Trust	36 000	36 000	–	–	–	–
Southern Witwatersrand Exploration Company Limited	–	–	216 851	164 050	52 653	31 128
	376 690	80 000	216 851	164 050	52 653	31 128

Years ended February	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R
5.8 Fixed assets						
Furniture and equipment – at cost	–	–	–	–	–	44 883
Plant and equipment – at cost	107 148	–	–	–	–	–
Vehicles – at cost	–	–	–	–	–	29 043
Accumulated depreciation	(41 256)	–	–	–	–	(32 633)
	65 892	–	–	–	–	41 293

5.9 Options, mineral and participation rights

At cost	8 833 329	–	85 474	71 071	64 343	45 453
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Details of options, mineral and participation rights of the group at 28 February 1997 are as follows:

5.9.1 Thaba Egoli Mining & Exploration Limited

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

5.9.1.1	Jacomynspan Project					
	At cost					1 816 326
	<i>Comprising:</i>					
	Remaining Extent of Jacomynspan 176 measuring 13 676,9345 hectares situated in the Kenhardt District. Portion 2 (Glen Connan) of Jacomynspan 176 measuring 144,8795 hectares and remaining Extent of Hartebeestpan 175 measuring 619,4568 hectares situated in the Kenhardt District.					
5.9.1.2	Geelvloer Project					
	At cost					6 848 825
	<i>Comprising:</i>					
	Remainder of Adjoining Geelvloer 197 measuring 3 041,5989 hectares situated in the Kenhardt District. Remaining portion of Portion 4 of Bry Paal 134 measuring 5 314,2790 hectares situated in the Kenhardt District. Remainder of Portion 4 (Kraandraai Wes) of Adjoining Geelvloer 197 measuring 1 465,0638 hectares situated in the Kenhardt District. Portion 7 (a portion of Portion 5) of Bry Paal 134 measuring 884,9350 hectares situated in the Kenhardt District. T'Oubeep 158 measuring 2 759,0161 hectares situated in the Kenhardt District. Portion 6 of Portion 4 (Kraandraai Wes) of Adjoining Geelvloer 197 measuring 1 569,7330 hectares situated in the Kenhardt District.					
5.9.2	Steynsdorp Gold Mining Company (Proprietary) Limited					
	Capitalised exploration costs					168 178
						8 833 329

5.10 Interest in subsidiaries

Details of interest in subsidiaries of the Company at 28 February 1997 are as follows:

	Issued shares	Effective interest %	Shares at cost R	Current account R		
Douglas Mining & Exploration (Proprietary) Limited (registration number 92/0245/07)	1 000	100	80 000	80 000		
Steynsdorp Gold Mining Company (Proprietary) Limited (registration number 88/02343/07)	2 500	100	110 993	—		
Thaba Egoli Mining & Exploration Limited (registration number 94/08806/06)	27 000 000	100	8 400 000	(110 993)		
			8 590 993	(30 993)		
Years ended February	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R

5.11 Listed investments

At cost	2 047	—	—	—	—	—
Market value of listed investments	2 900	—	—	—	—	—

5.12 Taxation

The Company has a computed tax loss of R4 908 248 available for set off against future taxable income. It was last assessed for tax in 1995 at which stage its assessed loss amounted to R4 834 961. The subsidiaries have computed tax losses totaling R289 791.

6 Cash flow statements

The consolidated cash flow statements of Thabex and its subsidiaries for each of the five years preceding 28 February 1997, as set out below have been extracted from the audited cash flow statements without adjustments:

Years ended February	Note	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R
Cash generated by/(utilised in) operating activities							
Cash utilised in operations	7.1	(138 827)	(79 848)	(73 287)	(102 819)	(75 399)	(155 460)
Cash generated from/(utilised by) working capital	7.2	311 861	259 772	7 674	655	26 560	(21 353)
		173 034	179 924	(35 613)	(102 164)	(48 839)	(176 813)
Cash expended in/(generated by) investing activities							
Acquisition of subsidiaries	7.3	(8 590 993)	—	—	—	—	—
Acquisition of options, mineral and participation rights		(62 639)	—	(14 403)	(6 728)	(18 890)	(11 845)
Acquisition of investment in subsidiaries		—	(8 560 000)	—	—	—	—
Acquisition of listed investments		(2 047)	—	—	—	—	—
Proceeds from disposal of listed investments		5 369	—	—	—	—	—
Proceeds from disposal of fixed assets		—	—	—	—	39 517	89 430
Proceeds from disposal of subsidiary		110 993	—	—	—	—	—
		(8 539 317)	(8 560 000)	(14 403)	(6 728)	20 627	77 585

Years ended February	Note	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R
Cash effects of financing activities							
Proceeds from issue of shares		869 687	869 687	—	—	—	—
Share premium arising on issue of shares		7 827 181	7 827 181	—	—	—	—
Share issue expenses		(33 105)	(33 105)	—	—	—	—
Long-term loans repaid		(216 851)	(216 851)	—	—	—	—
Long-term loans raised		84 392	80 000	52 801	111 397	21 525	30 219
		8 531 304	8 526 912	52 801	111 397	21 525	30 219
Increase/(decrease) in cash and cash equivalents							
Cash and cash equivalents		165 021	146 836	2 785	2 505	(6 687)	(69 009)
At beginning of year		8 686	8 686	5 901	3 396	10 083	79 092
On acquisition of subsidiaries		(11 347)	—	—	—	—	—
At end of year		162 360	155 522	8 686	5 901	3 396	10 083

7 Notes to the cash flow statements

Years ended February	Group 1997 R	Company 1997 R	Company 1996 R	Company 1995 R	Company 1994 R	Company 1993 R
7.1 Cash utilised in operations						
Operating loss for year	(158 137)	(79 848)	(73 287)	(102 819)	(77 175)	(202 744)
Adjusted for –						
Depreciation of fixed assets	21 430	—	—	—	1 776	12 750
Loss on disposal of fixed assets	—	—	—	—	—	34 534
Surplus on disposal of listed investments	(2 120)	—	—	—	—	—
	(138 827)	(79 848)	(73 287)	(102 819)	(75 399)	(155 460)
7.2 Cash generated from/ (utilised by) working capital						
Decrease/(increase) in working capital						
Inventory	(15 800)	—	—	—	—	—
Accounts receivable	(5 874)	(11 716)	349	(355)	103 556	(98 459)
Accounts payable	333 535	271 488	37 325	1 010	(76 996)	77 106
	311 861	259 772	37 674	655	26 560	(21 353)
7.3 Acquisition of subsidiaries						
Net assets acquired –						
Fixed assets	(87 322)	—	—	—	—	—
Options, mineral and participation rights	(8 770 690)	—	—	—	—	—
Listed investments	(3 249)	—	—	—	—	—
Investment in subsidiary	(110 993)	—	—	—	—	—
Bank balances and cash	(35)	—	—	—	—	—
Accounts receivable	(15 273)	—	—	—	—	—
Long-term liabilities	292 298	—	—	—	—	—
Bank overdrafts	11 382	—	—	—	—	—
Accounts payable	92 889	—	—	—	—	—
	(8 590 993)	—	—	—	—	—

8 Contingent liabilities and commitments

As at 28 February 1997 the group had no material contingent liabilities, capital commitments or lease payments, other than the acquisition of Pioneer. The purchase price of R100 639 was settled in cash on 1 March 1997.

9 Other matters

Accounts receivable and accounts payable do not include any items other than those arising in the ordinary cause of business.

10 Material changes

Subsequent to the year end, the mining options held by Steynsdorp set out in note 5.9.2 were not renewed and written off. No further material changes have occurred in the capital structure and financial position of the group since 28 February 1997, being the date of the last audited consolidated balance sheets, other than in the ordinary course of business and as set out in this report and in the pre-listing document. We furthermore state that the contents of the Prospectus are not contradictory with the information contained in our report.

Yours faithfully

KPMG

Chartered Accountants (SA)"

Annexure B

Competent person's report {7.F.5, 12.8, 12.9}

"GEODATEC CC Reg no CK 95/40321/23
19 Bartholomew Street
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South Africa
Tel +27 (461) 2 4314/2 4384 Fax +27 (461) 2 4365

The Directors
Thabex Exploration Limited
PO Box 3899
Northcliff
Johannesburg
2115

1 September 1997

Dear Sirs

Independent, competent person's report and valuation

GEODATEC CC was approached by the Directors of Thabex Exploration Limited ("Thabex") to conduct an independent competent person's report and valuation of Thabex's properties for an intended listing on the Johannesburg Stock Exchange.

GEODATEC is a Close Corporation formed in 1995 with two members, namely Dr RW Harris and Mr CA Mallinson. GEODATEC offers training, consultation and software support in Geostatistics, Ore Reserve Estimation, Financial Evaluation, Risk Analysis, Remote Sensing, Geographic Information Systems and Structural Geology. GEODATEC and its staff are currently involved in offering training, consultation, management and bureau services in a wide variety of geological projects and other fields throughout Africa.

Clyde Arnold Mallinson is the key member to have prepared this report, with a contribution from RW Harris on the estimation of gravel reserves for the Douglas Diamond Project. CA Mallinson is a registered Professional Natural Scientist and has wide-ranging and varied experience in the minerals industry. This includes a five year period as Mill Superintendent on a base metal mine in Namibia, where metallurgical, analytical and managerial experience was acquired. He joined the staff of Rhodes University in 1982 as a lecturer in Structural Geology in the Department of Geology. While on the staff, he completed an MSc in Exploration Geology and from 1988 was primarily involved in co-directing the MSc programmes in Exploration and Economic Geology run by the department. During his last five years at Rhodes University, he supervised or co-supervised more than thirty geology masters students in a wide variety of theses and dissertations, many of which were related to aspects of grade control, evaluation and ore reserve estimation. He has repeatedly visited over one hundred operating mines and as many exploration projects in Southern Africa, and has assessed scores of MSc student reports on these mines and projects. He has consulted in industry in the field of Techno-economic Evaluation and has a special interest in the application of Risk Analysis models for the assessment of projects utilising earth resources.

Dr Robin Wallace Harris has been associated, during the period 1983 to 1988, as a research officer at the Precambrian Research Unit of the University of Cape Town ("UCT") which included mapping and research of the Precambrian geology of the Namaqualand Province in the Northern Cape. From 1988 to 1996, he was a lecturer at both UCT and Rhodes University in structural, geomorphology, tectonics, remote sensing and Geographic Information Systems ("GIS"). He was a founder member of GEODATEC and is responsible for training, consulting and software support (remote sensing and GIS), staff management, and computer systems management.

We hereby consent to include this report in the Thabex Prospectus ("the Prospectus") and have not withdrawn our written consent to the issue of the Prospectus with our report in the form and context in which it is included.

1 Scope of report

1.1 Introduction

Thabex has a wide range of projects at varying stages of development. These range from grassroots exploration to projects that have had final stage feasibility studies conducted. The scope of this report was to provide an independent assessment and, where possible, a valuation of the various projects. It was not within the scope of this report to model ore reserves from raw data (except for the Douglas Project) but rather to comment on and make use of available estimates. To this end, GEODATEC was provided with documentation in the possession of Thabex relevant to the projects. This data ranged from final feasibility studies to independent expert reports. Due to the wide range of projects, first hand experience in each of the projects was not possible, and the views and opinions of other competent person's reports were incorporated in the assessment.

1.2 Location and overview of geology and mineralisation

Details of the locations, together with overviews of the geology and mineralisation of each of the project areas are not included in this report. These aspects are adequately covered in the main body of the Prospectus, and it is considered unnecessary to repeat them in this report. Key aspects of location and geology as they pertain to the evaluation of the projects are however discussed in the individual project reports.

1.3 Valuation methodology

Of the projects evaluated, six have been semi-quantitatively evaluated on the basis of predicted cash flow analysis as well as for further exploration potential, whereas the remaining three are qualitatively assessed only in terms of exploration potential. In addition, all of the projects have been classified within the UN Framework for Reserve/Resource Classification (see Table 1 and Paragraph 9 of the Prospectus). Those projects for which potential cash flows have been estimated, have been evaluated in the form of a Monte Carlo Risk Analysis simulation. This means that many of the inputs into the cash flow models are expressed as ranges rather than absolute values, and the resulting measures of economic performance such as the Net Present Values are quoted as expected values with associated confidence levels. The quality (and certainty) associated with the input data to the cash flow model dictates the confidence levels of the output. This quality of input data is generally dictated by the level of exploration and the stage of pre-feasibility/feasibility study.

Table 1 Summary of valuations and assessments of projects

THABEX PROJECTS	Economic classification in terms of the UN Framework of Reserve/Resource Classification	Valuation NPV at 10% discount rate R millions
Diamonds		
Douglas Project	1 – Economic	20,45
Kimberley Office	? – Undetermined	–
Gold		
Pilanesberg Project	1 – Economic	4,04
Mozambique Project	? – Undetermined	–
Platinum		
Potgietersrus Platreef Project	1 – Economic	No value placed on Project
Base minerals		
Marydale Project	? – Undetermined	–
Geelvloer Project	Open cast: 1 – Economic Underground: ? Undetermined	Value not determined –
Jacomynspan Project	1 – Economic	154,00
Riviera Project	2 – Potentially economic	–
Nuwefontein Project	Open cast: 1 – Economic Underground: ? Undetermined	Value not determined –
Total value		178,49

2 Current status of mineral rights holdings and project options

Table 2 below summarises the current mineral rights holdings and project options as at 1 September, 1997.

Table 2

Project	Mineral rights/options	Royalties
Diamonds		
Douglas Project	Mining permit held by DME, expires 10-12-1997, renewal application submitted to State on 22 August 1997	5% to State
Kimberley Office	Option agreement with Pioneer	
Gold		
Pilanesberg Project	Option on mineral rights, currently held by EL Bateman	3% to Trichard Family
Mozambique Project	Prospecting licence LLP No 338/L/95	
Mozambique Project	Prospecting licence LLP No 338/L/95	
Platinum		
Potgietersrus Platreef Project	Tender pending on option and prospecting agreement	5% to Town Council
Base minerals		
Marydale Project	Option agreements held by Pioneer	
Geelvloer Project	Mineral rights exercised over Adjoining Geelvloer 197 and option agreements over the balance with the owners. Prospecting permit held by Thaba Egoli, expires 01-02-1999	
Jacomynspan Project	Option agreements with owners. Prospecting permit held by Thaba Egoli, expires 01-02-1999	
Riviera Project	Option agreement with owner	
Nuwefontein Project	Three year option agreement with owner held by Pioneer	2,5% to the owner on gross sales until R7 million has been paid

3 Diamonds Projects

3.1 Douglas Project

3.1.1 Introduction

CA Mallinson and RW Harris made a site visit to the Douglas Diamond Project in February 1997. During this visit, discussions were held with M Welthagen and P de Jager. Numerous on-site observations were made and measurements of gravel thickness and type (in trenches, pits and exposed terraces) were recorded.

In addition to this visit and discussions, an independent geological report by JP van Wyk (MSc, Pr Sci Nat), dated 30 June, 1997 has been made available for study. JP van Wyk has extensive experience with alluvial diamond exploration and mining in the Northern Cape.

3.1.2 Ore reserves

Surface areas of the diamond bearing terraces were calculated by Dr RW Harris using a Geographic Information System and Digital Elevation Models, backed up by a field inspection of the area.

Numerous old pits and trenches, as well as recent excavations undertaken by DME give a measure of confidence to the continuity of the gravel terraces.

Recent records are available for the production by JC van der Westhuizen who worked on the C-terrace during the period June 1983 to September 1986 and who is currently working for DME. These records together with recent bulk sampling results obtained by DME are shown in Table 3.

Table 3

Area	Mined/sampled by	Tonnes treated	Number of stones	Total	Carats per 100 t
Terrace C T4	Van der Westhuizen	6 000	30	67,1	1,1
Terrace C T5	Van der Westhuizen	11 970	63	143,4	1,2
Terrace C T6	Van der Westhuizen	1 440	34	69,3	4,8
Terrace A T1	DME	1 000	27 (T1 + T2)	19,0	1,3
Terrace A T2	DME	500			
Terrace B T3	DME	800	7	8,1	1,0
Terrace C T7	DME	1 000	8	11,0	1,1

The results of the estimated mineable tonnages and grades as calculated by RW Harris are shown in Table 4.

Table 4

Terrace	Estimated mineable tonnes	Expected grade ct/100 t
A	1 020 000	1,2
B	228 000	1,0
C	2 286 000	1,1
D	125 600	1,0
Total	3 659 600	1,1

With regard to the above table, the estimated tonnes have been based on an average gravel width of 1,0 metre, which is taken to be slightly conservative. In this respect, a high degree of confidence may be placed in the estimated gravel tonnages. With regard to the grade of the ore, it should be recognised that it is difficult to prove the diamond content of alluvial gravels, short of actually working large areas. However, JP van Wyk states in his report that "experience has shown that the grades of the alluvial deposits along the Vaal River are fairly consistent". This statement, together with the fact that the area adjacent and to the west of the Douglas Project area is currently being actively mined on a large scale by another mining company as observed during our site visit, satisfies us that the estimated grades are realistic.

3.1.3 Mining and metallurgy

DME has entered into a Joint Venture agreement with Luis Antonio Dias, Kelvin Laidlaw, Laurence Charles Mathews and Thabex and retain a 51% interest in the Project. The Joint Venture partner will capitalise all of the mining equipment and DME will capitalise the necessary diamond recovery plant.

3.1.4 Valuation and risk analysis

The following input parameters were used in the evaluation of the Douglas Project (Table 5):

Table 5

	Mean	STD
Mineable tonnes	3 600 000	250 000
Carats/100 tonnes	1,1	0,1
Price per carat (Rands)	R2 500	R200
Mining costs/ton gravel	R5,00	R0,50
Plant operating costs/ton gravel	R1,00	R0,10
Admin, security and rehabilitation costs	R1,00	R0,10
DME capital expenditure (Rands)	1 000 000	100 000
Total royalties	5%	

Based on these input parameters, the Project has the following expected NPV at 5%, 10% and 15% discount rates at an expected minimal production rate of 600 000 tonnes per annum and an expected life of six years (Table 6).

Table 6

Discount rate	NPV (R millions)		
	5%	10%	15%
Mean	24,00	20,45	17,64
STD	5,07	4,35	3,78

3.1.5 Comments and conclusions (12.7 (g))

The evaluation of the Douglas Diamond Project has been conducted assuming no tax payments by DME. Profits are to be taken into Thabex and taxed as such, bearing in mind that Thabex currently has an assessed tax loss. The Project has the potential to yield a positive cash flow in a very short period of time, should mining commence.

3.2 Kimberley Exploration Office Project

Thabex, through Pioneer, has an option to purchase an extensive geological and exploration database located at the Kimberley Office of Robert Cooke Mineral Consultants. The database consists of exploration information on more than 600 mineral occurrences situated in South Africa, Namibia, Botswana, Swaziland, Lesotho, Zimbabwe, Zambia and Angola.

I have not had the opportunity to inspect the database, and thus cannot comment on the quality or value of same. However, it is well known that much of the exploration conducted in Southern Africa in the past turned up many viable small projects that were not developed by major mining companies. The cost of assembling exploration data on such a large number of mineral occurrences, especially if it includes drilling information, could easily run into tens of millions of rands. It is recommended that the information could be of great value in the proposed on-going exploration programme and that it should be purchased subject to assessment of value on inspection.

4 Gold Projects

4.1 Pilanesberg Project

4.1.1 Introduction

The material available on this project was a feasibility study on the Pilanesberg Gold Mine conducted by EL Bateman in 1985. The full feasibility study was only conducted on the oxide portion of the reserves and this study also focuses on the open castable oxide portion of the mineralisation that is amenable to open cast mining.

4.1.2 Ore reserves

The EL Bateman study reports the following ore reserves:

Oxide ore (proven reserves)	202 818 tonnes at 2,94 g/t <i>in situ</i> At a cut-off grade of 1,55 g/t
Sulphide ore (proven, probable and possible)	2,25 Mt

No average grade was quoted in the EL Bateman feasibility study for the sulphide ore, but the tonnages were estimated at a higher cut-off grade than for the oxide ore. Tonnage was estimated to a depth of 400 metres.

4.1.3 Valuation and risk analysis

4.1.3.1 Oxide mineralisation

An *in situ* oxide ore reserve of 202 818 tonnes at 2,94 g/t is quoted, based on diamond drill holes as well as numerous surface trenches. This reserve is based on two separate pits located on the two identified ore zones.

4.1.3.2 Sulphide mineralisation

It is difficult to calculate ore reserves for shear-zone related hydrothermal gold mineralisation. In particular, diamond drill holes can test for continuity of structure but generally give very little accurate information on possible size, shape and grade of mineralised shoots. It is often necessary to undertake trial mining to establish these parameters. It is my opinion, based on the information currently at hand, and assuming a sulphide gold grade similar to that of the oxide zone, that underground mining would not be economic at the current gold price.

I have taken the view that the limited oxide reserves do not warrant the construction of a Carbon-In-Pulp plant, given an expected life-of-mine of only three years. The valuation of the oxide ore has been carried out assuming that all mining and rehabilitation is contracted out, thereby decreasing the initial mining equipment capital substantially, and that the ore is processed by heap-leaching.

The following input parameters were used to generate the cash flows for the Pilanesberg Project (Table 7):

Table 7

Input parameter	MEAN	STD
Reserve tonnage	200 000	20 000
Grade g/t	2,9	0,2
Mining dilution %	10	1
Metallurgical recovery	70	2
Strip ratio	6:1	—
Mining costs/tonne	40	2
Metallurgical costs/tonne	20	1
Admin costs/tonne	4	0,5
Capital expenditure (R)	1 000 000	100 000
Royalty	3%	—
Gold price (\$/oz)	350	20

As in the case of the Douglas Project, the valuation was carried out assuming zero taxation. The valuation also makes no allowance for acquisition costs of the Pilanesberg Project from EL Bateman. The purchase price for the mineral rights is R2 million and the payment period is negotiable over the life of the open cast mine. Based on the input parameters shown, the Project has the following expected NPV at 5%, 10% and 15%, at a life-of-mine of three years (Table 8):

Table 8

Discount rate	NPV (R millions)		
	5%	10%	15%
Mean	4,51	4,04	3,62
STD	1,96	1,79	1,64

4.1.3.3 Comments and conclusions

The near surface oxide ore however should return a positive cash flow, with a minimum of lead time. It is however recommended that a bulk heap-leach test be conducted to verify actual gold recoveries as predicted from laboratory test work. The test should ideally be conducted on material crushed to a variety of sizes as the nature of the mineralisation would suggest that crushing down to 10 mm as in the EL Bateman feasibility study may not be necessary for heap-leach purposes. Mining of the sulphide mineralisation appears to be uneconomic at present, but further studies could be undertaken, especially if the gold price improves.

4.2 Mozambique Project

Thabex has an agreement to acquire a 60% stake in MGD, which company holds a prospecting licence over an area of Northern Mozambique that is prospective for alluvial gold and possible primary gold sources. The area is better known for numerous pegmatite deposits containing gemstones such as emeralds, garnets, tourmaline and aquamarine.

4.2.1 Geologic setting

Placer gold in streams and rivers is derived from an extended period of weathering and concentration of gold from some older source. Generally the source would be gold-bearing quartz veins or gold-bearing conglomerate sediments (like the Witwatersrand) emplaced in the bedrock of the general area in which the placers are found.

In Mozambique, where the reported alluvial placers are located, the regional geology consists of metamorphosed late Precambrian Metasediments and metavolcanic rocks, intruded by various granite bodies. Under these conditions, the primary gold source is likely to be in the form of quartz veins. It is not possible to deduce from the amount and tenor of the alluvial placer deposits, how rich the primary source/sources are or their sizes.

Gold, being generally inert at the surface, is released from the quartz veins by weathering and accumulates in the soils and crusts (laterites) above and around the veins. During periods of intense subtropical weathering, the gold can become enriched in the weathered blanket sufficiently to form small economic gold deposits that can be exploited by surface mining. These are referred to as eluvial gold placer deposits. They commonly develop immediately downslope of the primary gold veins. Eluvial gold deposits of gold occur in relatively flat terrain where the gold remains more or less in place in fairly thick laterite weathering profiles.

Where the terrain is hilly, the eluvial material migrates downslope, ultimately intersecting a stream or river, and the enclosed gold is transported downstream, where under certain conditions it will form alluvial gold placers. Alluvial gold also generally becomes finer further from the primary source. Large nuggets are most common closest to their source. The gold commonly is most concentrated on the bedrock (base) of the stream/river, either in clean coarse gravels or in similar deposits that are cemented by limonite. Certain structures in the bedrock such as fissures and potholes can be favourable for concentrations of alluvial gold. Rough channel bottoms are also favourable as they act like "riffles" in concentrating gold.

Generally the larger the river system containing the alluvial deposit, the further the gold might have travelled from its primary source. Larger rivers may have several older terraces on their flanks which can contain additional alluvial deposits that have been abandoned as the river system may determine where the gold is concentrated. Rivers subjected to floods can have their gold flushed out periodically. Narrow channels on the cutting sides of meanders can be favourable sites.

Alluvial gold can be traced back to its source by following the above process in reverse. River alluvials can be traced back into small streams and ultimately to their eluvial source. Soil sampling of the eluvial slopes should lead the prospector back to the primary gold source. The presence of other heavy minerals in the alluvials such as scheelite, arsenopyrite nodules, pyrite, tourmaline, et cetera, can help in identifying what the primary gold source might be.

In subtropical environments, much of the gold is often fixed in alluvial/lateritic concentrations. It should therefore not be too difficult to trace the Mozambique alluvial gold back to its primary source by using standard exploration geochemistry soil sampling techniques in the head waters of the alluvial drainages.

4.2.2 Conclusions

The area appears to be prospective and reconnaissance regional geochemical exploration is recommended. In addition, regional drainage and terrace interpretation is recommended.

5. Platinum Project

5.1 Potgietersrus Platreef Project

5.1.1 Introduction

A final stage feasibility study on this Project was conducted by LTA Process Engineering Ltd in 1991. In addition, a preliminary audit on the Project on the impact of changed financial conditions and technological factors was carried out by Lynx Geosystems SA (Pty) Ltd in April 1997. Thabex has submitted a new tender to the Transitional Local Council of Greater Potgietersrus to prospect the area covered in the original prospecting agreement that was cancelled by the previous board of Thabex in February 1996. Outcome of this new tender is awaited.

5.1.2 Ore reserves

Estimates of ore reserves made by independent consultants are approximately 25 Mt at an equivalent Ni grade of 0,3% (1991 prices).

5.1.3 Recommendations

No attempt has been made during this assessment to place a value on the Platreef Project. It is however recommended that a thorough re-evaluation takes place pending the results of the tender. Given that the original feasibility concluded that the Project was marginal, the following aspects should be given careful attention: The oxides down to a depth of 25 m were treated as overburden in the original study. Recent open cast operations on the UG-2 and Merensky reefs elsewhere in the Bushveld have shown that better than expected recoveries (up to 60%) are possible from oxidised material. This would greatly reduce pre-production capital expenditure as well as contribute significantly to ore reserves and cash flow. In addition, no attempt was made to optimise early stage cash flows either by mining higher grade areas or by optimising pit design. Both of these possibilities should be carefully investigated. Finally, the full impact of cobalt values, detected in the batch metallurgical test work should be assessed.

6 Base mineral Projects

6.1 Marydale Project

6.1.1 Introduction

The area under option consists of rocks related to an ancient volcanic belt, now strongly deformed and metamorphosed, belonging to the Areachap Terrane of the Namaqua Natal Tectonic Province. This terrane contains known volcanogenic sulphide deposits such as the large Prieska deposit and the smaller Areachap deposit. The Prieska deposit was profitably exploited by AngloVaal over a 22-year period.

6.1.2 Exploration potential

The presence of one large deposit, one typical-sized and several smaller prospects, across the entire 250 km length of the belt, indicates that the Areachap Terrane is a regionally 'fertile' area for the formation of volcanogenic massive sulphide (VMS) deposits. Statistics taken globally from similar terranes (principally from the Canadian Shield), indicate that within most 'fertile' volcanic belts, VMS deposits commonly occur in clusters, separated from each other by areas that are essentially barren or contain only isolated small VMS occurrences. The typical area of such a cluster is about 850 km² and contains, on average 12 deposits and 94 Mt of ore. Within each cluster, many deposits occur within a distinct zone in the volcanic stratigraphy. This is apparent in the Prieska area where the Prieska, Annex and Kielder deposits show this characteristic.

It would appear that the deposits located to date in the Areachap Terrane are an under-estimation of the potential metal resource of the belt, and that thorough exploration of the terrane should reveal additional base metal deposits. Relatively poor rock outcrop and structural complexity of the host rocks have hindered previous prospecting programmes. The use of modern, more sensitive and sophisticated geophysical and geochemical techniques in association with GIS-support mapping of poorly outcropping lithologies should produce potential base metal drill targets.

The extended history of mafic and granitic intrusive activity in the area subsequent to the development of the volcanic belt may provide other potential resources such as gold and nickel.

6.2 Geelvloer Project

6.2.1 Introduction

The Geelvloer Project area has previously been investigated by Phelps Dodge, Newmont and Gencor, and their exploration and drilling results were made available in the form of maps, sections and reports. In addition, an independent report on the exploration potential of the Geelvloer Project, carried out by CL van Schalkwyk in May 1997 was made available. CL van Schalkwyk has twelve years of experience as an exploration geologist, the bulk of which has been on base metal exploration in mobile belt terrains. He has previously worked on the evaluation of the Geelvloer Project and has conducted regional field mapping in the area.

6.2.2 Ore resources

Diamond drilling has defined a relatively high grade mineralised shoot with a strike length of 400 metres. Drill indicated reserves have been estimated at 6,72 Mt at a zinc equivalent grade of 5,51% (May 1997, Van Schalkwyk). During 1992, Gencor estimated the drill indicated reserves on the project area at 7,18 Mt.

6.2.3 Valuation and risk analysis

A pre-feasibility risk analysis valuation was conducted on the Geelvloer Project. The following parameters were used in the evaluation (Table 9). Use was made of infrastructural information taken from the available reports on Geelvloer.

Table 9

Input parameter	MEAN	STD
Resource tonnage	8 000 000	1 000 000
Width of "ore" zone (m)	4	0,5
Zinc grade %	2,3	0,2
Copper grade %	0,8	0,1
Lead grade %	0,6	0,1
Silver grade g/t	24	2
Gold grade g/t	0,8	0,1
Zinc price (R/t)	6 580	500
Copper price (R/t)	11 750	1 000
Lead price (R/t)	3 280	300
Silver price (R/kg)	700	70
Gold price (R/oz)	1 650	120
Zinc recovery	90	1
Copper recovery	90	1
Lead recovery	90	1
Silver recovery	80	2
Gold recovery	75	2
Capital expenditure (R)	350 million	30 million
Mining costs R/tonne	130	9
Milling costs R/tonne	29	2

6.2.4 Results and conclusions

Oxide mineralisation

CL van Schalkwyk in his report has recognised the potential for outlining approximately 300 000 tonnes oxide material down to a depth of 30 metres. This material would be suitable for open cast mining. This report does not include a valuation of this potential oxide resource. However, test work on the metallurgical characteristics of the oxide material is recommended to ascertain metal recoveries.

Sulphide mineralisation

The Geelvloer Project shows negative returns for all probable combinations of tonnage, grades and prices used in the analysis to establish a possible underground mine. The viability of the Project does not improve significantly with increased tonnages of similar width and grade material. Substantially improved grades or metal prices are required to make the Project economically viable.

Any proposed further drilling of the property should be aimed at locating new and higher grade zones of mineralisation.

6.3 Jacomynspan Project

6.3.1 Introduction

Anglo American Prospecting Services, AngloVaal, Genmin and Gold Fields of South Africa have investigated this deposit between 1972 and 1994. Maps, sections and reports from these previous investigations were made available. In addition, a paper by Attridge, RL (1986), "The Jacomynspan copper-nickel occurrence, Kenhardt District. In: Annhauser, CR and Maske, S (1986), Mineral Deposits of South Africa, Geol Soc S Afri" was used. Reference was also made to an independent report by CL van Schalkwyk, who has previously had a direct involvement in an exploration programme on the Jacomynspan Project area.

6.3.2 Ore reserves

Drill-indicated resources of 59 Mt at 0,305% Ni and 0,18% Cu along a strike length of 600 metres and down to a depth of 800 metres have been reported. CJ van Schalkwyk sites a possible further 75 Mt of resource at similar grades along strike. Cobalt is also present, and averages about 0,015%.

6.3.3 Valuation and risk analysis

Much of the previous exploration endeavour has been focused on trying to identify a high grade ore zone within the limits of the mineralisation. This has met with limited success as tonnages have dropped dramatically in relation to marginal gains in grade. In addition to this, underground mining of narrow, steeply dipping, poorly defined ore zones is usually expensive. Previous evaluators appear to have discounted the idea of open pit mining of the resource at Jacomynspan due to the steep dip of the mineralised zone. However, stripping ratios in open pit mining are extremely sensitive to mineralised zone thickness as well as dip, and if the mineralised zone is as wide as 40 metres (as is the case at Jacomynspan), then the dip of the mineralised zone is no longer as critical. This is shown to be the case in that a preliminary open pit model to a depth of 300 metres indicates a waste : ore ratio of 3,5:1.

This valuation should be seen as an attempt to obtain an indication of the potential of a large open pit. Mineralisation is indicated, both by trenches and boreholes, to extend for up to 2 500 metres along strike. Detailed and deep drilling was focused on a 600 metre strike portion, in an effort to identify a high grade relatively narrow zone. Using a simple pit model, and assuming that mineralisation occurs and is more or less continuous along the full 2 500 metres of strike, an inferred resource of 86 Mt at 0,25% Ni, 0,18% Cu and 0,015% Co has been estimated, down to a depth of 300 metres.

A selection of the input parameters as used to model the cash flows of this possible resource is shown in Table 10. Use was made of infrastructural information taken from the available reports on Jacomynspan. Note that the capital expenditure estimate does not include any mining equipment or facilities as all mining is assumed to be contracted out, substantially decreasing the capitalisation of the mining equipment needed, but increasing mining operating costs.

Table 10

Input parameter	MEAN	STD
Resource tonnage	86 million	5 million
Width of mineralised zone	40 m	2 m
Stripping ratio (waste : ore)	3,5	0,2
Nickel grade %	0,25	0,02
Copper grade %	0,17	0,02
Cobalt grade %	0,015	0,0015
Nickel price R/tonne	35 250	3 000
Copper price R/tonne	11 750	1 000
Cobalt price R/tonne	225 000	22 000
Nickel recovery %	65	2
Copper recovery %	80	2
Cobalt recovery	40	2
Capital expenditure R	392 million	21 million
Mining costs R/tonne	14,60	0,76
Metallurgical costs R/tonne	13,85	0,72

6.3.4 Results and conclusions

Based on the input parameters shown, the Project has the following expected NPV at 5%, 10% and 15% (Table 11):

Table 11

	NPV (R millions)		
	5%	10%	15%
Discount rate	5%	10%	15%
Mean	281	154	67
STD	182	143	115

Nickel price estimates used in the analysis are higher than current nickel prices, but significantly lower than nickel prices of six months ago. The project is sensitive to metal prices and metallurgical recoveries and the large standard deviations of the expected NPV values are partly a result of this sensitivity. In the light of this large open pit resource pre-feasibility indicating a viable project, with a NPV (10%) of R154 million, it is recommended that any future work on the Project be focused on confirming open pit reserves and metallurgical recoveries, and that no further deep drilling takes place. In addition, detailed pit modelling and ore grade scheduling should be undertaken, when more detailed, shallow, along-strike drill information is available.

Notice that uncertainty exists as to the achievable nickel recovery and concentrate grade. In particular, a nickel concentrate grade of $12\% \pm 1\%$ is used but this figure requires verification. The various reports on the mineralogy indicate that the bulk of the pentlandite occurs as discrete grains averaging about 0,1 mm in size. Lesser amounts of pentlandite form needles and flame-like exsolution segregations within pyrrhotite, and these are bound to cause metallurgical separation problems. In addition, the nature of the cobalt needs to be ascertained, although it most likely reports with the pentlandite.

Finally, a number of reports comment on the possibility of PGE mineralisation which is often associated with nickel-copper deposits. Analyses for the presence or otherwise of significant quantities of PGE's should take place as soon as possible, as positive results in this respect could further enhance the viability of the resource.

6.4 Riviera Project

6.4.1 Introduction

The property was discovered and investigated by Union Carbide and Anglo American during the period 1975 to 1988. Extensive reports produced by both of these companies were available for study.

6.4.2 Ore resources

Anglo American has estimated an open cast reserve of 46 Mt grading 0,216% WO₃ and 0,02% Mo based on a cut-off grade of 0,1% WO₃ and a minimum width of mineralised zone of 15 metres. The tungsten occurs mainly as scheelite and preliminary test work has indicated that the ore may be upgraded by means of Ultra Violet ("UV") sorting.

For the valuation exercise, the original pit figures of 46 million tonnes at 0,22% WO₃ are used. This leads to an open pit with a waste : ore stripping ratio of 2,6:1. It is assumed that UV sorting can be successfully carried out at a production scale, and that 26 Mt at 0,33% WO₃ can be sorted from the original 46 Mt. This gives an overall effective strip ratio of 5,6:1.

6.4.3 Valuation and risk analysis

As mentioned above, the valuation was conducted assuming viable production scale UV sorting of run of mine material. This aspect of the process, together with better information on the cost and viability of chemically upgrading the WO₃ content of the product for marketing purposes needs to be firmly established.

A selection of the input parameters as used to model the cash flows of this possible resource are shown in Table 12. Note that the capital expenditure estimate does not include any mining equipment or facilities as all mining is assumed to be contracted out.

Table 12

Input parameter	MEAN	STD
Tonnage (UV sorted)	26 million	2 million
Effective stripping ratio (UV sorted)	5,6:1	0,1
Minimum width of mineralised zone	15 m	
Grade WO ₃ % (UV sorted)	0,33	0,02
Recovery % WO ₃	90%	1
Concentrate grade (pre chem treatment)	25%	2
WO ₃ price (R/tonne)	25 000	2 000
Capital expenditure (R)	210 million	11 million
Mining costs (R/tonne)	21,54	1,00
Metallurgical costs (R/tonne)	18,91	0,90

6.4.4 Results and conclusions

Based on the input parameters shown, the Project has the following expected NPV at 5%, 10% and 15% (Table 13):

Table 13

	NPV (R millions)		
	5%	10%	15%
Mean	- 111	- 122	- 128
STD	126	98	78

The Riviera Project yields a small operating profit, but a negative NPV at all of the discount rates used. The Project is obviously very sensitive to tungsten prices, and would rapidly improve were prices to firm. The current tungsten price is at approximately one third of the highs experienced at its peak.

No further drilling of the Project is recommended and exploration work should focus on the metallurgical aspects of the Project. In addition to this, the value and extractability of recently discovered Rare Earth Elements (REE) should be actively investigated. No account of either molybdenum or REE's was taken in this valuation.

6.5 Nuwefontein Project

6.5.1 Introduction

The information made available on this Project was a paper, Gabbro-norite-hosted Ni-Cu-(Co)-sulphide mineralisation in Southern Namaqualand and its relationship to the cupriferous Koperberg Suite of the Okiep Copper District, South Africa, by JN Hamman and A Rozendaal, S Afr J Geol, 1996,99 (2),153 – 168, geological sections core logs and geological maps.

6.5.2 Ore resources

Ore resources for the two largest massive sulphide lenses are quoted as having a combined *in situ* value of 2 Mt at a grade of 0,88% Ni, 0,02% Cu, 410 ppm Co, and 0,5 g/t combined PGE plus gold.

6.5.3 Valuation and risk analysis

A series of preliminary risk analysis valuations for the Nuwefontein Project were attempted. Current metal prices were used and a variety of underground mining methods tested. Due to the fact that further exploration would be required to delineate the underground reserves, no actual input parameters are given in this report. None of the risk models returned positive values for the given resource values. CL van Schalkwyk has indicated that an open cast reserve of 480 000 tonnes is available in the Project area.

6.5.4 Comments and conclusions

Oxide mineralisation

The possibility of small open cast reserves should be investigated.

Sulphide mineralisation

It is recommended that this Project should be viewed as one that requires further exploration with specific strategies in mind. Further exploration should be aimed at better understanding the controls on mineralisation with a view to increasing the resource base.

7 Final concluding statement

From the nature and range of projects that Thabex have assembled for this listing, it would appear that scope exists to turn some of the projects to account in the short term, as well as to develop the potential of others over the medium to longer term. The recent acquisition of important mineral occurrence databases enhances the possibility of Thabex discovering and acquiring significant future projects within Southern Africa.

CA Mallinson

MSc (Exploration Geology), Pr Sci Nat[†]

1 Directors' statements and technical advisors' report

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

2 Diamonds

2.1 Douglas Project

2.1.1 Location

Douglas is situated on the south bank of the Vaal River about 90 km southwest of Kimberley (Long 23° 44' E, Lat 29° 25' S) in the Northern Cape Province. The Breipaal alluvial diamond prospect is located on the north bank of the Vaal River 4 km downstream from Douglas, and takes the form of a series of exposed gravel terraces that readily lend themselves to exploitation. The first ever diamond to be discovered in South Africa was derived from ancient gravels of the Vaal/Orange River system, and these gravels have been mined continuously and successfully ever since.

2.1.2 Commodity summary

Estimates of ore reserves made by independent consultants are summarised below:

Estimated reserves: 3 659 600 tonnes in four separate terrace deposits, with an estimated grade of 1,1 carats per 100 tonnes.

Terrace	Probable mineable tonnes	Expected grade ct/100 t
A	1 020 000	1,2
B	228 000	1,0
C	2 286 000	1,1
D	125 000	1,0
Total	3 659 600	1,1

Alluvial diamonds tend to have a greater proportion of gem quality specimens due to the elimination of lower quality stones during transportation. The average price received for the quality of stones in this area is R2 500 per carat.

2.1.3 Geologic setting

Gravel terraces are developed along the palaeo course of the Vaal River and represent a natural consequence of progressive aggradation and erosion during the life of the waterway. Much of the Vaal/Orange River system is characterised by relict aggradational terraces that can be generally dated according to their height and distance from the present channel. Periods of major divergence from the present channel can also be recognised by ancient gravel channelways, but which may not have a terrace form (eg abandoned meanders).

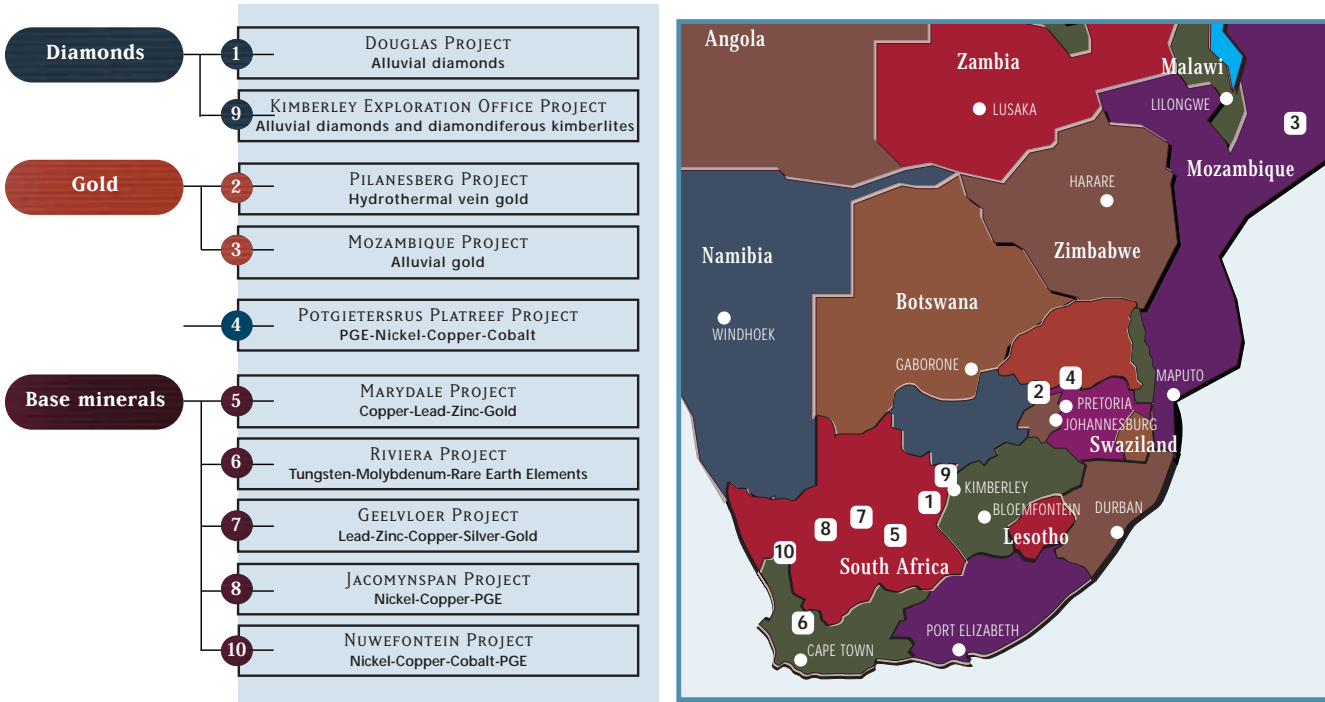
The Breipaal terraces are contained within a substantial point bar controlled by a sharp south-verging meander of the Vaal River, which has probably been in existence since the Pliocene (5 – 1,8 Ma before present). The lower (and therefore younger) terrace is developed closest to the present channel, while immediately to the north a higher, older terrace is revealed.

The higher terrace is estimated to be Pliocene in age, contain mainly small cobbles and is highly calcretised. The lower terrace is likely to be Pleistocene (1,8 ~ 0,1 Ma) in age, contains on average a coarser cobble assemblage, is not calcretised, but is overlain by a 4 – 5 m thick layer of recent silty alluvium. Comparison of the two terraces indicate that the younger was formed during a period of greater stream flow, when active down-cutting and a greater degree of boulder transport was taking place. Lower energy conditions prevailing during the Pliocene resulted in reworking of the older terrace.

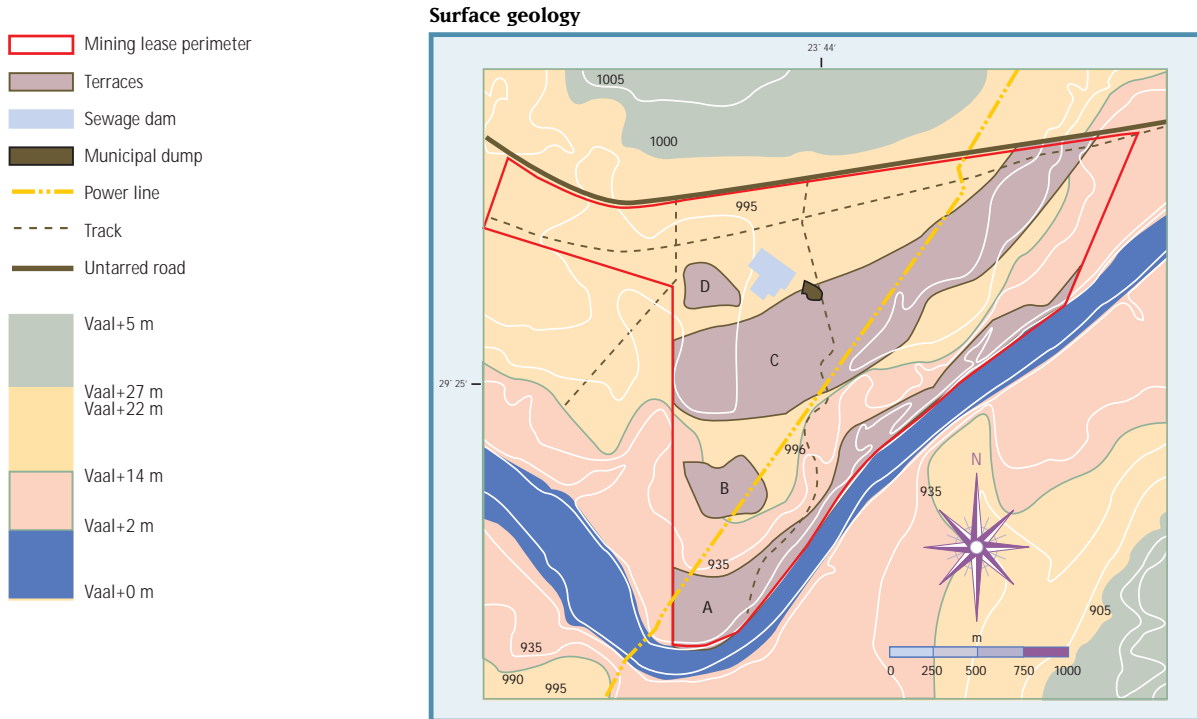
2.1.4 Exploration

Diamex plans to spend approximately R150 000 over the next two years on percussion grid drilling on 50 m intervals to add to the geological data base, thickness and profile of the base of the gravel deposits.

Locality map



Douglas Project



2.1.5 Mining

Thabex has entered into a Joint Venture agreement with LA Dias, K Laidlaw and LC Mathews, earthmoving contractors and consulting geologist, respectively, in order to commence mining operations on the Douglas Project area. The total estimated capital expenditure by DME is R1 120 000 for a diamond recovery plant. The Joint Venture partner will provide earthmoving equipment to the value of R4 000 000. Diamex will manage and mine the diamond deposit on behalf of the Joint Venture.

3 Kimberley Exploration Office Project

3.1 Location

The Kimberley regional office is used mainly as a base for Pioneer's diamond exploration activities in the region. Pioneer has an option to purchase the Kimberley office together with an extensive geological and exploration database from Robert Cooke Mineral Consultants. The database consists of exploration information on more than 600 mineral occurrences situated in South Africa, Namibia, Botswana, Swaziland, Lesotho, Zimbabwe, Zambia and Angola. It also includes an extensive coverage of geological, geophysical and topographic maps, textbooks and other geological and exploration publications.

3.2 Exploration

Diamond exploration is currently mainly associated with the evaluation and acquisition of economically viable alluvial diamond deposits associated with the palaeo Vaal/Orange River drainage system. Some potential diamondiferous kimberlite occurrences are also under investigation.

A total amount of R400 000 is budgeted to conduct exploration during the next two years over various properties in the area between Douglas and Prieska. The exploration will consist of percussion drilling and trail mining with diamond recovery plant.

3.3 Classification

The Kimberley Exploration Office Project is considered vital to Thabex's future exploration activities, as it would be the base for the generation of exploration targets for investigation. It can be classified as a project with an undetermined economic value, stage of feasibility study and geological certainty. However, the information contained therein is extremely expensive to recreate and as such is invaluable to Thabex as an exploration company. In terms of the option agreement the exercise price to acquire this database is R500 000.

4 Gold

4.1 Pilanesberg Project

4.1.1 Location

The Pilanesberg deposit is located 12 km west of Sun City in North West Province (Long 27° E, Lat 25° 22' S). Gold-bearing quartz lodes occur at the surface in an area close to the major mining district of Rustenburg in North West Province.

4.1.2 Commodity summary

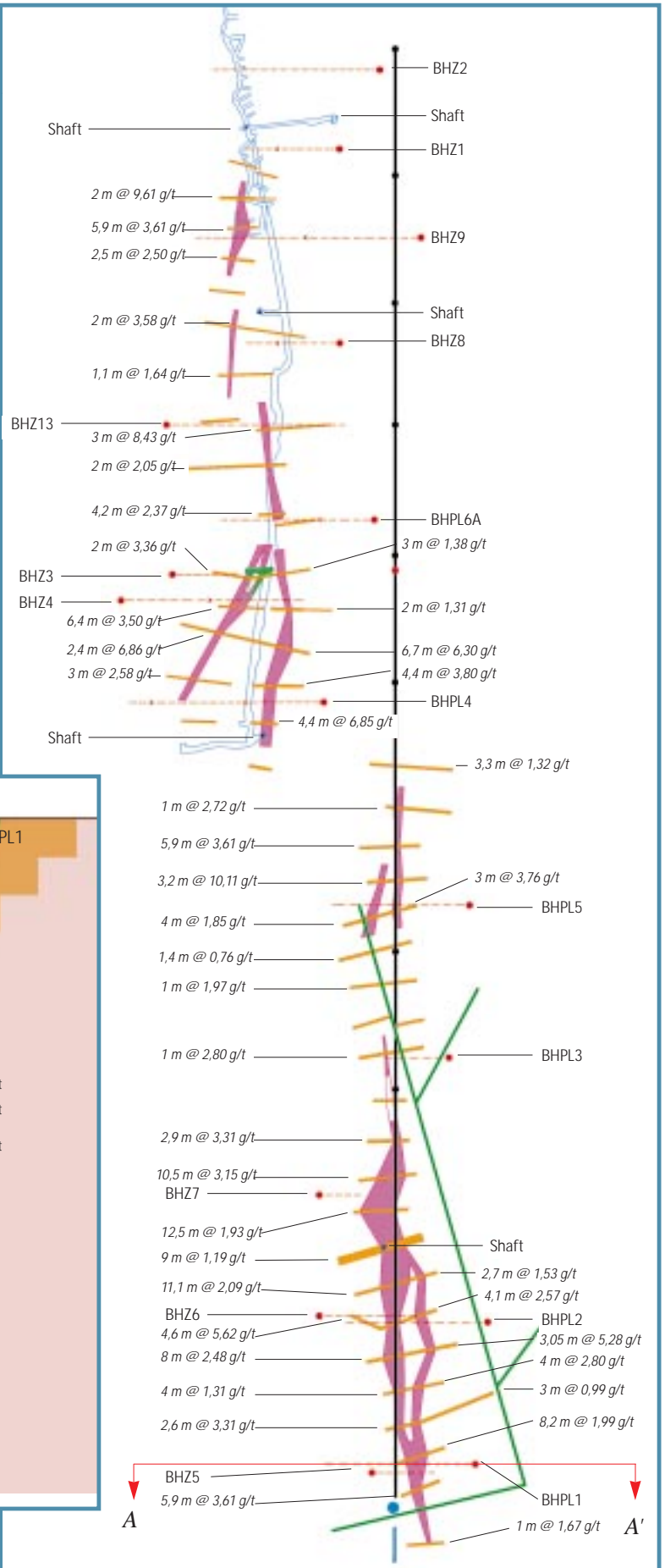
Estimates of ore reserves made by independent consultants are summarised below:

Geological reserves: 2,24 Mt grading 2,63 g/t

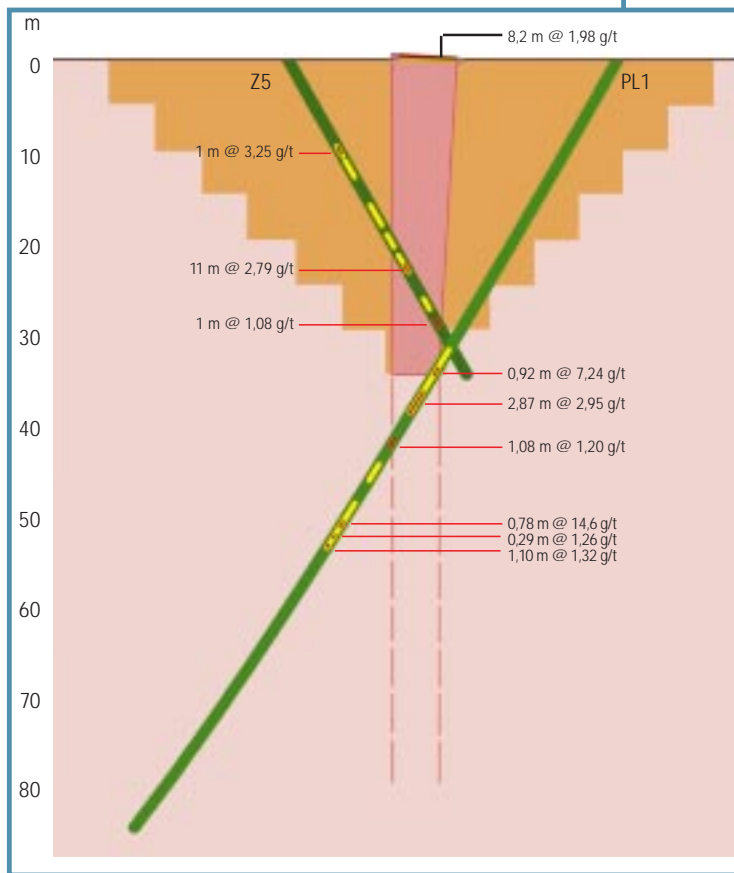
Gold reserve classification	Ore reserved (tonnes)	Average depth (metres)	Average grade Gold (g/t)
Proven	210 000	30	2,94
Probable	440 000	200	2,60
Possible	1 598 000	400	2,60
Total	2 248 000	400	2,63

Pilanesberg Project

- Ore body
- Old workings
- Borehole
- Trench
- Farm boundary



Section AA'



4.1.3 Geologic setting

The Pilanesberg gold deposit consists of a series of en echelon auriferous quartz lodes localised along a north-northwest trending fault zone that separates quartzites of the Pretoria Group in the west from norites of the Bushveld Complex in the east. Much of the gold is concentrated in lodes associated with a subsidiary fault within the Bushveld norites, that parallels the main bounding fault.

The quartz lodes have been traced for 1 400 m along the strike length of the fault and have a near vertical attitude. The mineralised fault zone is terminated in the north by a later east-west trending fault, but its extension to the south has not been deduced. Lode thickness varies widely, with some quartz blows reaching up to 22 m across. Thin mafic dykes of different generations (both pre- and post-quartz lodes) trend parallel to the fault zone.

No estimate of the age of mineralisation has been proposed, although clearly post-Bushveld (2 050 Ma). Proximity to the 1 350 Ma Pilanesberg alkaline igneous complex could suggest some relationship, as the gold-bearing fault zone is tangential to the outer western margin of the Complex.

4.1.4 Mineralisation

Gold is usually associated with arsenopyrite distributed irregularly throughout the host quartz. Introduction of the gold appears to have post-dated the main quartz deposition event, but mineralisation never extends beyond the boundaries of the veins. High gold values are often encountered near the vein contacts with the norite country rock.

Minor traces of pyrite, chalcopyrite, chalcocite and native copper have been reported, the latter two minerals being products of near surface supergene enrichment. Oxidation of the auriferous sulphides extends to 40 m depth, with transition to unoxidised ore at 55 m depth.

Two separate high grade zones have been defined along the fault zone, separated by a distance of 600 m. Drilling has revealed mineralisation to extend beyond 100 m depth.

4.1.5 Exploration

Thabex plans to do a due diligence investigation on the property. This investigation which will include five reverse circulation percussion boreholes is planned to verify the EL Bateman feasibility reserves. The estimated cost for the drilling is R75 000. Following the confirmation of the structure and grade of the ore body, a feasibility study will be conducted at an estimated cost of R120 000.

4.1.6 Mining

The main aim of above feasibility is to confirm the amenability of the oxidised ore to the planned 6 000 tonnes per month heap-leach operation. The estimated life of mine for this operation is estimated at three and a half years at a capital cost of R1 000 000.

4.2 Mozambique Project

Thabex has in principle agreed to acquire 60% of the equity of a Mozambique mining company, MGD. Preliminary exploration for gold over a 17 000 ha area is planned to commence during October 1997, once the application for a prospecting licence has been approved. MGD has a prospecting licence over an area of 400 ha to mine semi-precious stones and gold in the Nampula area of the Zambezia Province in Mozambique. It is currently trading in semi-precious stones, including tourmaline, garnets and emeralds.

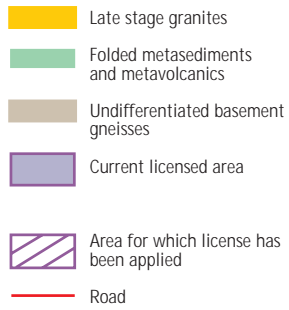
4.2.1 Location

Alluvial gold prospects are located near Nampula in the Zambezia Province of Northern Mozambique (Long 38° E, Lat 15° S). Although better known for the numerous pegmatite deposits containing emeralds, garnets, tourmaline and aquamarine the region has also considerable potential for the discovery of gold deposits.

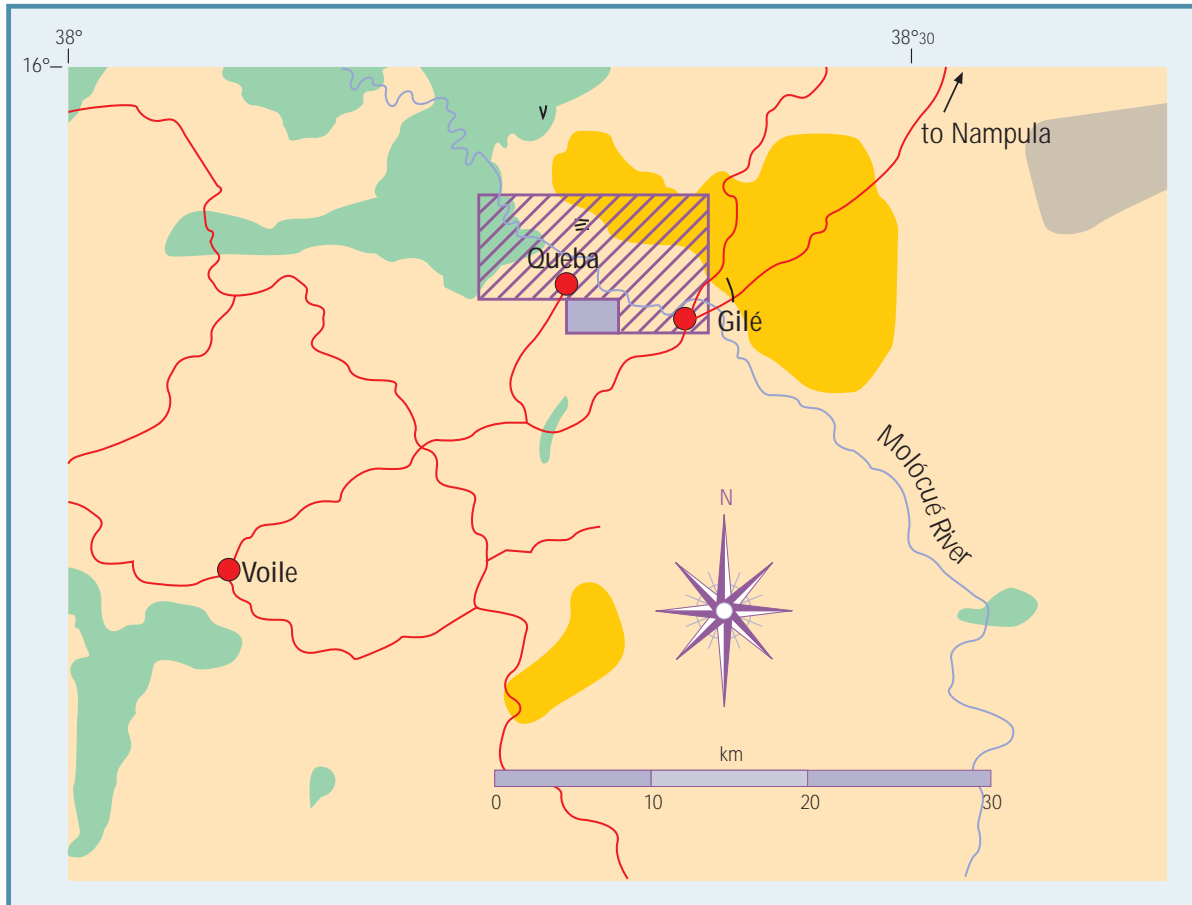
4.2.2 Commodity summary

No reserves have been estimated since the prospect has yet to be fully investigated. The potential of the area consists of gold placers, with the expectation of tracing the alluvials back through eluvial to the primary sources.

Mozambique Project



Locality and general surface geology



4.2.3 Geologic setting

Preliminary exploration of the Mozambique gold placers is in the early stages and therefore only a general overview of the alluvial concentration process is presented.

In Northern Mozambique the tropical climate results in deep chemical weathering of primary gold deposits, thus liberating the gold particles from their lithified host into secondary saprolitic clays. *In situ* fixation into residual duricrusts such as laterite represents a transitional eluvial stage of gold mineralisation which is developed close to the primary source. Decomposition of the host rock during chemical weathering causes the inert gold to be substantially concentrated. Subsequent erosion of the eluvial deposit enables the gold to be transported into river systems that have the potential of further concentrating gold particles into alluvial placers, by virtue of the mineral's greater specific gravity.

Gold-bearing alluvial and eluvial deposits have been recognised in the pegmatite mining district to the west of Gilé, a village on the Molócué River, some 250 km southwest of Nampula. Relatively coarse nugget gold was won from the alluvial gravels indicating that transport from the primary source may be minimal. The country rock includes metasediments and metavolcanics intruded by various granites of similar age, forming part of the Proterozoic (1 000 ~ 500 Ma old) Mozambique Belt. Pegmatite and quartz veins represent the final stage of activity that characterises this belt that extends north and east from Mozambique into Tanzania, Kenya and Madagascar. Based on these observations, it is expected that the primary source of the gold is in quartz lodes.

4.2.4 Exploration

Thabex is planning to send a team to the area in the next few months to do regional mapping and sampling with a sluice box. The estimated cost for the exploration over this area up to September 1998 is estimated at R300 000.

5 Platinum

5.1 Potgietersrus Platreef Project

The Transitional Local Council of Greater Potgietersrus called for new tenders to prospect the area covered by the previous prospecting agreement and the board of directors of Thabex has submitted a tender. With metallurgical processes improving, it is the new board's opinion that, subject to Thabex's tender being successful, a thorough re-evaluation of the Potgietersrus Platreef rights, both technically and financially, should be conducted. The re-valuation is particularly important in view of the ongoing substantial adjustments in relative exchange rates since the initial feasibility study was completed.

5.1.1 Location

The Potgietersrus deposit is situated on the northern extension of Potgietersrus Townlands, about 31 km south of the Amplats mine (Potgietersrus Platinum) (Long 29° E, Lat 24° 10' S). Platinum Group Element (PGE) mineralisation occurs from surface to 200 m vertical depth within the Platreef zone of the Bushveld Complex, probably the greatest repository of PGE in the world.

5.1.2 Commodity summary

Estimates of ore reserves made by independent consultants are summarised below:











Geological reserves: 25 Mt sulphide ore grading 0,5 – 5,0 g/t total PGE, 0,1 – 1,0% Ni, 0,1 – 0,8% Cu, 0,01 – 0,02% Co.

5.1.3 Geologic setting

The Project is located within the northern lobe of the 2 050 Ma old Bushveld Complex near its basal contact with the underlying Transvaal Sequence. Extending in a northerly direction from Potgietersrus, this basal intrusive contact progressively cuts lower into the Transvaal stratigraphy until it encounters the Archaean granite gneiss basement. In this fashion, the northern lobe differs from the eastern and western lobes, where most of the mining activity has been hitherto concentrated. Of particular importance is the resultant interaction between the Bushveld magmas and carbonate sediments that occur in the lower parts of the Transvaal stratigraphy.

In the Potgietersrus lobe, sulphide mineralisation is developed in the lower parts of the Bushveld igneous stratigraphy that has been correlated with the Critical Zone, but differs markedly from traditionally mineralised horizons elsewhere in the Bushveld Complex (Merensky Reef and UG2 horizons) in that it is distributed over a much thicker interval of cumulates. Consequently the mineralised zone has been distinguished as a separate entity, the so-called Platreef, which appears to replace the Merensky Reef and UG2 in the Potgietersrus lobe.




Potgietersrus Platreef Project

-  Main zone gabbro
-  Lower zone
-  Mineralised zone
-  Norite/pyroxenite
-  Xenoliths
-  Floor sediments
-  Piet Potgietersrust Townlands
-  Undifferentiated sediment of the Transvaal sequence
-  Main zone (norite/gabronorite & other roof rocks)
-  Lower zone (bronzitite / harzburgite)

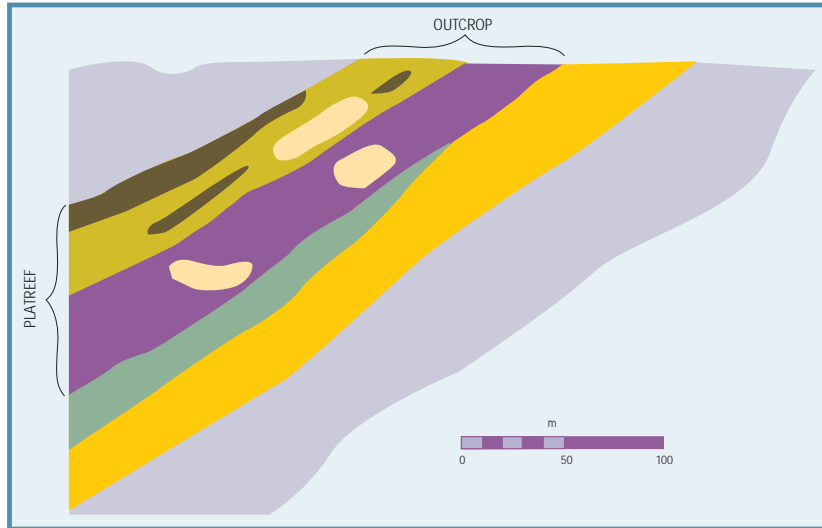
f - - - f Faults

EVALUATION DRILLING AREAS

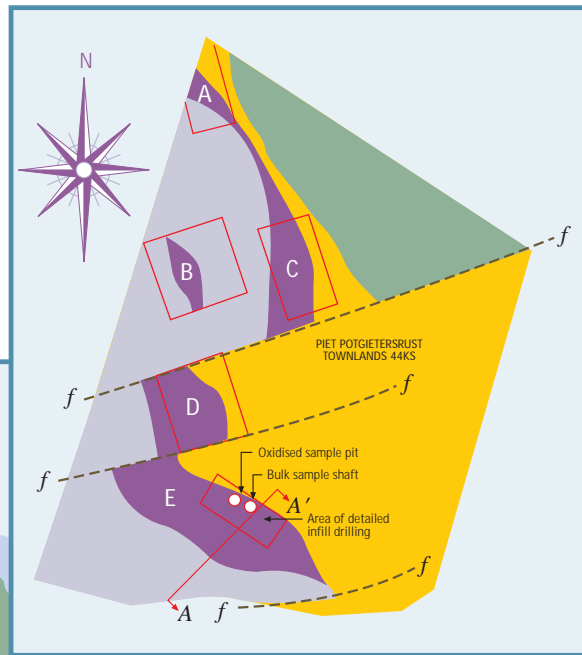
- A Far North
- B Northwest
- C Northeast
- D Central
- E Southwest

-  Potgietersrust Platreef Project area
-  Piet Potgietersrust Townlands
-  Mafic rocks of the Bushveld Complex

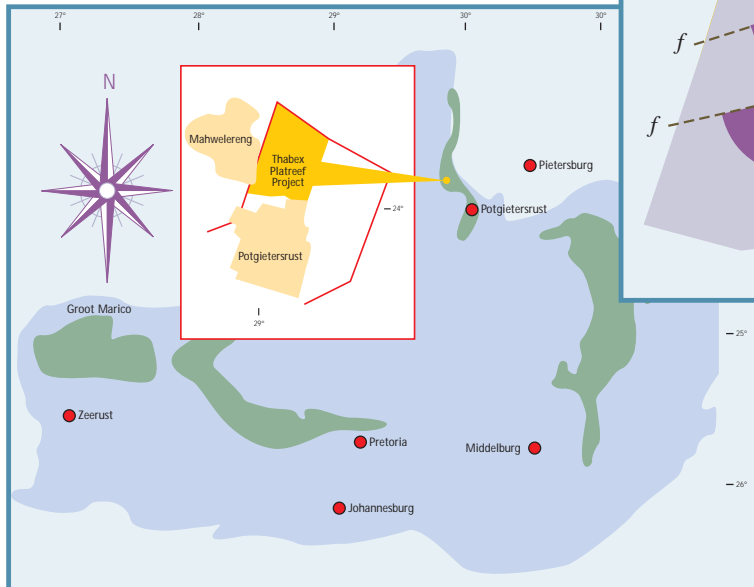
Section AA'



Surface geology



Locality map



The Platreef is typified by a range in mafic and ultramafic cumulate lithologies (pyroxenite, melanorite, norite, gabbro), hosting irregularly-distributed sedimentary xenoliths which were in various stages of assimilation by the intruding magma.

5.1.4 Mineralisation

The Platreef occurs along the basal contact of the Bushveld Complex and has been mapped throughout the northern option area. Its presence is indicated over large portions of the main Townlands to the south of Potgietersrus. Economic concentrations of copper, nickel and cobalt in sulphide (pyrrhotite, chalcopyrite, pentlandite) are commonly associated with gold, platinum and palladium and other minor concentrations of the balance of the PGE. Although sulphides and associated PGE are generally elevated along the entire strike length of the Platreef in the Potgietersrus lobe, potentially economic concentrations are more restricted. Such targets have been defined in the Platreef at the Project.

5.1.4.1 Southwest body

The anomaly is some 800 m long and 200 m wide, with possible ore reserves up to a vertical depth of 100 m of 21 Mt with 0,15% – 0,4% Ni, 0,15% – 0,25% Cu, 0,7 – 5,5 g/t PGE + gold. Diamond drilling has proved the presence of robust Platreef to depths well in excess of 200 m with a consistent dip of 25° to the southwest.

5.1.4.2 Central body

The central anomaly has a strike length of 300 m. The anomaly shows a broad dispersion towards the west which is strengthened by a second anomaly some 300 m further to the west. Possible ore reserves up to a vertical depth of 100 m in the central anomaly are 7 Mt with metal concentrations similar to those of the southwest anomaly.

5.1.4.3 North-central body

This anomaly is approximately 350 m long. It is fault-bounded to the south and open-ended to the north where several pits and trenches testify to its possible northerly extension. The lower Platreef is about 30 metres thick here. Another 7 Mt with metal grades similar to those of the southwest anomaly are indicated.

5.1.5 Exploration

No further exploration is budgeted and planned for this Project until clarity about the tender has been received. In the event that the tender is awarded to Thabex an independent audit of the previous feasibility study will be conducted to better define the possibility of commencing open cast mining operations on both the oxide and sulphide zones.

6 Base minerals

6.1 Marydale Project

6.1.1 Location

The Marydale Project is essentially a land holding situated between Marydale and Prieska (centered at Long 22° 15' E, Lat 29° 35' S). A number of mineral occurrences are present and further prospecting will be undertaken to locate additional Cu-Zn volcanogenic massive sulphide ("VMS") deposits of the Copperton-type, with attention also given to gold potential and the possible along strike development of Cu-Pb-Zn SEDEX (sedimentary exhalative) sulphide deposits.

Pioneer has eleven farms, totalling 64 638 ha, under option in the area from Prieska to Marydale in the Northern Cape Province. The properties are situated in the Areachap Terrane which contains the VMS massive sulphide orebodies of the Prieska and Areachap deposits. A number of small massive sulphide bodies are known to occur in the optioned area.










The area was recently under option to Iscor. However, Iscor has decided that it is cutting back on its projects and consequently abandoned the optioned area in June this year. Iscor has been conducting geochemical and geophysical surveys over the area with the aim of locating massive and disseminated sulphide mineralisation. All exploration information will revert to Pioneer.

6.1.2 Commodity summary

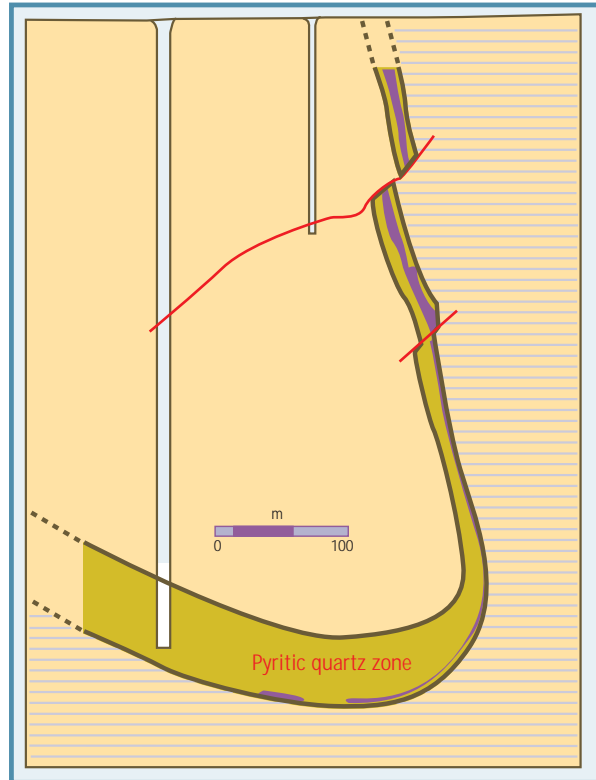
As a guide to the type of deposits that could be located, published estimates of reserves at Copperton and Areachap are given below:

Copperton:	47 Mt with 1,7% Cu, 3,8% Zn	Mined out
Areachap:	8,9 Mt with 0,4% Cu, 2,24% Zn	No recent mining

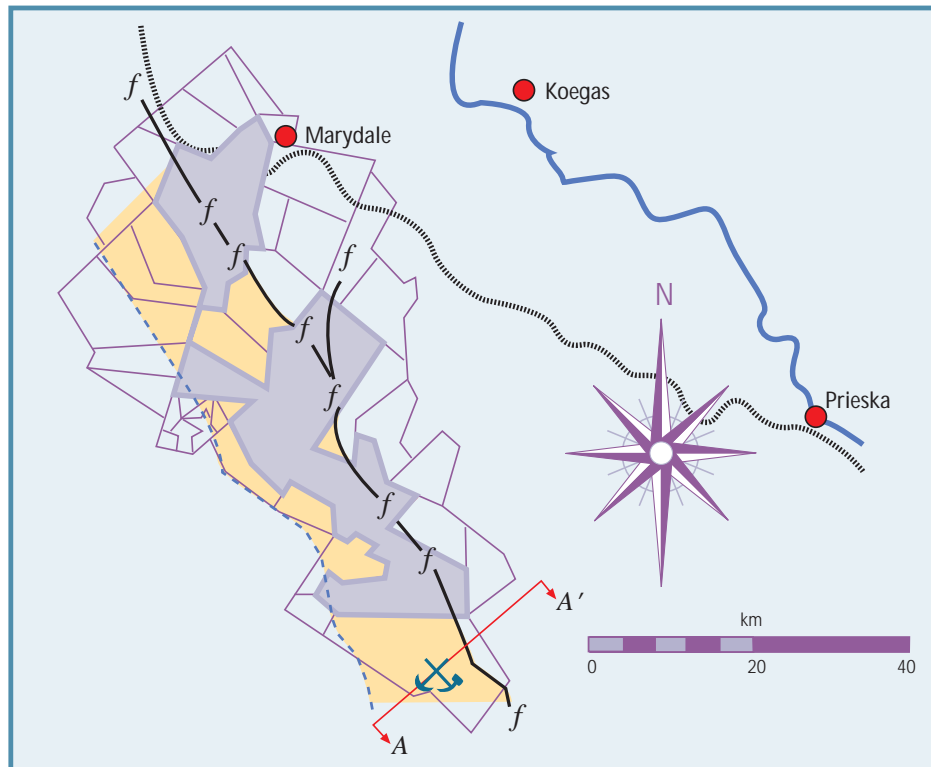
Marydale Project

-  Jacomynspan and Areachap groups
-  Farms under operation
-  Railway track
-  Brakbosch fault
-  Contact
-  Defunct Copperton mine
-  Ore body
-  Streaky gneiss
-  Banded gneiss

Section AA'



Locality map



6.1.3 Geologic setting

The Areachap Terrane is a roughly north-south trending belt in the eastern marginal zone of the Namaqua Province, consisting of metamorphosed volcanic, plutonic and associated sedimentary rocks possibly developed in an island-arc setting, between 1 300 and 1 100 Ma ago. Economic Cu-Zn mineralisation developed within the Areachap Terrane (Copperton and Areachap mines) has been classified as related to Besshi-type Volcanogenic Massive Sulphide (VMS) deposits. It has also been suggested that these VMS deposits may show zonation from strongly volcanogenic in the north (proximal: Areachap) to volcano-sedimentary (transitional: Copperton) in the south.

6.1.4 Exploration

Apart from the typical Cu-Zn metal association, gold has also been detected in similar VMS deposits elsewhere, so the precious metal potential needs to be investigated. Exploration expenditure of R500 000 is budgeted for the area over the next two years and will consist of geological and geophysical studies.

6.2 Riviera Project

The property, situated about 129 km north of Cape Town, was discovered and investigated by Union Carbide and Anglo American during the period 1975 – 1988. Some 19 000 m of drilling defined a mineralised body that is amenable to open cast mining.

Mineralisation is associated with a granite cupola intrusive into the schistose carbonite-rich sediments and volcanic rocks of the Malmesbury Group. Scheelite and molybdenite are accompanied by pyrrhotite and pyrite with minor amounts of chalcopyrite, bismuthinite, shalerite and galena. Significant amounts of rare earths have recently been discovered during a detailed study of the cores by the University of Stellenbosch. The width of individual mineralised bodies varies from 10 to 60 m and dips approximately 30° to the southeast. Anglo American has estimated an open cast reserve of 46 Mt grading 0,216% WO₃ and 0,02% Mo based on a cut-off grade of 0,1% WO₃ and a minimum width of 15 m. Up to 1% rare earths are found in places within the mineralised body.

Pioneer is investigating the different metallurgical routes for the economic process of the ore in order to evaluate the viability of the Project.

6.2.1 Location

The Riviera prospect is located about 50 north-northwest of Piketberg in the Western Cape Province (Long 18° 45' E, Lat 32° 45' S). A mineralised granite roof zone occurs close to the surface and is amenable to open pit development for extraction of tungsten and molybdenum. At present there are no mines in South Africa producing tungsten or molybdenum as a primary product.

6.2.2 Commodity summary

Estimates of ore reserves made by independent consultants are summarised below:

Pre-feasibility study reserves: 46 Mt grading at 0,216% WO₃ and 0,02% Mo.

6.2.3 Geologic setting

The Western Cape region is underlain by a folded sequence of low grade metasediments of the Malmesbury Group. While predominantly clastic in character, limestone and volcanic units are known to occur within the sequence. Subsequent to their first phase of deformation, the metasediments were intruded between 600 and 500 Ma ago, by a suite of high level granite plutons (Cape Granite Suite) around which Sn-W-Mo mineralisation has developed to varying degrees.

6.2.4 Mineralisation

At Riviera, the roof zone of a largely buried granite intrusion consists mainly of hydrothermally altered rocks in contact with recrystallised and metasomatised carbonate country rock. The setting has been compared with that of a porphyry and skarn type deposits.

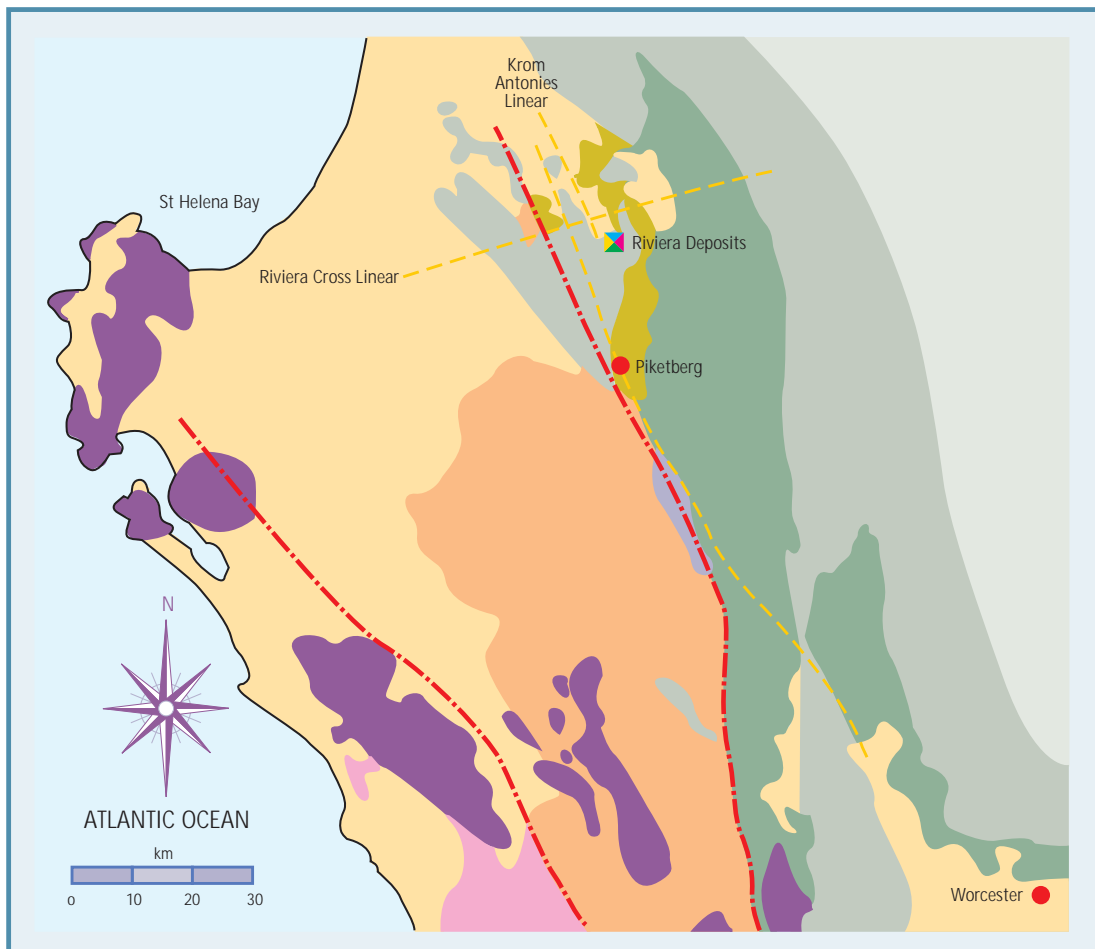
Scheelite and molybdenite are accompanied by pyrrhotite and pyrite, with minor amounts of chalcopyrite, bismuthinite, sphalerite and galena. The ore minerals are distributed in fine disseminations and calcite or quartz veinlets mainly within the altered granite of the roof zone, but some mineralised veinlets also extend into the surrounding skarn zone.

Riviera is a blind ore deposit, a map of the area really only showing the surrounding geology, as illustrated.

Riviera Project

- Recent
- CAPE SUPERGROUP
- BOLAND SUPERGROUP
(Northeast domain)
- Porterville formation
- Piketberg formation
- SWARTLAND SUPERGROUP
Various formations not
differentiated
(Central domain)
- Tygerberg formation
(Southwest domain)
- Bridgetown queenstone
belt
- Cape granites

Locality and general surface geology



6.2.5 Exploration

Exploration of this Project will be limited to economic studies and the taking of the bulk sample in order to determine the most economic metallurgical route for the recovery of tungsten and rare earth elements. The exploration budget for the project during the next financial year is estimated at R150 000.

6.3 Geelvloer Project

On 4 March 1997, Thaba Egoli exercised its option over the mineral rights on the farm the Remaining Extent of Adjoining Geelvloer. Thaba Egoli is holding options over a further 12 000 ha area adjacent to the Geelvloer property. The Geelvloer deposit comprises massive sulphide mineralisation occurring in a sequence of metamorphic rocks comprising biotite gneiss, leptonite, amphibolite and calc-silicates. Previous drilling by Phelps Dodge, Newmont and Gencor has identified three separate startabound mineralised zones dipping 25 – 30 to the northeast. These zones vary in width from 1 to 8 m and contain significant amounts of zinc (1,80 – 4,23%), copper (0,50 – 1,00%), lead (0,40 – 0,89%), silver (18 – 34 g/t) and gold (0,04 – 0,85 g/t). Gencor has estimated that drill indicated ore reserves are 7,18 Mt. During the past year, Thabex has been investigating the area and based on the information available, the project has potential for more detailed exploration. Thabex is currently negotiating with a Canadian company to enter into a Joint Venture to explore the area in more detail.

6.3.1 Location

The Geelvloer deposit is located on the farm Adjoining Geelvloer, approximately 100 km ESE of Aggeneys and 80 km SW of Kakamas (Long 20° 05' E, Lat 29° 20' S). Situated within the Bushmanland region of the Northern Cape Province, Geelvloer shares many features of the producing polymetallic ore deposits of Aggeneys and consequently Thabex has set, as a priority, the full evaluation of Geelvloer's potential.

6.3.2 Commodity summary

Estimates of ore reserves made by independent consultants are summarised below:

Geological reserves: 8 Mt grading 5,51% Zn equivalent
(0,6% Pb, 0,8% Cu, 2,3% Zn, 24 g/t Ag, 0,8 g/t Au)

6.3.3 Geologic setting

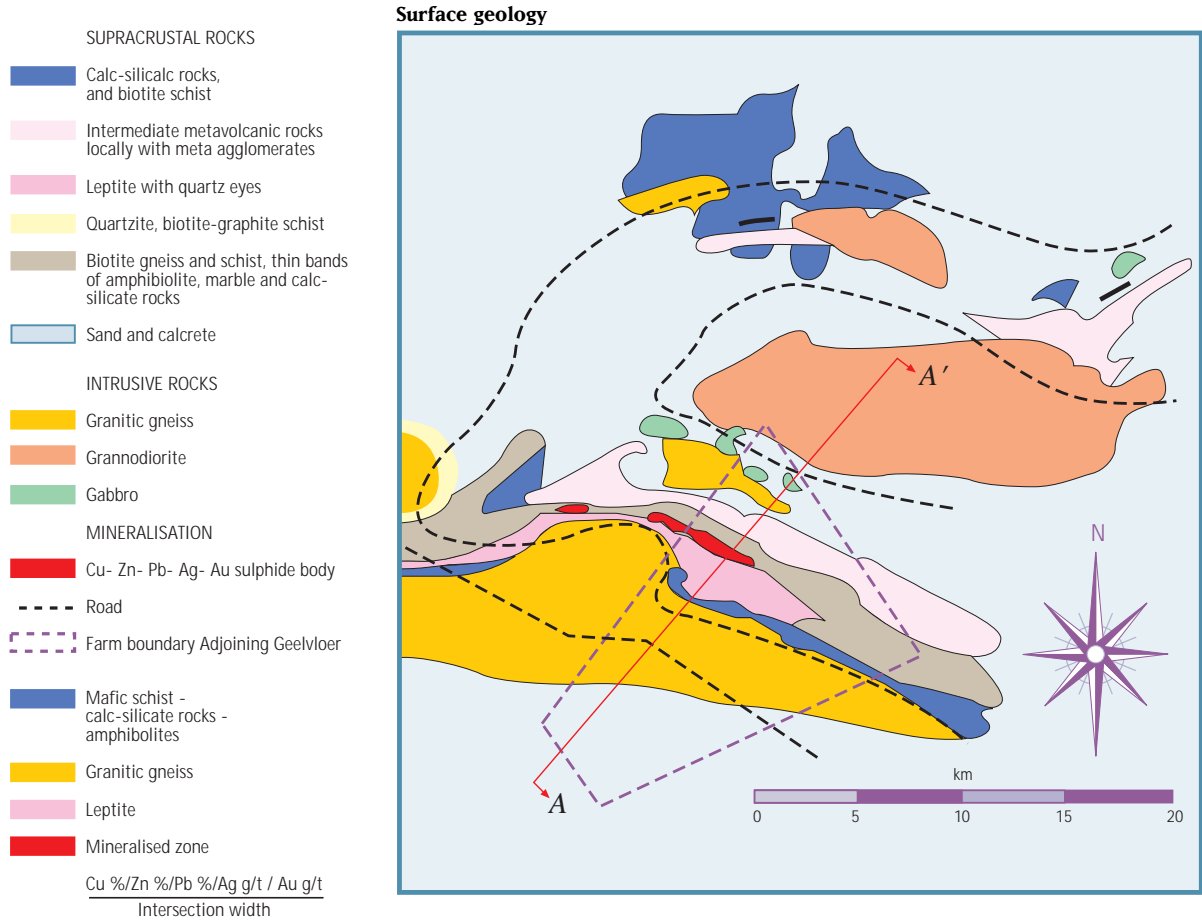
Bushmanland is underlain by rocks of the Namaqua Province, a vast zone characterised by high grades of metamorphism and deformation, which have transformed the original precursor lithologies (including the mineralised horizons) to schists and gneisses. Central Bushmanland hosts giant SEDEX base metal sulphide deposits in the Aggeneys area. Host rocks to these SEDEX deposits, the volcano-sedimentary Bushmanland Group, is thought to have been deposited between 1 650 and 1 900 Ma ago, but experienced metamorphism and granitic intrusion between 1 200 and 1 100 Ma ago.

An important feature of the Bushmanland SEDEX deposits is that they have been upgraded by the metamorphism (dramatic increase in sulphide grain size) and deformation (remobilisation into massive sulphide zones in fold hinges). Discovery of these high grade zones at Broken Hill strongly influenced decisions regarding its profitable exploitation.

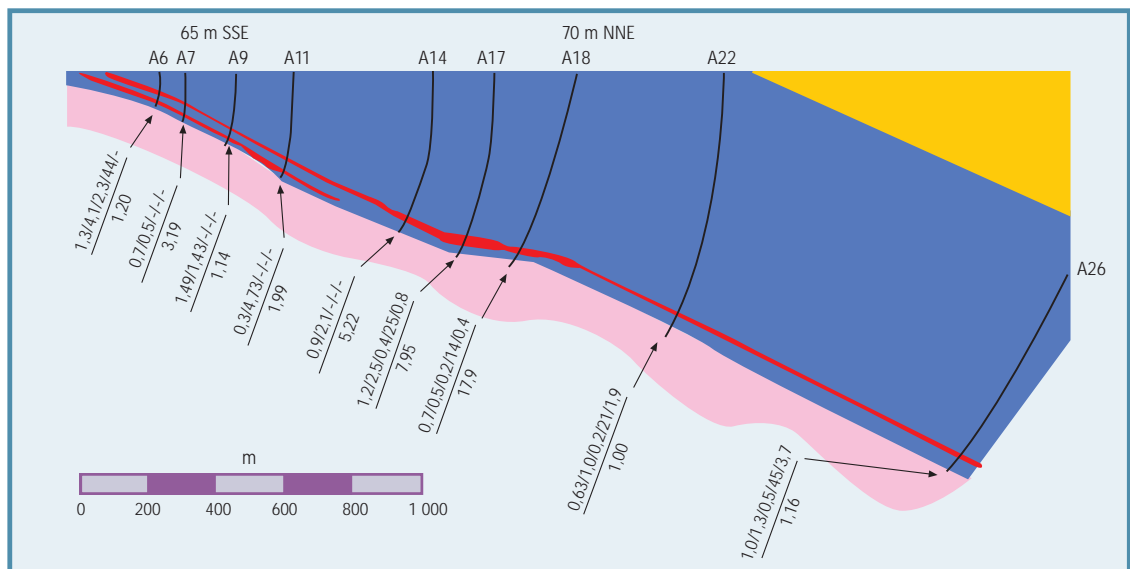
Adjoining Geelvloer is underlain by a sequence of quartzo-feldspathic gneisses (quartzite, leptonite, leucogneiss, biotite gneiss) and calc-silicate gneisses (including para-amphibolite) that dips between 20° and 60° to the NE. While interpreted to be metasedimentary in origin, some horizons have been described as metavolcanic (components of the biotite gneiss, orthoamphibolite). Further to the northeast, these gneisses are intruded by pre-tectonic megacrystic granite gneiss and syn- to post-tectonic granitic rocks (granodiorite-tonalite).

Comparative studies across Namaqualand and Bushmanland have resulted in the Geelvloer lithologies being correlated with those exposed at Aggeneys, and hence being included within the Bushmanland Group. Other workers have highlighted the importance of calc-silicates and lack of distinctive iron formation in the Geelvloer sequence and have argued for their distinction from typical Bushmanland Group lithologies. However, such calc-silicate horizons are not unknown in the Bushmanland Group, being described from Big Syncline in the Aggeneysberge (known base metal deposit), Putsberg (known Cu-Pb-Zn mineralisation) and also at Swartkoppies (sillimanite mines). However, it is thought that the Bushmanland Group is bounded to the south by a separate calc-silicate rich metasedimentary facies and thus Adjoining Geelvloer could be situated at the boundary between these two facies. The strong metasedimentary character of the Geelvloer sequence is emphasised, and it follows that the mineralisation is thought to be of the sedimentary-exhalative type (SEDEX), similar to that proposed for the deposits around Aggeneys.

Geelvloer Project



Section AA'



A third interpretation focuses on the presence of metavolcanic rocks with preserved pyroclastic textures within the Geelvloer sequence, and taken together with the close proximity of intrusive granite bodies, suggests that the mineralisation is a Volcanogenic Massive Sulphide (VMS) deposit of Kuroko-type, being a product of volcanogenic exhalations. Certainly the copper-rich nature of Geelvloer would support this interpretation.

6.3.4 Mineralisation

On Adjoining Geelvloer, base metal mineralisation is developed over a strike length of 1,5 km in a variable sequence of grey biotite gneiss that dips 28° northeast. Diamond drilling has defined a relatively high grade mineralised shoot with a strike length of 400 m. The higher grade shoot pitches east-northeast at 22° and continues from surface to 3 000 m down plunge. The deepest borehole intersected the mineralised zone at a vertical depth of 1 140 m. The 1 to 7 m thick ore zone is contained in a sulphide-bearing horizon up to 17 m in thickness. While massive sulphide mineralisation does occur, sulphides are more commonly disseminated to semi-massive and appear to have been remobilised. Pyrite is the common sulphide mineral while chalcopyrite and sphalerite are the predominant ore minerals.

The Geelvloer copper-zinc-lead-silver-gold deposit is a drill indicated resource of 8 Mt at an average zinc equivalent grade of 5,51%. At the current metal prices this equates with an *in situ* value of R340 per ton of ore.

6.3.5 Exploration

Current estimates of grade, taken together with the low Cu and Pb contents place Geelvloer as being marginal to sub-economic. This is underlined by the existence of the nearby Gamsberg zinc deposit, which boasts both a higher grade and greater tonnage, but has yet to be exploited by Gold Fields of South Africa due to adverse profit margins and metallurgical problems.

The geologic structure has not yet been identified satisfactorily. A lithochemical study of the host rocks may allow the recognition of a metamorphic halo, as recently recognised in the Aggeneys area. These are low cost activities that can be carried out on drill core samples inherited from the earlier exploration programmes. Information obtained from these laboratory studies will help in better defining a working model of the Geelvloer mineralisation, thereby providing guidelines for additional drilling.

Exploration planned for the next two years for this Project is estimated to cost R200 000 and will include the above investigations, percussion drilling to closer define the open cast reserves and metallurgical test work.

6.3.6 Mining

Thabex is planning to spend an amount of R200 000 during the next financial year to conduct a feasibility study with the view to commence open cast mining on the Project area. The estimated capital expenditure for the open cast operation is estimated at R8 000 000 and will be financed from cash flow generated from operations.

6.4 Jacomynspan Project

Low grade nickel-copper mineralisation is present in the zone hosted in chlorite-biotite-tremolite schist and measuring some 5 000 m along strike, and varying in width from a few metres to a maximum of 116 m. Previous drilling by Anglo American and AngloVaal has indicated reserves of 6,42 Mt oxide ore grading 0,19% Ni and 0,13% Cu and 107,76 Mt sulphide ore grading 0,25% Ni and 0,16% Cu.

The sulphide mineralisation occurs mainly as disseminated pyrrhotite, pentlandite and chalcopyrite. Preliminary investigations has shown that the mineralisation is also associated with PGM mineralisation.

The area covered by Thaba Egoli's options is 20 000 ha in extent.

A pre-feasibility study conducted by an independent consultant indicated that an economically viable open cast mine can be established on the deposit.

Thabex is negotiating with a Canadian company with the view to further exploration and possible development of the Project.

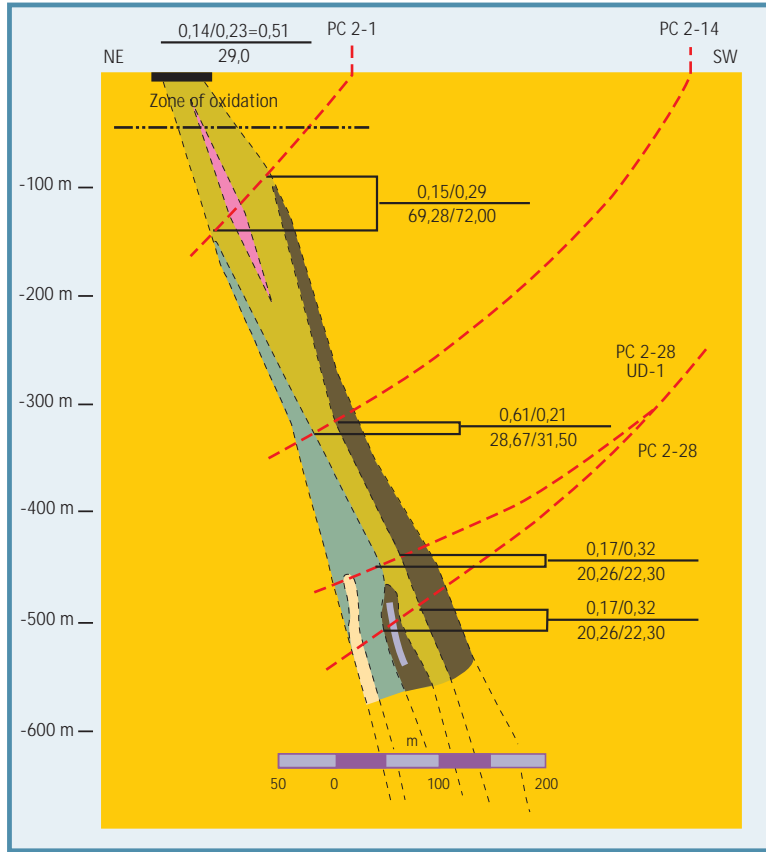
6.4.1 Location

Jacomynspan and the Adjacent Farm Hartebeestpan are situated approximately 70 km east of Kenhardt in the Northern Cape Province (Long 21° 50' E, Lat 29° 15' S). Interpreted as a magmatic Ni-Cu sulphide deposit, exploitation of Jacomynspan will make it only the second primary Ni mine in South Africa, after Nkomati, Mpumalanga, which was only very recently brought to fruition.

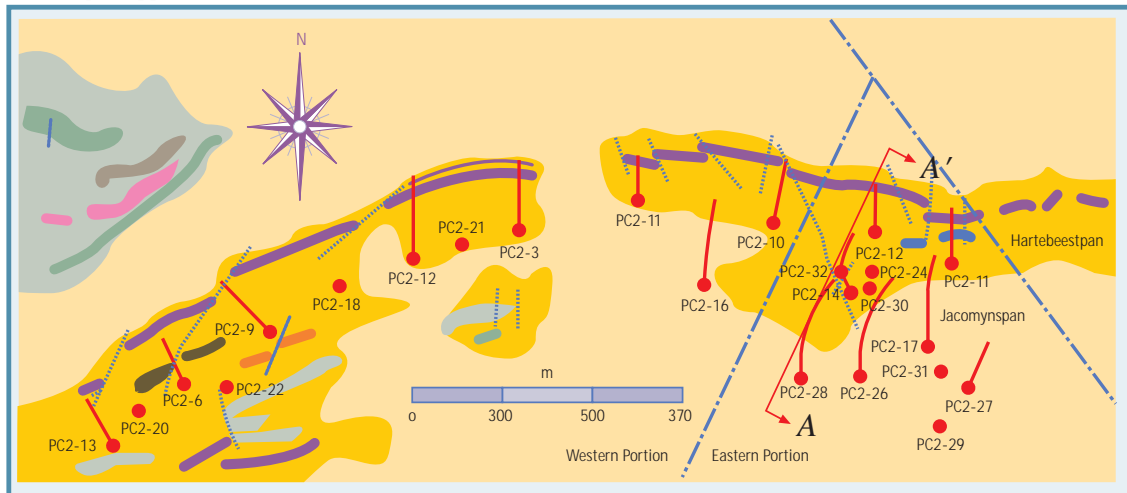
Jacomynspan Project

- Porphyroblastic quartz-felspar-biotite-garnet gneiss
- Gneissic pegmatite
- Biotite-tremolite schist
- Non-schistose tremolite-hyperstenethels
- Non-schistose "spotted" tremolite-hyperstenethels
- Serpentine
- Sand cover
- Porphyroblastic quartz-felspar-biotite-garnet gneiss
- Fine-grained quartz-biotite gneiss
- Pink/grey quartz-felspar gneiss (epidotised in parts)
- Pink/grey quartz-felspar-amphibole gneiss (hybrid)
- Amphibole gneiss including amphibolite
- Biotite chlorite-tremolite-hypersthene schist (mineralised)
- Meta-diorite
- Garnet meta-quartzite
- Fault
- Borehole
- Farm boundary

Section AA'



Surface geology



6.4.2 Commodity summary

Estimates of ore reserves made by independent consultants are summarised below:

Pre-feasibility study reserves: 86 Mt sulphide ore with 0,25% Ni and 0,17% Cu.

6.4.3 Geologic setting

The host rocks to the Jacomynspan Cu-Ni sulphide body form part of the eastern marginal zone of the mid-Proterozoic Namaqua Province. This zone is about 120 km wide and is characterised by a general north-northwest striking structural trend. The lithological assemblage of medium to high grade biotite gneisses, amphibolites and granitic gneisses has been interpreted as the magmatic products of an island arc type setting (Areachap Terrane). Development of the Areachap Terrane is thought to have occurred between 1 300 and 1 100 Ma ago.

Nickel and copper mineralisation on Jacomynspan and Hartebeestpan is hosted by a sheet-like body some 100 m wide with a strike length of 2 500 m. The sheet, comprising tremolite-biotite schist (10 – 50 m thick), biotite-tremolite-hypersthene fels (0 – 11 m thick), spotted hypersthene fels, quartz-feldspar-biotite-amphibole gneiss (10 – 30 m thick) and lenticular bodies of serpentinite, represents an ultramafic to mafic meta-igneous assemblage.

The Jacomynspan sheet is interpreted as an intrusive differentiated sill or dyke that has been subsequently deformed and metamorphosed. Ni-Cu sulphide mineralisation was originally of the orthomagmatic type, where an immiscible sulphide liquid formed prior to or during emplacement. Similar Ni-Cu deposits hosted by metamorphosed mafic – ultramafic sheets occur at Selebi-Pikwe in Eastern Botswana, although they are significantly older, possibly Archaean. Such orthomagmatic Ni ores may also carry platinum group elements (PGE) and gold, as found in the Merensky Reef of the Bushveld Complex and the Noril'sk deposits of Siberia.

6.4.4 Mineralisation

Drill results showed a large tonnage, low grade copper-nickel-cobalt sulphide deposit. The sulphide content rarely exceeds 5% by volume in the mineralised zone. The dominant sulphide minerals are pyrrhotite, pentlandite, chalcopyrite and minor pyrite. Drill indicated resources to a depth of 800 meters are 59 Mt with 0,305% Ni and 0,18% Cu. At the current metal prices this equates with an *in situ* value of R120 per ton of ore.

6.4.5 Exploration

Value could be added to the existing Ni-Cu resource by reassaying for PGE, gold and cobalt.

Other geochemical studies of presently available material could provide information on the scale of potential sulphide immiscibility. For example, the geochemical relationship between Ni (which prefers the sulphide phase) and Mg (prefers the silicate phase) has been used extensively as an exploration tool in the search for orthomagmatic deposits in mafic and ultramafic igneous complexes.

The ore body is open-ended at a depth of 900 metres and test geophysical surveys should be conducted to locate drill targets for possible high grade zones. Thabex will however not do deep drilling with the funds raised, but rather continue to investigate the already defined ore body.

Thabex is planning to conduct an extensive feasibility study over the Project area, at an estimated cost of R800 000.

The study will include trenching, fill-in core and percussion drilling, to closer define the open cast reserves and metallurgical test work.

6.4.6 Mining

An independent pre-feasibility study estimated the total capital expenditure for this Project to be about R400 000 000.

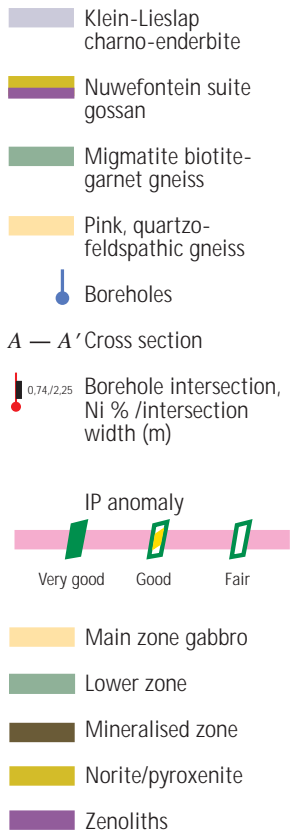
The development of such a large mine is not an objective of Thabex and it would actively investigate entering into a Joint Venture with a larger mining company to do the final feasibility study. It is the intention of the Company to retain a significant interest in the Jacomynspan Project.

6.5 Nuwefontein Project

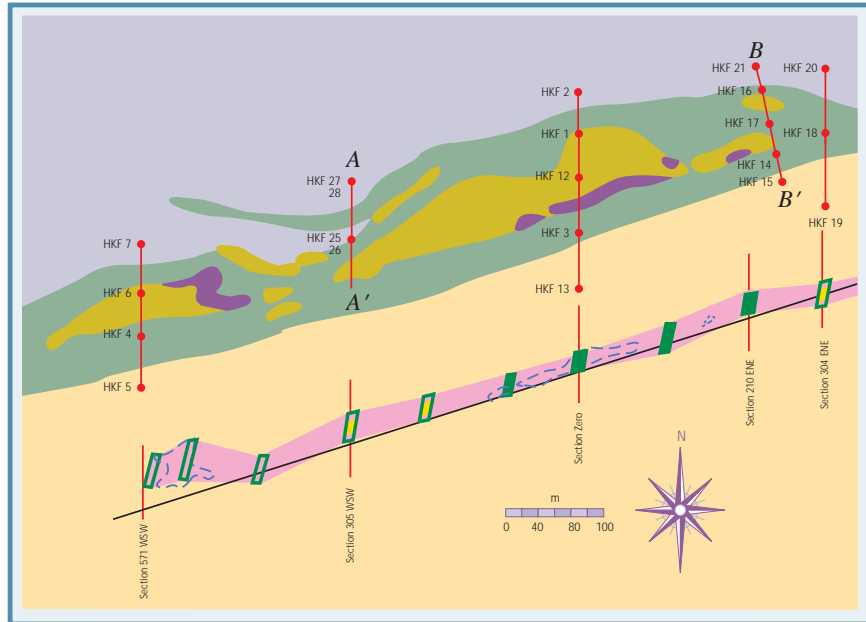
6.5.1 Location

The Nuwefontein Project involves evaluation of sulphide-hosted nickel and copper deposit containing minor cobalt and PGE on the farm Nuwefontein, near Kliprand in Southern Namaqualand (Long 18° 39' E, Lat 30° 35' S). While this region has long been known as an orthomagmatic copper province (eg Okiep Copper District), the presence and significance of associated orthomagmatic nickel-bearing deposits have only recently been recognised.

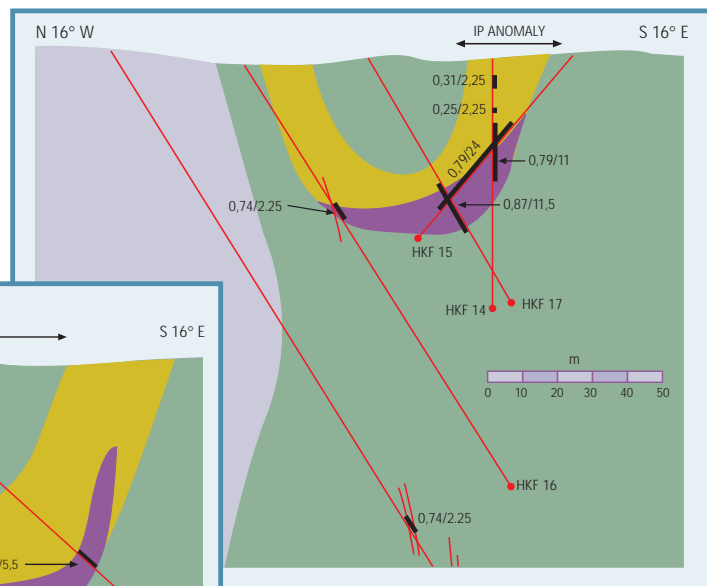
Nuwefontein Project



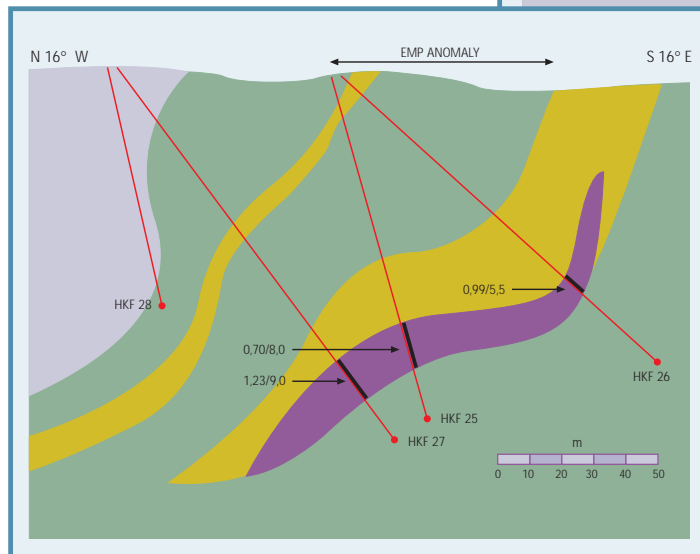
Surface geology and IP anomaly



Section BB'



Section AA'



6.5.2 Commodity summary

Estimates of ore reserves are summarised below:

Published geological reserves: 2 Mt grading 0,88% Ni, 0,20% Cu, 410 g/t Co, 0,5 g/t total PGE plus Au.

At current metal prices the *in situ* value of the ore is R400 per ton.

6.5.3 Geologic setting

The Kliprand area is underlain by rocks of the Namaqua Province, a vast zone characterised by high grades of metamorphism and deformation that occurred 1 200 ~ 100 Ma ago, which have transformed the original precursor lithologies (including mineralised horizons) to schists and gneisses. Metasedimentary gneisses constitute the oldest rocks at Nuwefontein, which were intruded first by small gabbro-norite sheets, then by larger plutons of charnockite-enderbite. Metamorphism and deformation have caused extensive recrystallisation and dismemberment of the gabbro-norite intrusives, which now occur as a series of discontinuous lenses within the metasediments, along the southern flank of the major Kliprand Dome structure.

There has been increasing awareness that small basic intrusive bodies were emplaced at roughly the same time (1 050 ~ 30 Ma) throughout the western Namaqua Province, and not, as originally thought, restricted to the Okiep Copper District. In addition, this basic intrusive activity is now regarded as taking place during two separate events, the later of which produced the famous Koperberg Suite. The earlier event is characterised by low copper and therefore has received little attention, but recent results indicate a complementary nickel-rich nature.

6.5.4 Mineralisation

Sulphide-rich zones occur in the structural base of several basic lenses at Nuwefontein. Massive sulphide consisting of pyrrhotite, cobaltian pentlandite and chalcopyrite grades upwards into disseminated zones hosted by silicates.

Remobilised sulphide also occurs in cross-cutting veins, attributed to late stage reworking during the Pan-African tectonothermal event (500 Ma). The gossans at surface are discontinuously developed over a strike length of 1,7 km, representing three discrete mineralised basic rock lenses. Several other basic lenses occur in the vicinity of the gossanous zone, but do not appear to be mineralised at the current level of erosion.

6.5.5 Exploration

The dismembered nature of the original mineralised basic intrusive requires strong emphasis on a structural approach to further exploration. In particular, the barren bodies mentioned above include the largest exposed body of basic rocks on Nuwefontein, some 500 m south of the gossanous zone. Judging from the published drilling results, the sub-surface extent of this large basic body has not been accurately delineated.

The subsequent severe modification of the original orthomagmatic mineralisation by later tectonothermal events, including the granulite facies Namaqua event (1 000 Ma) and greenschist facies Pan-African (500 Ma), have not been satisfactorily assessed during exploration.

Thabex is planning to spend an estimated R400 000 on exploration on the Project, which will include the above approach and further drilling to more accurately define the open cast ore reserves of about 480 000 tonnes, as well as metallurgical test work.

6.5.6 Mining

A feasibility study will be conducted with the view to establish an open cast mine. The total cost for the feasibility is estimated at R500 000 and is expected to be completed during June 1998. The estimated capital expenditure for the Project is R16 000 000. Thabex will seek Joint Venture partners to fund the proposed development of this Project.

7 Exploration expenditure (12.7 (g))

The total exploration expenditure for Thabex's projects for the next two years is budgeted at R1 375 000 and R2 420 000 for the financial years ended February 1998 and 1999, respectively. The total working costs for the two periods are R410 000 and R550 000, respectively. In the opinion of the directors of Thabex, the funds raised in the Offer are adequate to conduct the exploration over the project areas and finance the planned open cast projects of the Company over the next two years.

8 Conclusions

The cash raised from the listing will be utilised to implement Thabex's exploration programmes over the above projects and will enable it to develop the smaller deposit into open cast mines, thereby attaining the critical mass required to conduct its business effectively. Cash from the open cast mining operations will enhance the Company's own cash resources and ability to explore other projects. Thabex has a diversified portfolio of exploration projects and it is favourably placed to turn to account some of these projects over the short, medium and longer term.

Through Pioneer's two regional offices in Marydale and in Kimberley, Thabex will evaluate and further investigate these large data bases of mineral targets and occurrences. The ability to define and generate new targets is the life line of any exploration concern. Combining all its available resources, including a competent and experienced team, Thabex is striving to become a South African based junior mining exploration company. Thabex will expand to include other countries in sub-equatorial Africa once it has firmly established itself in South Africa.

SIGNED at JOHANNESBURG by or on behalf of the Directors of the Company on 7 October 1997.

Directors

Dr JC LINDE

D Phil (Mineral Economics), BSc (Hons) (Geology), GDE, AEP, Pr Sci Nat

M WELTHAGEN

M Eng (Mining), M Phil (Mineral Economics), B Comm (Hons) (Economics)

JR RAPOO

B Comm (Accounting), Hons B Compt

Prof DL REID

D Phil (Geochemistry), MSc (Geology), BSc (Hons) (Geology)

AP ROUX

B Agric

Exploration and earnings forecast (12.7 (g) i – iii) (12.7 (g) i – iii)

I Assumptions

The assumptions on which the forecasts are based, which the directors believe to be reasonable, prudent and conservative, are set out hereunder:

1.1 Full subscription of the Offer

The successful subscription for 1 650 000 shares at 200 cents per share in terms of this Offer set out in the Prospectus.

1.2 Douglas Project

1.2.1 The successful commissioning of the diamond recovery plant by Diamex to produce 50 000 tonnes of diamondiferous gravels from the Douglas Project area.

1.2.2 The average cost for production of diamonds is calculated at R7,00 rand per tonne mined.

1.2.3 The average expected price for diamonds produced is R2 500 per carat.

1.3 Pilanesberg Project

1.3.1 The successful completion of five percussion boreholes and the verification of EL Bateman's feasibility study.

1.3.2 The successful construction and commissioning of the heap-leaching mining operation to produce an average of 5 000 tonnes of ore per month.

1.3.3 The average cost for the production of gold is calculated at R70 per tonne mined.

1.3.4 The average expected price for gold is R45 000 per kg or \$310 per ounce.

1.4 General assumptions

1.4.1 Inflation has been estimated at 10% per annum for the purposes of the projections.

1.4.2 Provision has not been made for taxation since Thabex and its subsidiaries have a combined computed tax loss of R5 198 039 at 28 February 1997.

Exploration budget and earnings forecast

Years ended February		1998	1999	2000	2001	2002
	Priority	R000	R000	R000	R000	R000
Turnover		248	18 281	39 250	59 145	79 199
INCOME BEFORE TAX						
DIAMONDS						
1 Douglas Project	I	84	5 053	5 053	5 053	5 053
2 Kimberley Exploration Office						
GOLD						
3 Pilanesberg Project	II		891	1 799	1 799	1 980
4 Mozambique Project						
PLATINUM						
5 Potgietersrus Project						
BASE MINERALS						
6 Marydale Project						
7 Riviera Project						
8 Geelvloer Project	III				4 170	9 712
9 Jacomynspan Project						
10 Nuwefontein Project						
Income		84	5 944	6 852	11 022	16 755

Exploration budget and earnings forecast (continued)

Years ended February	Priority	1998 R000	1999 R000	2000 R000	2001 R000	2002 R000
EXPLORATION EXPENDITURE						
DIAMONDS						
1 Douglas Project	I	100	50			
2 Kimberley Exploration Office		100	300	500	1 000	1 000
GOLD						
3 Pilanesberg Project	II	75	120			
4 Mozambique		100	200			
PLATINUM						
5 Potgietersrus Platreef Project						
BASE MINERALS						
6 Marydale Project		200	300	300	400	500
7 Riviera Project		50	100			
8 Geelvloer Project	III	50	350			
9 Jacomynspan Project		300	500	200	100	
10 Nuwefontein Project		400	500			
Total exploration expenditure		1 375	2 420	1 000	1 500	1 500
Other expenditure						
Pioneer working costs		210	300	350	400	500
Thabex working costs		200	250	300	350	400
Total expenditure		1 785	2 970	1 650	2 250	2 400
Profit before depreciation		(1 701)	2 974	5 202	8 772	14 354
Depreciation for year			334	1 534	734	734
Profit before interest		(1 701)	2 640	3 668	8 038	13 620
Interest received		248				
Profit before taxation		(1 453)	2 640	3 668	8 038	13 620
Taxation		—	—	—	—	—
Attributable earnings		(1 453)	2 640	3 668	8 038	13 620
EPS		(10,73)	19,50	27,09	59,37	100,61
P/E		—	10,3	7,4	3,4	2,0
Number of shares in issue after this Offer		13 538 597				
CAPITAL EXPENDITURE						
DIAMONDS						
1 Douglas Project	I	(1 120)				
2 Kimberley Exploration Office		(500)				
GOLD						
3 Pilanesberg Project	II		(1 000)	(1 000)	(1 000)	
4 Mozambique Project						
PLATINUM						
5 Potgietersrus Platreef Project						
BASE MINERALS						
6 Marydale Project			(668)			
7 Riviera Project						
8 Geelvloer Project	III			(5 000)	(3 000)	
9 Jacomynspan Project						
10 Nuwefontein Project						
Total capital expenditure		(1 620)	(1 668)	(6 000)	(4 000)	
Funds available		(3 073)	972	(2 332)	4 038	13 620
Depreciation adjustment			334	1 534	734	734
Funds raised		3 300				
Cash flow		(3 073)	1 306	(798)	4 772	14 354
Cumulative cash flow		227	1 532	734	5 506	19 860

Annexure E

Reporting accountants' report on financial projections (7.E.17,8.28.34)

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

30 August 1997

Dear Sirs

Reporting accountants' report on financial projections

We have examined the financial projections for the years ending February 1998 to 2002 set out in Annexure "D" of this Prospectus. The financial projections were compiled by you and you are solely responsible therefor. Our examination was carried out in accordance with the guidelines laid down by The South African Institute of Chartered Accountants. In carrying out our examination we have analysed the accounting policies and have checked the calculations used in the financial projections and we have confirmed that the underlying information used in the financial projections has been presented on a basis consistent with the accounting policies normally adopted by similar entities. We consider that our procedures were appropriate in the circumstances to enable us to express our opinion presented below.

In our opinion:

the assumptions provide a reasonable basis for the preparation of the financial projections,

the financial projections have been properly compiled on the basis of the assumptions, and

the financial projections are presented on a basis consistent with the accounting policies normally adopted by similar entities.

Since the financial projections are based on assumptions concerning future events, a fact which is compounded by the absence of any profit history of the Company, actual results may vary from the financial projections which have been presented and the variations may be material. Accordingly, we express no opinion on whether or not the financial projections will be achieved.

Yours faithfully

KPMG
Chartered Accountants (SA)"

Schedule of mineral rights (24 (b)) (12.9 (a))

List of prospecting and option agreements and mining permits of Thabex

Farms or portions thereof	District	Area
1 Douglas Project		
1.1 Remaining Extent of Stand 1 Douglas Municipal Area	Herbert	454 ha
In terms of Mining Permit MP453/96 a 5% royalty has to be paid to the State. In terms of the Mining Act of 1991 due compensation has to be paid to the surface owner for any disturbance made by mining the area. To date DME has paid the State R1 841,50.		
Farms or portions thereof	District	Area
2 Kimberley Office		
2.1 Remainder of Stand No 11480 Kimberley City	Kimberley	1,492 ha
Option agreement has a remaining period of six months as at 7 October 1997. The cost up to that date was R5 000. No further costs will be incurred until the end of the option period.		
Farms or portions thereof	District	Area
3 Pilanesberg Project		
3.1 Portion 3 of Zandriverspoort 210JP	Mankwe	175,8489 ha
3.2 Portion 5 of Mahobieskraal 211JP	Mankwe	246,7112 ha
Total		422,5601 ha
Prospecting and option agreement has a remaining period of 11 months as at 7 October 1997. The cost of the option for the first six months is R3 000 and for the remaining six months R60 000.		
Farms or portions thereof	District	Area
4 Mozambique Project		
4.1 Mining license LPP No 338/L/95	Gilé	302,19 ha
As at 7 October 1997, MGD had paid R2 800 for the renewal of the above license and applied to have the area extended to incorporate an adjacent area 17 000 ha in extent.		
Farms or portions thereof	District	Area
5 Potgietersrus Platreef Project		
5.1 Portion 80 of Piet Potgietersrust Town and Townlands 44KS	Potgietersrus	648,0297 ha
5.2 Portion 33 of Portion 80 of Piet Potgietersrust Town and Townlands 44KS	Potgietersrus	55,2525 ha
5.3 Portion 34 to 45 of Portion 80 of Piet Potgietersrust Town and Townlands 44KS	Potgietersrus	256,9596 ha
Total		960,2418 ha
Tender 11/1997 is still being adjudicated. The proposed prospecting and option agreement is for a period of five years and the initial cost will be R108 864 with an additional fee of R150 000 payable in the fifth year.		

Farms or portions thereof	District	Area
6 Marydale Project		
6.1 Portion 2 (Mariba) of Kraanvoëlpan 62	Prieska	4 416,8024 ha
6.2 Remaining Extent of Kareeboom Put 57	Prieska	4 115,0271 ha
6.3 Portion 2 of Kareeboom Put 57	Prieska	7 074,2408 ha
Portion 3 of Kareeboom Put 57	Prieska	2 264,7971 ha
Portion 4 of Kareeboom Put 57	Prieska	674,4173 ha
6.4 Remaining Extent of Gelukpan 61	Prieska	4 880,0000 ha
6.5 Remaining Extent of Portion 2 (Witkop) of Eyedoppa 58	Prieska	4 902,4123 ha
6.6 Portion 2 of Henley Plains A 64	Prieska	3 360,3102 ha
6.7 Remaining Extent of Brakbosch Poort 13	Prieska	8 830,2859 ha
Remaining Extent of Portion 1 of Bachbosch Poort 13	Prieska	3 434,2065 ha
Portion 3 of Brakbosch Poort 13	Prieska	355,9235 ha
Portion 1 of Rooidam 15	Prieska	2 298,2948 ha
6.8 Portion 4 of Dooniespan 106	Prieska	5 202,4755 ha
6.9 Portion 5 of (Portion of Portion 2) of Merriespan 107	Prieska	946,1302 ha
Portion 6 of Merriespan 107	Prieska	33,2567 ha
Portion 3 of Dooniespan 106	Prieska	3 256,2833 ha
6.10 Portion 1 of Henley Plains A 64	Prieska	3 360,3209 ha
6.11 Portion 3 of Henley Plains A 64	Prieska	3 360,3204 ha
Portion 5 of Dooniespan 106	Prieska	1 853,1805 ha
Total		64 638,6780 ha

The option and prospecting agreements have a remaining period of 18 to 24 months as at 7 October 1997. The cost of these options up to that date was R68 000. The cost for the remaining period is R76 000.

Farms or portions thereof	District	Area
7 Riviera Project		
7.1 Portion 1 of Farm no 78	Piketberg	365,4713 ha
7.2 Portion 8 (Remaining Extent of Portion 1) Namaquasfontein 76	Piketberg	408,6585 ha
Total		774,1298 ha

The option and prospecting agreements have a remaining period of 36 months as at 7 October 1997. The cost for the period is R36 000.

Farms or portions thereof	District	Area
8 Geelvloer Project		
8.1 Adjoining Geelvloer 197	Kenhardt	3 041,5989 ha
8.2 Remaining Portion of Portion 4 of 134 Bry Paal	Kenhardt	5 314,2790 ha
8.3 Remaining Portion of Portion 4 of (Kraandraai Wes) of Adjoining Geelvloer 197	Kenhardt	1 465,0638 ha
8.4 Portion 7 (a portion of Portion 5) of Bry Paal 134	Kenhardt	884,9350 ha
8.5 T'Oubeep 158	Kenhardt	2 759,0161 ha
8.6 Portion 6 of Portion 4 of Portion 4 (Kraandraai Wes) of Adjoining Geelvloer 197	Kenhardt	1 569,7330 ha
Total		15 034,6258 ha

The mineral rights in terms of 7.1 above, were exercised on 4 March 1996 and purchased for R1,6 million against the issue of 1 600 000 ordinary shares of 10 cents each in Thabex at a premium of 90 cents per share. The remaining option and prospecting agreements have a remaining period of 18 months as at 7 October 1997. The cost of these options up to that date was R25 000. The cost for the remaining period is Rnil. In addition to the option fees Thaba Egoli paid R6,8 million to acquire the information and geotechnical studies over the Project area.

Farms or portions thereof	District	Area
9 Jacomynspan Project		
9.1 Remaining Extent of Jacomynspan 176	Kenhardt	13 676,9345 ha
9.2 Portion 2 (Glen Connan) of Jacomynspan 176	Kenhardt	144,8795 ha
9.3 Remaining Extent of Hartebeestpan 175 ha	Kenhardt	6 195,4568 ha
Total		20 017,2708 ha

The option and prospecting agreements have a remaining period of 18 months as at 7 October 1997. The cost of these options up to that date was R49 000. The cost for the remaining period is R52 000. In addition to the option fees Thaba Egoli paid R1,8 million to acquire the information and geotechnical studies over the Project area.

Farms or portions thereof	District	Area
10 Nuwefontein Project		
10.1 Portion 2 of Nuwefontein 6	Vanrhynsdorp	2 609,2633 ha

The option and prospecting agreement has a remaining period of 34 months as at 7 October 1997. The cost of the option up to that date was R18 000. The cost for the remaining period is R48 000.

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