



Thabex Exploration Limited

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Action required

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

If you have disposed of all your shares in Thabex Exploration Limited, this circular should be handed to the purchaser of such shares or the stockbroker, banker or other agent through whom the disposal was effected.

If you are unable to attend the Thabex Exploration Limited general meeting to be held at 10:00 on Wednesday, 17 March 1999 and wish to be represented thereat, you should complete and return the attached form of proxy in accordance with the instructions therein and lodge it with Mercantile Registrars Limited, 11 Diagonal Street, Johannesburg 2001 (PO Box 1053, Johannesburg 2000) by not later than 10:00 on Monday, 15 March 1999.

Circular to shareholders

regarding

- the appointment of a contractor at and proposed disposal of Douglas Mining & Exploration (Proprietary) Limited;
- the proposed acquisition of the remaining 60% in Pioneer Minerals (Proprietary) Limited; and
- the proposed increase of the authorised share capital of Thabex;

incorporating

- a notice of general meeting; and
- a form of proxy.

Sponsoring brokers

PSG Securities Limited
(Registration number 96/00509/06)

Attorneys

Brink Cohen Le Roux & Roodt Inc
(Registration number 93/04501/21)

Corporate advisors

PSG Investment Bank (Corporate Finance)
(Registration number 98/17396/061)

Auditors and reporting accountants

TO THABEX TO PIONEER
KPMG BDO Spencer Stewart

11 January 1999

Mining and exploration of high
quality alluvial diamonds

Future gold exploration in
Mozambique

Grass-roots platinum exploration in
the Bushveld Igneous Complex

Base mineral projects diversified
in size and stage of feasibility

Corporate information

[7.A.1, 7.B.7 and 7.B.8]

SECRETARY

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(Proprietary) Limited
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SPONSORING BROKERS

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(Registration number 96/00509/06)
6th Floor, First National House
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2001

COMPETENT PERSONS

Prof TS McCarthy 56 Seventh Avenue Parktown North 2193	Prof RP Viljoen 56 Maple Drive Athol Sandton 2196
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CORPORATE ADVISORS

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TRANSFER SECRETARIES

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2001

AUDITORS AND REPORTING ACCOUNTANTS

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427 Hilda Street
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ATTORNEYS

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(Registration number 93/04501/21)
BCLR House
19 West Street
Houghton
2198

Important dates and times

Last day to lodge forms of proxy for
Thabex general meeting by 10:00 on

Monday, 15 March 1999

General meeting to be held at 10:00 on

Wednesday, 17 March 1999

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Definitions

[12.7(f)]

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

“Alizarin”	Alizarin Investments Limited (registration number 110058, Incorporated in the British Virgin Islands);
“the Act”	the Companies Act, No 61 of 1973, as amended;
“the acquisition”	the acquisition of a further 60% of the equity of Pioneer;
“capex”	capital expenditure;
“common monetary area”	South Africa, Swaziland, Lesotho and Namibia;
“Thabex” or “the Company”	Thabex Exploration Limited (registration number 88/00763/06);
“consideration shares”	ordinary shares in the share capital of Thabex to be issued to the shareholders of Pioneer pursuant to the acquisition of a further 60% of Pioneer;
“ct/100 t”	carats per 100 tonnes of ore (plant feed);
“DME”	Douglas Mining & Exploration (Proprietary) Limited (registration number 92/02415/07);
“Diamex”	Diamex JV (Proprietary) Limited (registration number 97/14096/07);
“the disposal”	the disposal of Thabex’s entire shareholding in DME;
“Douglas Project”	diamond mine near the town of Douglas in the Northern Cape Province;
“Douglas-Prieska Diamond Project”	the area covering approximately 28 000 ha along the Orange River between the towns of Douglas and Prieska in the Northern Cape Province;
“ha”	hectares;
“HC van Wyk Diamonds” or “contractor”	HC van Wyk Diamonds CC (registration number CK 92/19566/23);
“JSE”	the Johannesburg Stock Exchange;
“ma”	million years;
“mt”	million tonnes;
“MGD”	Minas Gerais Diamante LDA, a company incorporated under the laws of the Republic of Mozambique;
“Pioneer”	Pioneer Minerals (Proprietary) Limited (registration number 91/06123/07);
“Pioneer properties”	the areas over which Pioneer holds prospecting and option agreements as listed in Annexure 6;
“Platinexco”	Platinexco (Proprietary) Limited (registration number 88/02343/07), formerly Steynsdorp Mining Company (Proprietary) Limited;

“Pure Diamonds”	Pure Diamonds (Proprietary) Limited (registration number 98/08440/07);
“Pure Gold”	Pure Gold Minerals Incorporated (Incorporated in Ontario Canada);
“rand”	the lawful currency of South Africa;
“South Africa”	the 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);
“SENS”	the Stock Exchange News Service;
“Thaba Egoli”	Thaba Egoli Mining & Exploration Limited (registration number 94/08806/06);
“Thabex Group”	the subsidiaries of Thabex, being Douglas Mining & Exploration (Proprietary) Limited, Diamex JV (Proprietary) Limited, Platinexco (Proprietary) Limited and Thaba Egoli Mining & Exploration Limited;
“Thabex shareholders”	the ordinary shareholders of Thabex;
“tonne”	metric ton; and
“TSE”	the Toronto Stock Exchange.

salient features

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

1 INTRODUCTION

Since Thabex's listing during 1997, the Company became more focused and pursued its main objectives by actively exploring and developing its diamond properties.

Thabex's main objectives are:

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

The first phase of the development of Thabex's diamond interests were very positive since the production results from the Douglas Project, which commenced mining during February 1998. Both the diamond grade and reserves were verified.

The proposed sale of the Douglas Project and the appointment of a new contractor will enable Thabex to continue to fund its diamond exploration activities through Pioneer, a 40% associate of Thabex, which company has been active in negotiating agreements and applying for prospecting licences over a large area containing diamondiferous gravels along the palaeo Orange River between the towns of Douglas and Prieska.

Initial geological investigations indicate a large potential reserve capable of sustaining a large alluvial diamond mine.

During May 1998, the Company commenced with the restructuring of its diamond interests with the incorporation of Pure Diamonds. This company is the proposed vehicle for the development of Thabex's diamond properties. Pure Diamonds will seek additional funding to develop its diamond interests. The restructuring is planned to include Pioneer as a wholly owned subsidiary of Pure Diamonds.

The proposed acquisition of Pioneer is therefore a unique opportunity for Thabex to ensure its main objectives are achieved.

2 RATIONALE FOR THE PROPOSED DISPOSAL OF DME, THE ACQUISITION OF PIONEER AND PROSPECTS FOR THABEX

Following the listing of Thabex on the JSE, the Company successfully commenced production at the Douglas Project. The contractor on site could however, due to internal problems, not produce at the required contractual rate of production and Thabex cancelled the agreement on 30 September 1998. A new contractor with the capacity and experience of alluvial diamond mining was approached. The appointment of HC van Wyk Diamonds operating one of the largest privately controlled diamond

mines in South Africa, in the Barkley West district of the Northern Cape Province of South Africa, is therefore essential to continue production.

Combining the appointment of a new contractor and the proposed sale of DME will enable Thabex to have sufficient funding for the exploration and further development of the Pioneer properties. DME has an estimated drill indicated reserve of 4 mt of diamondiferous gravels compared to the estimated indicated resource of Pioneer in excess of 140 mt.

The acquisition of a further 60% of Pioneer will enable Thabex to have access to the Pioneer reserves, which are substantially more than that of DME. This acquisition will therefore provide the Company with a strong foundation to grow its diamond interests.

3 TERMS OF THE APPOINTMENT OF CONTRACTOR AND DISPOSAL OF DME

In terms of an agreement, Thabex has appointed HC van Wyk Diamonds as contractor to mine the diamondiferous gravels at the Douglas Project on behalf of DME. Thabex has also granted HC van Wyk Diamonds an option to acquire its entire shareholding in DME for an amount of R3,7 million. A non-refundable option premium of R200 000 is payable per month for a period of twelve months from the date of signature. Should the option be exercised, the cumulative option premium will be set-off against the purchase price and the final payment of R1,3 million will be payable during the thirteenth month of the option period, which commenced on 22 October 1998.

4 TERMS OF THE ACQUISITION OF PIONEER

Thabex has entered into an agreement to acquire 40% of the equity of Pioneer for R110 639 and to fund Pioneer's exploration programme to the amount of R840 000 over a two-year period, commencing 1 March 1997. Thabex has cancelled its previous option to buy a further 20% of Pioneer and replaced it with an option agreement to acquire all the remaining ordinary shares (60%) of Pioneer, subject to shareholders' approval. The terms of the new option are:

- the issue of 500 000 ordinary shares in Thabex at an issue price of 100 cents per share and a cash payment of R1 000 000 should the option be exercised before 30 September 1998; or
- the issue of 1 000 000 ordinary shares in Thabex at an issue price of 100 cents per share and a cash payment of R1 500 000 should the option be exercised before 30 March 1999; or
- the issue of 1 500 000 ordinary shares in Thabex at an issue price of 100 cents per share and a cash payment of R2 000 000 should the option be exercised before 30 June 1999.

5 RELATED PARTY TRANSACTION

In terms of the Listings Requirements of the JSE, the acquisition is a "related party" transaction as R Cooke is both the vendor of Pioneer and the holder, as at Tuesday, 11 January 1999 being the last practicable date prior to finalisation of this circular, of 31 000 Thabex shares and he also acts as a technical consultant to the Thabex Group.

The consequence of this is that R Cooke may not be taken into account in determining the quorum for the purposes of the ordinary resolution

which will be proposed at the general meeting referred to in paragraph 9 of these salient features to approve the acquisition. In addition, to be effective, the ordinary resolution will have to be passed by a simple majority of Thabex shareholders, other than R Cooke, present in person or by proxy and voting at the general meeting.

6 EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

On the assumption that the transactions had been effective for the twelve months ended 28 February 1998, the effect on Thabex would have been as follows:

	Before disposal of DME and acquisition of Pioneer	After disposal of DME before acquisition of Pioneer	Percentage increase	After acquisition of Pioneer before disposal of DME	Percentage increase
Net asset value of Thabex as at 28 February 1998 (cents per share)	88,22	109,35	23,95	90,81	2,94
Attributable earnings for the period ended 28 February 1998 (cents per share)	(7,88)	12,67	260,79	(6,13)	22,21

7 FORMATION OF PURE DIAMONDS

On 5 May 1998, Pure Diamonds was incorporated as a wholly owned subsidiary of Thabex with the purpose of restructuring all the Company's diamond interests into a focused diamond mining and exploration company. Pure Diamonds will concentrate on the mining and development of:

- high quality diamonds
- found in large open castable deposits amenable to
- low cost mining.

The rationale for the formation of Pure Diamonds is to raise sufficient capital to develop and grow Thabex's substantial diamond resources held through Pioneer (see Appendix 4.2).

8 INCREASE IN AUTHORISED SHARE CAPITAL

Thabex requires to increase its authorised share capital in order to have sufficient authorised but unissued share capital available in the event that a rights issue is necessary to develop its diamond interests through Pure Diamonds. Accordingly, shareholders will be asked to approve a special resolution to increase the ordinary share capital of Thabex at the general meeting referred to in paragraph 9 of these salient features.

The share capital will be increased from 30 000 000 to 100 000 000 ordinary shares of 10 cents each.

9 GENERAL MEETING

A general meeting of Thabex shareholders will be held at 10:00 on Wednesday, 17 March 1999 at KPMG Forum, 2nd Floor, 427 Hilda Street, Hatfield, Pretoria in order to consider and approve the resolutions necessary to give effect to the acquisition, the disposal and increase in authorised share capital. A notice convening the general meeting and a form of proxy for use by Thabex shareholders who are unable to attend the general meeting and who wish to be represented thereat are attached to and form part of this circular. Duly completed forms of proxy must be received by the transfer secretaries by not later than 10:00 on Monday, 15 March 1999.

10 OPINIONS AND RECOMMENDATIONS

Prof RP Viljoen has advised the board of directors of Thabex that he has considered the terms and conditions of the acquisition agreement and the terms of the option and appointment at DME, and is of the opinion that they are fair and reasonable to the shareholders of Thabex. The text of a letter from Prof RP Viljoen in this regard is set out in Annexure 4.1 to this document.

The directors of Thabex have considered the terms and conditions of the acquisition, the disposal and the appointment of the contractor, and are of the opinion that they are fair and reasonable to the shareholders of Thabex and recommend that shareholders vote in favour of the ordinary and special resolutions to be proposed at the general meeting.

The directors of Thabex, in respect of their own holdings in Thabex shares, will vote in favour of the ordinary and special resolutions to be proposed at the general meeting. R Cooke will abstain from voting his ordinary shares at the general meeting in view of his interests in both Thabex and Pioneer.

11 CONDITIONS PRECEDENT

The disposal of DME and the acquisition of Pioneer is subject to the following conditions precedent:

- the Thabex shareholders approving the disposal of DME at the general meeting to be held on Wednesday, 17 March 1999;
- the Thabex shareholders (other than R Cooke) approving the acquisition of Pioneer at the general meeting to be held on Wednesday, 17 March 1999;
- the approval of the Johannesburg Stock Exchange; and
- the JSE granting a listing of the consideration shares.



Thabex Exploration Limited

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

Directors

M Welthagen (Executive Chairman)
JR Rapoo
Prof DL Reid
AP Roux

circular to shareholders

1 INTRODUCTION

It was announced on SENS on 29 October 1998 that, subject to the fulfilment of certain conditions precedent, Thabex has entered into an agreement to appoint a contractor, HC van Wyk Diamonds, at DME, and has granted HC van Wyk Diamonds an option to acquire Thabex's entire interest in DME.

The results of the first phase of the development of Thabex's diamond interests were very positive since the production results from the Douglas Project, which commenced mining during February 1998, were very positive. Both the diamond grade and reserves were verified. The proposed sale of the project and the appointment of a new contractor will enable Thabex to continue to fund its diamond exploration activities through Pioneer.

Pioneer, a 40% associate of Thabex, has been active in negotiating agreements and applying for prospecting licences over a large area along the palaeo Orange River between the towns of Douglas and Prieska. Initial geological investigations indicate a large potential diamondiferous reserve capable of sustaining a large alluvial diamond mine.

During May 1998 the Company commenced with the restructuring of its diamond interests with the incorporation of Pure Diamonds. This company is the proposed vehicle for the development of Thabex's diamond properties. Pure Diamonds will seek additional funding to develop its diamond interests. The restructuring is planned to include Pioneer as a wholly owned subsidiary of Pure Diamonds.

The acquisition of Pioneer is therefore a unique opportunity for Thabex to ensure its main objectives are achieved.

2 RATIONALE FOR THE PROPOSED DISPOSAL OF DME, THE ACQUISITION OF PIONEER AND PROSPECTS FOR THABEX

Following the listing of Thabex on the JSE, the Company successfully commenced production at the Douglas Project. Thabex has established that it can successfully manage an exploration programme and develop an alluvial diamond mine from early reconnaissance to final production.

The contractor on site could, due to internal problems, not produce at the required contractual rate of production and Thabex cancelled the agreement on 30 September 1998. A contractor with the capacity and experience of alluvial diamond mining was approached.

The appointment of HC van Wyk Diamonds is therefore essential to continue production. HC van Wyk Diamonds is operating one of the largest privately controlled diamond mines in South Africa, in the Barkley West district of the Northern Cape Province of South Africa.

On 4 June 1998, the Company announced that it had entered into an agreement with Pure Gold of Canada to establish a Canadian Joint Venture to develop Thabex's diamond interests. However, the transaction was inter alia subject to the suspensive condition that it had to be approved by all relevant regulatory and government bodies. The transaction was not approved by the SA Reserve Bank and consequently, the agreement was terminated.

Combining the appointment of a new contractor and offering the proposed sale of DME will enable Thabex to have sufficient funding for the exploration and further development of the Pioneer properties. DME has an estimated drill indicated reserve of 4 mt of diamondiferous gravels compared to the estimated indicated resource of Pioneer in excess of 140 mt.

The acquisition of a further 60% of Pioneer will enable Thabex to have access to the Pioneer reserves, which are substantially more than that of DME. The acquisition of Pioneer will therefore provide the Company with a strong foundation to grow its diamond interests.

3 INCORPORATION AND HISTORY OF THABEX [7.D.1, 7.D.2, 7.D.4, 7.D.5 and 7.D.8]

3.1 Incorporation

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

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, 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 the then authorised share capital was increased from R1 000 000 to R3 000 000 divided into 30 000 000 ordinary shares of 10 cents each, to rank pari passu in every respect with the existing shares of the Company.

At a general meeting held on 21 September 1996, the members present in person and represented by proxy unanimously approved, with effect from 31 August 1996, the acquisition of Thaba Egoli, as envisaged in the restructuring proposals approved at the Annual General Meeting.

On 20 November 1997, the Company successfully listed on the JSE in the "Mining Financial – Mining Exploration" sector of the list. At listing 1 650 000 ordinary shares of 10 cents each at a premium of 190 cents each were issued for cash by way of a private placing.

3.2 Nature of business

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

3.3 Thabex's exploration projects

3.3.1 Introduction

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

3.3.2 Main objectives

The Company's main objectives are:

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

In order to achieve these objectives Thabex has been focussing on the exploration and development of its diamond interests. The Company is concentrating on mining and exploration of high quality diamonds, found in shallow deposits which are amenable to low cost mining.

Exploration for gold, platinum and base minerals has been limited to geological investigations and desktop studies. Should market conditions for commodities improve, Thabex is well placed to take advantage of these to develop its interest in any of these commodities.

4 DISPOSAL OF DME [7.D.10]

4.1 Incorporation

DME 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. 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.

4.2 Nature of business

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. DME is at present mining diamonds on this property.

4.3 Appointment of contractor and disposal agreement

In terms of the agreement, referred to in paragraph 19.4 of this circular, Thabex has appointed HC van Wyk Diamonds as contractor to mine the diamondiferous gravels at the Douglas Project on behalf of DME. Thabex has also granted HC van Wyk Diamonds an option to acquire its entire shareholding in DME for an amount of R3,7 million. A non-refundable option premium of R200 000 is payable per month for a period of twelve months from 22 October 1998. Should the option be exercised, the cumulative option premium will be set off against the purchase price and the final payment of R1,3 million will be payable during the thirteenth month of the option period, which commenced on 22 October 1998.

5 INCORPORATION AND HISTORY OF PIONEER

5.1 Incorporation

Pioneer was 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 of which Thabex held 6 700 ordinary shares or 40% of Pioneer.

5.2 Nature of business

During the past three years Pioneer was actively involved with the targeting of potential mineral deposits which mainly included search for diamond properties and base mineral projects in the Northern Cape Province. Details of which are more fully described in the competent persons report by Prof RP Viljoen in Appendix 4 of this circular.

6 TERMS OF THE PROPOSED ACQUISITION OF PIONEER

[7.D.9]

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

6.1 Details of the sellers

The sellers of the shares in and claims against Pioneer are: R Cooke, R Cooke (Jnr), P Cooke, M Mcdonald, U Schiefer, The Simba Trust, The Alexander Family Trust and The William Meyer Trust.

The directors of Pioneer are R Cooke, EJ v R Meyer, U Schiefer and M Welthagen.

6.2 Acquisition agreement

Thabex entered into an agreement to acquire 40% of the equity of Pioneer for R110 639 and to fund Pioneers' exploration programme to the amount of R840 000 over a two-year period, commencing 1 March 1997. Thabex has cancelled its previous option to buy a further 20% of Pioneer and replaced it with an option to acquire all the remaining ordinary shares (60%) of Pioneer, subject to shareholders' approval. The terms of the new option are:

- the issue of 500 000 ordinary shares in Thabex at an issue price of 100 cents per share and a cash payment of R1 000 000 should the option be exercised before 30 September 1998, or
- the issue of 1 000 000 ordinary shares in Thabex at an issue price of 100 cents per share and a cash payment of R1 500 000 should the option be exercised before 30 March 1999, or
- the issue of 1 500 000 ordinary shares in Thabex at an issue price of 100 cents per share and a cash payment of R2 000 000 should the option be exercised before 30 June 1999.

In determining the purchase price for the remaining share of Pioneer, the geological information available at the time, the stage of negotiations and applications for prospecting permits for the Pioneer properties in the Douglas-Prieska Diamond Project area, were considered.

6.3 Control

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

7 RELATED PARTY TRANSACTION

In terms of the Listings Requirements of the JSE, the acquisition is a "related party" transaction as R Cooke is both the vendor of Pioneer and the holder, as at Tuesday, 11 January 1999 being the last practicable date prior to finalisation of this circular, of 31 000 Thabex shares and acts as a technical consultant to the Thabex Group. The consequence of this is that R Cooke may not be taken into account in determining the quorum for the purposes of the ordinary resolution which will be proposed at the general meeting referred to in paragraph 24 below to approve the acquisition. In addition, to be effective, the ordinary resolution will have to be passed by a simple majority of Thabex shareholders, other than R Cooke, present in person or by proxy and voting at the general meeting.

8 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL OF DME AND ACQUISITION OF PIONEER

	Before disposal of DME and acquisition of Pioneer	After disposal of DME and before acquisition of Pioneer	Per-centage increase	After acquisition of Pioneer before disposal of DME	Per-centage increase
Net asset value of Thabex as at 28 February 1998 (cents per share)	88,22	109,35	23,95	90,81	2,94
Attributable earnings for the period ended 28 February 1998 (cents per share)	(7,88)	12,67	260,79	(6,13)	22,21

9 DISCLOSURE OF INTERESTS [7.B.16]

Save as disclosed in this circular and in the disposal and acquisition agreements, no promoter of Thabex or Pioneer had any direct interest in the proposed disposal of DME or in the proposed acquisition of Pioneer.

10 PLEDGE OF ASSETS

The shares and claims to be acquired from Pioneer in terms of the proposed acquisition will be transferred into the name of Thabex or any of its subsidiaries, have not been ceded or pledged.

11 SHARE CAPITAL [7.A.4 and 7.A.7]

11.1 The authorised and issued share capital of Thabex before the proposed acquisition of Pioneer:

Authorised – 30 000 000 ordinary shares of 10 cents each	3 000 000,00
Issued 13 538 597 ordinary shares of 10 cents each	1 353 859,70
Share premium	16 644 732,00
Total	17 998 591,70

11.2 The authorised and issued share capital of Thabex after the proposed acquisition of Pioneer and the increase in authorised share capital:

Authorised – 100 000 000 ordinary shares of 10 cents each	10 000 000,00
Issued 15 038 597 ordinary shares of 10 cents each	1 503 859,70
Share premium	17 994 732,00
Total	19 498 591,70

11.3 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.

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

11.5 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.

12 ASSETS, LIABILITIES AND OTHER FINANCIAL INFORMATION ([7.A.8, 7.A.21, 7.B.17, 7.D.6, 7.D.7 and 7.E.16])

12.1 Financial information on Thabex

Annexure 2 of this circular contains a summary of:

- the audited consolidated income statement and cash flow statement of Thabex for the year ended 28 February 1998;
- the unaudited consolidated income statement of Thabex for the six months ended 31 August 1998;
- the audited consolidated balance sheet of Thabex as at 28 February 1998; and
- the unaudited consolidated balance sheet of Thabex for the six months ended 31 August 1998,

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

12.2 Reporting accountants' report on Pioneer

Financial information relating Pioneer is set out in the independent reporting accountants' report contained in Annexure 3.

12.3 Material changes

On 30 September 1998 the Joint Venture agreement referred to in paragraph 19.4 of this circular, between Thabex and Diamex was cancelled.

Save for the above, no material changes in the financial or trading position of any company within the Thabex group or Pioneer have taken place between 31 August 1998 and the date of this circular.

12.4 Statement of indebtedness

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

Save for the loan of R0,64 million by Thabex to Pioneer, which bears no interest and has no fixed date of repayment, there were no material loans to and from the Thabex group of companies as at 11 January 1999, being the last practicable date prior to finalisation of this circular.

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

- loan of R1,73 million by Thabex to DME
- loan of R0,16 million by Thabex to DMX
- loan of R0,09 million by Thabex to Platinexco
- loan of R1,67 million by Thabex to Thaba Egoli

These loans bear interest at market related rates and have no fixed date of repayment.

12.5 Dividend policy

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

12.6 Principal immovable properties

Pioneer owns Stand 249 Marydale in the Municipality of Marydale, division Prieska, Province Northern Cape.

12.7 Details of principal subsidiary companies

Details of principal subsidiary companies of Thabex are available for inspection in accordance with paragraph 25 below.

12.8 Alterations to share capital and premium during the past three years

12.8.1 Thabex

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

- 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;

- 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 ranking pari passu in every respect with the existing shares of Thabex;
- 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 Southern Witwatersrand Exploration Company Limited loan account;
- there were no further issues of shares for the three year period prior to 30 August 1996;
- as at 28 February 1996, the issued share capital of the Company was R976 325,20 comprising 9 763 252 ordinary shares of 10 cents each;
- 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;
- 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.
- 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;
- 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.
- on 20 November 1997, 1 650 000 ordinary shares of 10 cents each were issued at a premium of 190 cents each at listing, for cash by way of a private placing.

12.8.2 Subsidiaries

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

13 SUBSTANTIAL HOLDINGS [7.A.28]

On 11 January 1999, being the last practical date prior to the finalisation of this circular, the direct interests of shareholders holding 5% or more in the issued ordinary shares in Thabex, were as follows:

	Number of shares held	Percentage of issued capital %
Saminco	5 265 656	38,89
Alizarin	2 547 689	18,80
Indo-China Nominees (Pty) Ltd	1 208 900	8,93
Kobie Spangenberg Trust	990 000	7,39
Total	10 012 245	74,01

14 DIRECTORS [7.A.12, 7.A.28, 7.B.1, 7.B.5, 7.B.15, 7.B.16, 7.F.3, 12.7 (b), 12.7 (c) and 12.7 (d)]

14.1 Information on Thabex executive directors

Name	Age	Address	Profile
Marius Welthagen	42	51 Austin Street Northcliff Johannesburg	Chairman and managing director
Jeffrey Raymond Rapoo	55	686 Old Farm Road Faerie Glen Pretoria	Financial director
Professor David Louis Reid	50	29 Budock Street Claremont Cape Town	Director
Antonie Petrus Roux	41	La Colline Franschhoek	Director

14.2 Technical consultant to Thabex

Consultant	Age	Address	Profile
Robert Cooke	65	2 Forrest Road Rondebosch Cape Town	Geological consultant

14.3 Thabex directors' interests

On the listing date, the directors of Thabex will beneficially hold, directly or indirectly, in aggregate 2 905 936 shares in the share capital of Thabex.

14.4 The direct and indirect beneficial interest of each director is as follows:

	Directly		Indirectly		%
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	
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	4 000	-	2 905 936	-	21,48

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

14.5 Thabex directors' dealings in Thabex shares

During the six months preceding the date of this circular, Thabex directors did not carry out any transactions in Thabex shares:

14.6 Pioneer directors' interest in Thabex

Messrs R Cooke and M Welthagen held 31 000 and 2 735 936 ordinary shares in Thabex, directly and indirectly, respectively.

14.7 Directors' interest in transactions

The directors of Thabex have had no beneficial interest, either direct or indirect, in material transactions effected by the company.

14.8 Appointment, qualification, remuneration and borrowing powers of directors

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 afore going or in addition thereto. Retiring directors are eligible for re-election.

14.9 The directors of Thabex received in aggregate the following remuneration during the financial year ended 28 February 1998

The total aggregate remuneration and benefits to be paid to the directors of Thabex for the 12 month period ending 28 February 1998 was at R236 000.

There will be no variation in the remuneration of directors as a consequence of Thabex's disposal of DME.

14.10 Management

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

15 OPINION AND RECOMMENDATIONS

15.1 Professor RP Viljoen has advised the board of directors of Thabex that it has considered the terms and conditions of the acquisition including the terms of the acquisition agreement and the terms of the option and appointment of a contractor at DME, and is of the opinion that they are fair and reasonable to the shareholders of Thabex. The text of a letter from Professor Viljoen in this regard is set out in Annexure 4.1 to this document.

15.2 The directors of Thabex have considered the terms and conditions of the acquisition and are of the opinion that they are fair and reasonable to the shareholders of Thabex and recommend that shareholders vote in favour of the ordinary and special resolutions to be proposed at the general meeting.

15.3 The directors of Thabex, in respect of their own holdings in Thabex shares, will vote in favour of the ordinary and special resolutions to be proposed at the general meeting. R Cooke will abstain from voting his ordinary shares at the general meeting in view of his interests in both Thabex and Pioneer.

16 WORKING CAPITAL STATEMENT [12.7 (g) (iii)]

The directors of Thabex are of the opinion that the working capital resources of the Thabex group, including Pioneer, will be sufficient for its current and foreseeable future requirements.

17 LITIGATION STATEMENT [7.D.11 and 12.7 (e)]

There are no legal or arbitration proceedings that may have, or have had in the past twelve months, a material effect on the financial position of Thabex or Pioneer. The directors of Thabex are not aware of any such proceedings that are pending or threatened.

18 YEAR 2000 COMPLIANCE [6.25]

The policy of the company is to be fully Year 2000 compliant. Since October 1997, Thabex has been taking appropriate steps to ensure that business processes, procedures, systems and computer facilities will be able to sustain continuity through 1999 and beyond 2000. A phased corporate strategy is in the process of being implemented, which will be audited by Thabex's auditors on completion of each phase.

Thabex has approached suppliers and business partners whose systems interface with those of Thabex to ensure that such interfaces do not prejudice Year 2000 compliance. Where, for reasons beyond the company's control, Year 2000 compliance appears to be compromised, a contingency plan will be developed to normalise the situation.

Thabex does not expect any material operational difficulties to arise as a result of the Year 2000 problem and believes that there is no or minimal risk of the Company facing directly or indirectly arising from failure to address the Year 2000 problem.

19 SIGNIFICANT CONTRACTS [7.F.1]

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

19.1 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 and the amendment thereto dated 10 February 1998;

19.2 the Geelvloer Mineral Rights acquisition agreement, namely –

19.2.1 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;

19.2.2 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;

19.2.3 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;

19.2.4 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;

19.2.5 the Prospecting and Option Agreement between Willem Johannes Coetzee Spangenberg and Pioneer in respect of T'Oubeep 158, district Kenhardt dated 23 November 1993;

19.2.6 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 –

- an agreement concluded between Willem Johannes Coetzee Spangenberg, Thabex and Thaba Egoli on 4 March 1997; and
- an agreement concluded between Thaba Egoli, Willem Johannes Coetzee Spangenberg, the Kobie Spangenberg Family Trust and Thabex on 3 September 1997;

19.3 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;

19.4 option and sale of shares agreement between the Company, DME and HC van Wyk Diamonds, dated 22 October 1998.

20 MINERAL RIGHTS OR OTHER RIGHTS TO MINING TITLES (12.9)

Refer to Annexure "6" hereto.

21 EXPENSES [7.B.12]

The expenses payable by the Thabex group relating to the issue of the consideration shares and including listing fees and inspection fees of R4 157, are not expected to exceed R10 000.

22 EXCHANGE CONTROL REGULATIONS

In terms of the Exchange Control Regulations, share certificates to be issued pursuant to the acquisition:

- to a non-resident of the common monetary area will be restrictively endorsed in terms of those regulations;
- to an emigrant from the common monetary area will be placed under the control of the authorised bank dealing in foreign exchange in South Africa nominated by that Thabex shareholder. If no nomination is made, the new share certificates will be held in trust by the transfer secretaries.

23 DIRECTORS' RESPONSIBILITY STATEMENT [7.B.17]

The directors of Thabex whose names are given on page 10 of this circular:

- have considered all the information contained in this circular;
- accept, individually and collectively, full responsibility for the accuracy of the information given in relation to Thabex;
- certify that, to the best of their knowledge and belief, no other facts have been omitted which would make any statement in this circular false or misleading; and
- have made all reasonable enquiries to ascertain such facts.

24 GENERAL MEETING

A general meeting of Thabex shareholders will be held at 10:00 on Wednesday, 17 March 1999 at KPMG Forum, 2nd Floor, 427 Hilda Street, Hatfield, Pretoria in order to consider and approve the resolutions necessary to give effect to the acquisition, the increase in authorised share capital and the capital reduction. A notice convening the general meeting and a form of proxy for use by Thabex shareholders who are unable to attend the general meeting and who wish to be represented thereat are attached to and form part of this circular. Duly completed forms of proxy must be received by the transfer secretaries by not later than 10:00 on Monday, 15 March 1999.

25 DOCUMENTS AVAILABLE FOR INSPECTION [7.G.1 and 7.F.5]

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 till Wednesday, 17 March 1999:

- 25.1** the memoranda and articles of association of each member of the Thabex group;
- 25.2** the signed report by the independent reporting accountants, dated 27 November 1998, the texts of which are set out in Annexure "2" of this circular;
- 25.3** the written consents of the reporting accountants and auditors, attorneys, transfer secretaries, commercial bankers, corporate advisers, and sponsoring broker named in this circular, to act in those capacities, which consents have not been withdrawn prior to publication;
- 25.4** the annual financial statements of Thabex in respect of the financial period ended on 28 February 1998;
- 25.5** all agreements referred to under "Significant contracts" as set out in paragraph 19 of this circular;
- 25.6** a list of principal subsidiary companies of Thabex as referred to in paragraph 12.7 above;

By order of the board

Thabex Exploration Limited

SA Mineral Investments (Pty) Limited
Company Secretaries

Johannesburg
11 January 1999

annexure 1
pro forma statement of assets and liabilities
 [7.E.18]

Set out below is a statement of the assets and liabilities of Thabex before and after the disposal of DME and before and after the acquisition of Pioneer:

ABRIDGED CONSOLIDATED BALANCE SHEET

Year ended 28 February 1998	Before disposal of DME and acquisition of Pioneer Audited R000	After disposal of DME before acquisition of Pioneer Unaudited R000	After acquisition of Pioneer before disposal of DME Unaudited R000
Capital employed			
Share capital	1 354	1 354	1 504
Share premium	16 645	16 645	17 995
Accumulated loss	(6 054)	(3 194)	(5 842)
Outside shareholders' interest	5	5	5
Long-term liabilities	117	–	117
	12 067	14 810	13 779
Employment of capital			
Fixed assets	1 003	59	1 041
Option, mineral and participation rights	10 546	10 546	10 647
Interest in associated company	269	269	–
Goodwill	–	–	3 713
Current assets	806	4 298	939
Inventory	169	–	169
Accounts receivable	97	3 758	100
Bank balances	540	540	670
Current liabilities	(557)	(362)	(2 561)
Accounts payable	(557)	(362)	(2 561)
Bank overdraft	–	–	–
Net current assets/(liabilities)	249	3 936	(1 622)
	12 067	14 810	13 779
Shares in issue	13 538 597	13 538 597	15 038 597
Net asset value per share (cents)	88,22	109,35	90,81

annexure 2
financial information on thabex
 [7.E.3 to 7.E.5]

1 CONSOLIDATED INCOME STATEMENTS

The following financial information for the financial year ended 28 February 1998 and the six months to 31 August 1998 has been extracted from Thabex's annual report and Thabex's interim report:

	6 months ended 31 August 1998 Unaudited R000	Year ended 28 February 1998 Audited R000
Turnover	1 593	–
Net operating loss	(343)	(734)
Depreciation	(135)	(69)
Interest received	14	56
Operating loss	(464)	(747)
Provision for write-down of interest in associated company	(250)	(212)
Net loss for the period	(714)	(960)
Accumulated loss at the beginning of the year	(6 054)	(5 094)
Accumulated loss at the end of the period	(6 768)	(6 054)
Earnings per share (cents)	(5,27)	(7,88)
Headline earnings per share (cents)	(3,42)	(6,14)
Shares in issue	13 538 597	13 538 597
(weighted average for the period)	13 538 597	12 182 873

2 CONSOLIDATED BALANCE SHEETS

	6 months ended 31 August 1998 Unaudited R000	Year ended 28 February 1998 Audited R000
Capital employed		
Share capital	1 354	1 354
Share premium	16 645	16 645
Accumulated loss	(6 768)	(6 054)
Outside shareholders' interest	5	5
Long-term liabilities	–	117
	11 236	12 067
Employment of capital		
Fixed assets	1 648	1 003
Option, mineral and participation rights	10 554	10 546
Interest in associated company	168	269
Current assets	229	806
Inventory	20	169
Accounts receivable	209	97
Bank balances	–	540
Current liabilities	(1 363)	(557)
Accounts payable	(1 331)	(557)
Bank overdraft	(32)	–
Net current liabilities/(assets)	(1 134)	249
	11 236	12 067
Net asset value per share (cents)	82,96	88,22

3 CONSOLIDATED CASH FLOW STATEMENTS

	6 months ended 31 August 1998 Unaudited R000	Year ended 28 February 1998 Audited R000
Cash generated by/(utilised in) operating activities		
Cash utilised in operations	(328)	(676)
Cash generated from/(utilised by) working capital	812	(149)
	484	(825)
Cash expended in investing activities		
Acquisition of fixed assets	(780)	(1 006)
Acquisition of options, mineral and participation rights	(9)	(1 715)
Acquisition of interest in associated company	(150)	(482)
Proceeds on disposal of listed investments	–	3
	(939)	(3 200)
Cash effects of financing activities		
Proceeds from issue of shares	–	378
Share premium arising on issue of shares	–	5 302
Share issue and listing expenses	–	(1 022)
Long-term loans repaid	(117)	(270)
Long-term loans raised	–	11
Capital introduced by outside shareholders	–	5
	(117)	4 404
Decrease/(increase) in cash and cash equivalents	(572)	379
At the beginning of year	540	161
At end of year	(32)	540

4 SIGNIFICANT ACCOUNTING POLICIES

– Fixed assets and depreciation

Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets.

– 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.

– Land development and exploration expenditure

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

5 AUDITORS' REPORT

The auditors' report for the year ended 28 February 1998 was issued without qualification.

annexure 3
independent reporting accountants' report on pioneer
[7.E.2]

"27 November 1998

The Directors
Thabex Exploration Limited
PO Box 3899
Northcliff
Johannesburg
2115

Dear Sirs

Report of the independent accountants on Pioneer Minerals (Proprietary) Limited ("Pioneer")

1 INTRODUCTION

In our capacity as reporting accountants of Pioneer (registration number 91/06123/07) we report on the financial affairs of Pioneer.

We have acted as independent auditors to Pioneer since its incorporation on 30 October 1991. The company was dormant until February 1994 and started trading on 1 March 1994 during that year. During the period 1 March 1994 to 28 February 1998, unqualified audit reports were issued.

2 SCOPE

We have examined the audited financial statements of Pioneer for the years ended 28 February 1997 and 28 February 1998. Our examination was made for the purpose of reporting in terms of the requirements of the Johannesburg Stock Exchange relating to the circular to Thabex shareholders about the proposed acquisition of a further 60% in Pioneer.

3 DIRECTORS' RESPONSIBILITY

The information contained in this report is the responsibility of Pioneer directors.

4 ACCOUNTING POLICIES

The financial statements are prepared in accordance with the historical cost convention and confirm in all material respects with Generally Accepted Accounting Practice and the requirements of the Act.

4.1 Fixed assets and depreciation

Fixed assets are stated at cost and furniture and tools are depreciated on a straight-line basis at a rate considered appropriate to reduce carrying values to estimated residual value over their estimated useful lives.

The annual rate used for this purpose is:

Furniture and fittings	16,67%
------------------------	--------

Depreciation is not provided on freehold land and buildings as they are considered to be of an investment nature.

4.2 Mineral option rights

Options in respect of the mining and prospecting rights are carried at cost. Where such options have been ceded to third parties and such cessions are subject to reversion to Pioneer, if abandoned by the cessionaries, the options are written down to a nominal value of R100.

4.3 Exploration and development expenditure

Expenditure on exploration and development is written off as it occurs.

5 PROFIT HISTORY

The results of Pioneer for each of the four years preceding 28 February 1998, as set out below have been extracted from the audit income statements without adjustments:

Years ended 28 February		1998	1997	1996	1995
	Notes	Audited R	Audited R	Audited R	Audited R
Turnover	5.1	13 175	9 450	89 300	–
Net operating profit/(loss)	5.2	(212 317)	(39 109)	3 030	(2 085)
Taxation	5.3	–	–	(331)	–
Operating profit/(loss)		(212 317)	(39 109)	2 699	(2 085)
Net profit/(loss) for the period		(212 317)	(39 109)	2 699	(2 085)
Accumulated profit/(loss) at the beginning of the year		(38 495)	614	(2 085)	–
Accumulated profit/(loss) at the end of the period		(250 812)	(38 495)	614	(2 085)
Earnings/(losses) per share (cents)	5.4	(1 362,46)	(469,31)	40,13	(595,71)
Headline earnings/(losses) per share (cents)		(1 362,46)	(469,31)	40,13	(595,71)
Weighted average number of shares in issue		15 583	8 333	6 725	350

6 BALANCE SHEETS

The balance sheets of Pioneer for the four years, set out below, have been extracted from the financial statements without adjustments:

Years ended 28 February		1998	1997	1996	1995
	Notes	Audited R	Audited R	Audited R	Audited R
Capital employed					
Share capital	6.1	16 700	10 000	8 000	350
Share premium	6.2	131 940	28 000	–	–
Accumulated loss		(250 812)	(38 495)	614	(2 085)
Long-term liabilities	6.3	371 000	110 640	35 690	15 340
		268 828	110 145	44 304	13 605
Employment of capital					
Fixed assets	6.4	38 220	39 950	–	–
Option, mineral and participation rights	6.5	101 560	37 920	23 940	13 680
Current assets		133 048	35 806	23 945	725
Accounts receivable		3 553	7 635	–	–
Bank balances		129 495	28 171	23 945	725
Current liabilities		(4 000)	(3 531)	(3 581)	(800)
Account payable		(4 000)	(3 200)	(3 250)	(800)
Provision for taxation		–	–	(331)	–
Net current assets/(liabilities)		129 048	32 275	20 364	(75)
		268 828	110 145	44 304	13 605
Net asset value per share (cents)	6.6	(6,56)	(0,06)	1,28	(4,96)

Notes to the financial statements:

Years ended 28 February	1998 Audited R	1997 Audited R	1996 Audited R	1995 Audited R
5.1 Revenue				
The major class of revenue comprises:				
Cession of mineral option rights	13 175	9 450	89 300	–
5.2 Net operation profit/(loss)				
Profit/(loss) from ordinary activities before taxation after taking into account the following items:				
Auditor's remuneration				
Audit fees				
- Current fees	4 000	3 200	900	800
- Adjustment for previous years	800	808	–	–
	4 800	4 008	900	800
Depreciation				
- Furniture and tools	1 730	433	–	–
Fees for services paid to outside parties				
- Technical and administration	91 236	20 512	41 349	–
- Secretarial	2 838	3 188	500	–
- Legal	7 786	9 680	7 887	–
	101 860	33 380	49 736	–
Total	108 390	37 821	50 636	–
5.3 Taxation				
South Africa normal taxation	–	–	331	–
Taxation was not provided as the company has an estimated tax loss. Estimated tax loss available for set-off against future income is R248 146.				
5.4 Earnings				
Earnings/(losses) per share is based on the net income/(loss) after tax for the year and is calculated by dividing such income/(loss) by the weighted average number of shares in issue during the year.				
6.1 Share capital				
Authorised				
20 000 ordinary shares of R1 each	20 000	10 000	10 000	10 000
Issued				
10 000 ordinary shares of R1 each	16 700	10 000	8 000	350
During the year 6 700 ordinary shares of R1 each were issued at par.				
6.2 Share premium				
Premium on shares issued during the year				
- 6 700 shares at premium of R103 940	131 940	28 000	–	–

Years ended 28 February	1998 Audited R	1997 Audited R	1996 Audited R	1995 Audited R
6.3 Long-term liabilities				
Loans				
Thabex Exploration	371 000			
R Cooke (Snr)	–	80 840	5 890	15 340
R Cooke (Jnr)	–	9 900	9 900	–
P Cooke	–	9 900	9 900	–
M McDonald	–	10 000	10 000	–
Total	371 000	110 640	35 690	15 340
6.4 Fixed assets				
The carrying amounts of fixed assets can be reconciled as follows:				
Land and buildings at cost	30 003	30 003	–	–
Accumulated depreciation	–	–	–	–
	30 003	30 003	–	–
Furniture and tools at cost	10 380	10 380	–	–
Accumulated depreciation	(2 163)	(433)	–	–
	8 217	9 947	–	–
Total	38 220	39 950	–	–
6.5 Option, mineral and participation rights				
At cost or nominal value as set out in Note 4.b				
Geelvloer Copper - Zinc - Gold	100	100	100	13 680
Jacomynspan Nickel - Copper	100	100	100	–
Marydale Copper - Zinc	12 000	100	100	–
Riviera Tungsten - Molybdenum	100	27 21360	12 540	–
Kraalbosch Vlei Copper	10 260	10 260	5 700	–
Nuwefontein Copper	18 000	–	5 400	–
Douglas-Prieska Diamonds	56 000	–	–	–
Kimberley Property and geological database	5 000	–	–	–
Total	101 560	37 920	23 940	13 680
6.6 Net asset value				

Net asset value per share is based on the net assets/(liabilities) at the year-end and is calculated by dividing such net assets/(liabilities) by the weighted average number of shares in issue during the year.

7 CASH FLOW STATEMENTS

The cash flow statements of Pioneer for each of the two years preceding 28 February 1998, as set out below have been extracted from the audited cash flow statements without adjustments:

Years ended 28 February		1998	1997	1996	1995
	Notes	Audited R	Audited R	Audited R	Audited R
Cash (utilised in)/generated by operating activities					
Cash utilised in operations	7.1	(211 932)	(38 965)	2 520	(2 232)
Investment income		1 345	289	510	147
Change in working capital	7.2	4 882	(7 685)	2 450	(12 880)
Cash generated from operating activities		(205 705)	(46 361)	5 480	(14 965)
Taxation		(331)			
		(206 036)	(46 361)	5 480	(14 965)
Cash expended in/(generated by) investing activities					
Acquisition of fixed assets	7.3	–	(40 383)	–	–
Acquisition of options, mineral and participation rights		(91 000)	(19 380)	(10 260)	–
Proceeds on disposal of mineral options		27 360	5 400	–	–
		(63 640)	(54 363)	(10 260)	–
Cash effects of financing activities					
Proceeds from issue of shares		6 700	9 650	–	350
Share premium arising on issue of shares		103 940	28 000	–	–
Long-term loans raised		260 360	67 300	28 000	15 340
		371 000	104 950	28 000	15 690
Increase/(decrease) in cash and cash equivalents					
At the beginning of year		101 324	4 226	23 220	725
At end of year		28 171	23 945	725	–
		129 495	28 171	23 945	725
Notes to the cash flow statements					
7.1 Cash flow from operations					
Operation loss before interest and taxation		(212 317)	(39 109)	3 030	(2 085)
Adjustment for:					
Investment income		(1 345)	(289)	(510)	(147)
Depreciation		1 730	433	–	–
		(211 932)	(38 965)	2 520	(2 232)
7.2 Change in working capital					
Accounts receivable		4 082	(7 635)	–	13 680
Accounts payable		800	(50)	2 450	(800)
		4 882	(7 685)	2 450	12 880
7.3 Additions to fixed assets					
Land and buildings		–	30 003	–	–
Furniture and tools		–	10 380	–	–
		–	40 383	–	–

8 CONTINGENT LIABILITIES

As at 28 February 1998 Pioneer had no material contingent liabilities, capital commitments or lease payments.

9 SUBSEQUENT EVENTS

We are not aware of any significant events subsequent to 28 February 1998 other than those detailed in this report and in the proposed circular, which have or are likely to have a material effect on the financial information contained in this report.

10 MATERIAL CHANGES

No material changes have occurred in the capital structure and financial position of Pioneer since 28 February 1998, being the date of the last audited balance sheet, other than in the ordinary course of business as set out in this report.

11 REVIEW OPINION

During the preparation of our report, nothing has come to our attention that causes us to believe that the financial information contained in this report is not fairly presented, in all material respects, in accordance with Generally Accepted Accounting Practice.

Yours faithfully

BDO Spencer Steward
Chartered Accountants (SA)
Registered Accountants and Auditors"

annexure 4.1

competent person's report and opinion including fair and reasonable statement on pioneer and dme

[12.7 (a), 12.8 and 12.9]

"23 November 1998

Dr Richard Viljoen
56 Maple Drive
Athol
Sandton 2196
Tel + 27 (11) 440 3938 Fax + 27 (11) 440 2029

The Directors
Thabex Exploration Limited
PO Box 3899
Northcliff
Johannesburg
2115

Dear Sirs

Independent, competent person's report and opinion

I have been requested, as an independent consultant by Mr M Welthagen, Chairman and Chief Executive Officer of Thabex Exploration Limited ("Thabex") to provide a statement giving an opinion regarding the value of the diamond and base metal mineral projects held by Pioneer Minerals (Pty) Limited ("Pioneer"). I was also requested to give an opinion on the proposed sale of Douglas Mining & Exploration (Pty) Limited ("DME"). I have no beneficial or non-beneficial interest in Thabex, directly or indirectly.

I have been employed by JCI for 16 years, where I was manager of the Geological Research Unit for most of the time, and manager of the remote sensing company, Spectral Africa (Pty) Limited. I was responsible for all JCI gold exploration programmes in the post as the Divisional Consulting Geologist up to 1983 when I moved to Gold Fields of SA Limited. I have been a Consulting Geologist for Gold Fields for 14 years, during which period I was responsible for the geological activities of all group mines, geological departments as well as major exploration programmes in Southern and South America. I was also involved in numerous due diligence assessment studies of precious and base metal mines and projects in Africa and other parts of the world.

I am a recipient of a number of awards for excellence in Economic Geology and was president of the Associated Scientific and Technical Societies of South Africa (AS&TS) and of the Geological Society of South Africa on two occasions. I am a fellow member of the South African Institute of Mining and Metallurgy and of the Geological Society of South Africa.

Pioneer Minerals (Pty) Limited

I reviewed all available information related to the Pioneer base metal projects during a visit to the Company's offices in Cape Town and Kimberley on 6 to 8 May 1998.

Thabex entered into an agreement to acquire 40% of the equity of Pioneer for R110 639 and to fund Pioneers' exploration programme to the amount of R840 000 over a two-year period, commencing 1 March 1997. Thabex has cancelled its previous option to buy a further 20% of Pioneer and replaced it with an option agreement to acquire all the remaining ordinary shares (60%) of Pioneer, subject to shareholders' approval. The terms of the new option are:

- the issue of 500 000 ordinary shares in Thabex and a cash payment of R1 million should option be exercised before 30 September 1998; or
- the issue of 1 000 000 ordinary shares in Thabex and a cash payment of R1,5 million should option be exercised before 30 March 1999; or
- the issue of 1 500 000 ordinary shares in Thabex and a cash payment of R2 million should option be exercised before 30 June 1999.

My comments concerning the ground holding situation, the types of deposits being considered, and the accuracy of the estimated tonnages and grades quoted, are given below. As none of the projects under consideration have reached the mining stage no comment has been made regarding mining costs, production parameters and profits that might accrue from their exploitation.

1 DIAMOND AND BASE METAL PROJECTS

1.1 Douglas-Prieska Diamond Project (60% Pioneer)

Eight applications for prospecting permits covering ground with good alluvial diamond potential along palaeo drainage system of the Orange River have been submitted to the Department of Mineral and Energy affairs. An area of 28 000 ha has been applied for and indications that the permits will be granted are good. In addition, the possibility of concluding option agreements with holders of diamond rights within the greater area is favourable.

The area in question lies on the southern side of the Orange River, immediately downstream from the confluence with the Vaal River in the vicinity of Douglas. The Vaal and Orange river systems drain and have eroded an area containing numerous diamondiferous kimberlite pipes and the terraces in question which contain some of these diamonds, have a long history of mining.

While mining of the rich, Rooikoppie gravel, which yielded about 5 carats per 100 tons, has taken place in the past, the present targets are various levels of gravel terraces lying below the Rooikoppie gravel. Such gravels occur in variably sized sheets, which occur as discontinuous patches throughout the area in question with an average thickness of about 4 metres.

By comparing the gravels of the Douglas-Prieska area with similar gravels that have already been mined in other parts of the Vaal-Orange drainage system. In similar settings, it is estimated that a probable grade of 0,75 to 1 carat per 100 tons with average stone size of over 1 carat and worth between 600 and US\$700 per carat could be obtained from the gravels in question. Although reserves are estimated to be in the order of 30 to 50 million tons, exploitation would be preceded by a comprehensive exploration programme comprising mainly percussion drilling and bulk sampling.

Some of the gravels underlie agricultural land and subject to suitable agreements on exploitation, rehabilitation and compensation of the local farmers, it is probable that the gravels under consideration could be mined profitably.

1.2 Riviera Project (100% Pioneer)

A prospecting and option agreement is held over 774,1298 ha in the Piketberg area, some 130 km north of Cape Town. The agreements have a remaining period of 30 months as of May 1998. The cost to date of retaining these options amounts to R36 000 while the cost for the remaining period amounts to R26 000.

The mineralisation of interest is of a well known type associated with high level volatile-rich portions of granitic plutons. In this case the granite of interest is known as the Cape granite. The ore body has been evaluated by means of 19 000 m of drilling which has defined a mineralised zone varying from 10 m to 60 m in width and dipping at 30E. The open castable reserve of 46 million tons grading at 0,216% WO₃ and 0,02% Mo, based on a cut off grade of 0,1% WO₃ and a minimum width of 15 m is acceptable, having reviewed the information and method on which the estimates are based.

The intention is to renew the options until such time as an increase in the price of the commodities in question, tungsten, molybdenum and rare earths, shows the deposit to be economically viable. Holding this option renders the property of value in the longer term, knowing that commodity prices are cyclical and will increase.

The Riviera Project although sub economic at present, constitutes a valuable asset, which with an increase in commodity prices and/or further refinement of metallurgical processes, could be turned to account. This, however, will be subject to the renewal of prospecting options which does not appear to pose a problem in this area.

1.3 Geelvloer Project (5% Pioneer)

Option and prospecting agreements are held over 11 993,0269 ha of ground in the Northwest Cape Province close to the town of Kakamas. These agreements have a remaining period of 10 months as from May 1998. The total cost of the options up to May 1998 and for the remaining period, is R25 000.

The mineral rights for the farm adjoining Geelvloer 197, have been purchased for R1,6m against the issue of 1 600 000 shares in Thabex. Phelps Dodge, Newmont, Gencor and Gold Fields of South Africa have previously extensively investigated the Geelvloer deposit.

Most of the information accumulated from the above studies is available and has been synthesised and interpreted to reveal three separate strata bound mineralised zones containing zinc, copper, lead, silver and gold. Sulphide minerals are characteristic of the mineralized zones which occur in biotite gneiss; amphibolite and calc silicate rocks of the Bushmanland sequence.

The mineralisation is of the well known Sedex or sedimentary exhalative type which often gives rise medium to large, sometimes strike extensive, base metal deposits. The Geelvloer deposit has similarities to and is related to a number of other well known Sedex deposits in the Northwest Cape Province including Aggeneys (the Broken Hill and Black Mountain deposits) and Gamsberg.

The three mineralised zones contain from 1,80 to 4,23% Zn, 0,50 to 1,00% Cu, 0,40 to 0,89% Pb, 18 g/t to 34 g/t Ag and 0,045 g/t to 0,85 g/t Au. A resource of 7,18 million tons has been established. From an initial examination of the data and from my knowledge of the area, both the grades and the reserves quoted are acceptable.

Geelvloer is an important deposit that is open-ended along strike, particularly at depth, where there is also an indication of an increase in grade. Besides the potential for increasing the ore reserves in the immediate vicinity of the mineralised body on Adjoining Geelvloer 179, there is potential for locating further mineralisation in the favourable stratigraphic zone along strike and within the 12 000 ha area held under option by Thabex.

The strategy of holding and renewing options until such time as commodity prices improve and a viable mining operation can be established, is a good one.

2 CONCLUSIONS

The Douglas-Prieska alluvial diamond project, where applications for prospecting permits have been granted, are of particular interest as the area could contain one or more economically viable alluvial diamond deposits. Individual prospects within the greater Douglas-Prieska project area are still at the grassroots stage of exploration and are dependent on the granting of applications to prospect. Comprehensive exploration programmes comprising mainly percussion drilling and bulk sampling, will be required to establish viable deposits and the true potential of this project.

The Pioneer base metal properties while of interest are all sub-economic at present commodity prices. The Riviera and Geelvloer projects would require only modest increases of about 10% in certain commodity prices to make them economically viable and attractive mining propositions, after a limited amount of further exploration and due diligence work.

Further important considerations is that, the services of Mr Robert Cooke of Pioneer who has excellent knowledge of all the projects discussed has been retained by Thabex on an exclusive basis for a two-year period. He will also be available to act as a consultant to Thabex where necessary.

Finally it is concluded that the asking price for the assets brought to Thabex by Pioneer constitutes a fair and reasonable transaction.

Douglas Mining & Exploration (Pty) Limited

I have considered the option and sale agreement for the appointment as contractor and the proposed sale of DME to HC Diamonds CC and am of the opinion that the transaction is fair and reasonable to the shareholders of Thabex.

In formulating this opinion, I have considered, inter alia, the rationale for and potential benefits of the sale in the context of Thabex's and its strategic objectives for turning to account its diamond interests.

I hereby consent for Thabex to include this report and the reference to these opinions in this circular to Thabex shareholders in the form and context in which it appears.

Prof RP Viljoen
Geological Consultant
Pr Sci Nat

annexure 4.2

competent person's report and opinion on pioneer

[12.7 (a), 12.8 and 12.9]

"24 November 1998

Professor Terence S McCarthy
56 Seventh Avenue
Parktown North
7193

The Directors
Thabex Exploration Limited
PO Box 3899
Northcliff
2115

Dear Sirs

Independent competent person's report

I have been requested by Mr M Welthagen, Chief Executive Officer of Thabex Exploration Limited, to provide an independent report on the diamond potential of certain farms situated in the Orange River between Douglas and Prieska.

I investigated the gravel deposits using a combination of aerial photograph analysis, satellite image (nighttime thermal and conventional Landsat TM) analysis and a field examination undertaken from 14 to 18 April 1998.

1 INTRODUCTION

Diamondiferous alluvial gravels of a variety of ages are developed along much of the length of the Orange River between Douglas and Prieska. Diggers previously worked many of these deposits on a small scale.

Interest in the area has recently increased, for a number of reasons. The Rand price of diamonds has risen rapidly, particularly of the larger, better quality stones which are characteristic of alluvial deposits. The scale of mining has also increased, and experience on these deposits has shown that large-scale operations can be profitable. Recent changes in the law regulating mineral rights potentially facilitate the acquisition of large blocks of ground for exploration.

The gravels are either exposed on surface, or under thin cover, so stripping ratios are favourable. Although the gravels are usually calcified, they can be ripped using heavy earth moving equipment and largely break up during handling, eliminating the need for crushing. Although the grades of those large alluvial terraces are usually low, the average size of the stones is generally large, and the proportion of boart is very small. These factors compensate for the low grade, in that the value per carat is high.

2 NATURE OF THE GRAVELS

Alluvial deposits, consisting primarily of gravel, are developed at various elevations above the present river. The majority of the gravel deposits lie on a fairly evenly planed to gently undulating floor of Dwyka tillite. Potholes are not developed, as these only occur in more resistant rock types. The thickness of the gravels is extremely variable, and may locally exceed seven metres. On the higher terraces, the gravels at surface typically consist almost entirely of siliceous clasts (quartzite, chert, agate, banded iron formation, etc) in an unconsolidated, sandy matrix.

This deposit is locally known as Rooikoppie gravel. The majority of the clasts are stained red by iron oxide, giving the gravel a characteristic red colour. This type of gravel usually extends to a depth of about 0,5 m, below which is a layer of very hard calcrete, often exhibiting deep solution cavities or depressions, which are filled with siliceous gravel. The calcrete frequently has a laminated structure, and is generally free of clasts, although locally may contain clusters of siliceous clasts. The hard upper calcrete layer grades downwards into more friable calcrete, which contains scattered clasts of a wide variety of lithologies, and finally into weakly cemented, clast supported gravel. Sandy to gritty horizons may occur in the lower profile. On the lower terraces, the upper red gravel is poorly developed or often not developed at all. Here, the hard upper calcrete lies beneath a thin, sandy soil, and grades downward through matrix supported gravel to clast supported gravel at depth. On certain of the lower lying terraces, the gravels are overlain by wind blown sand.

Previous small-scale digging operations were confined almost exclusively to the Rooikoppie gravels, never penetrating the hard calcrete layer. The recovery of diamonds from these gravels does however attest to the fact that diamonds are present throughout the profile. The base of the profile may, under certain circumstances, constitute a zone of enrichment, but the diggers never worked this layer.

3 POTENTIAL RESERVES

The following is the potential tonnages of gravel reserves present in the area of interest. A relative density of 2 was used for the gravels.

Property	Potential Gravels		Tonnes
	Area km ²	Assumed thickness	
Saxendrift	1,5	3	9 000 000
Kalk Kraal	Small areas of potential gravel – not estimated		
Viegulands Put	0,4	4	3 200 000
Muis Hoek	12,0	3	72 000 000
Remhoogte:			
Lower Gravels	6,0	3	36 000 000
Upper Gravels	6,0	3	24 000 000
Total			144 200 000

Historic production provides little information on the possible grade and diamond characteristics of the deposits in the study area. However, from past experience of a few mining and exploration operations in the area it is estimated that an average grade of between 0,6 and 1,0 carat per 100 tonnes could be expected and a diamond market price ranging from US\$500 to US\$700 per carat.

4 CONCLUSIONS

The Orange River between Douglas and Prieska is host to substantial reserves of diamondiferous gravel and probably represents one of the last major, unexplored alluvial diamond resources in southern Africa.

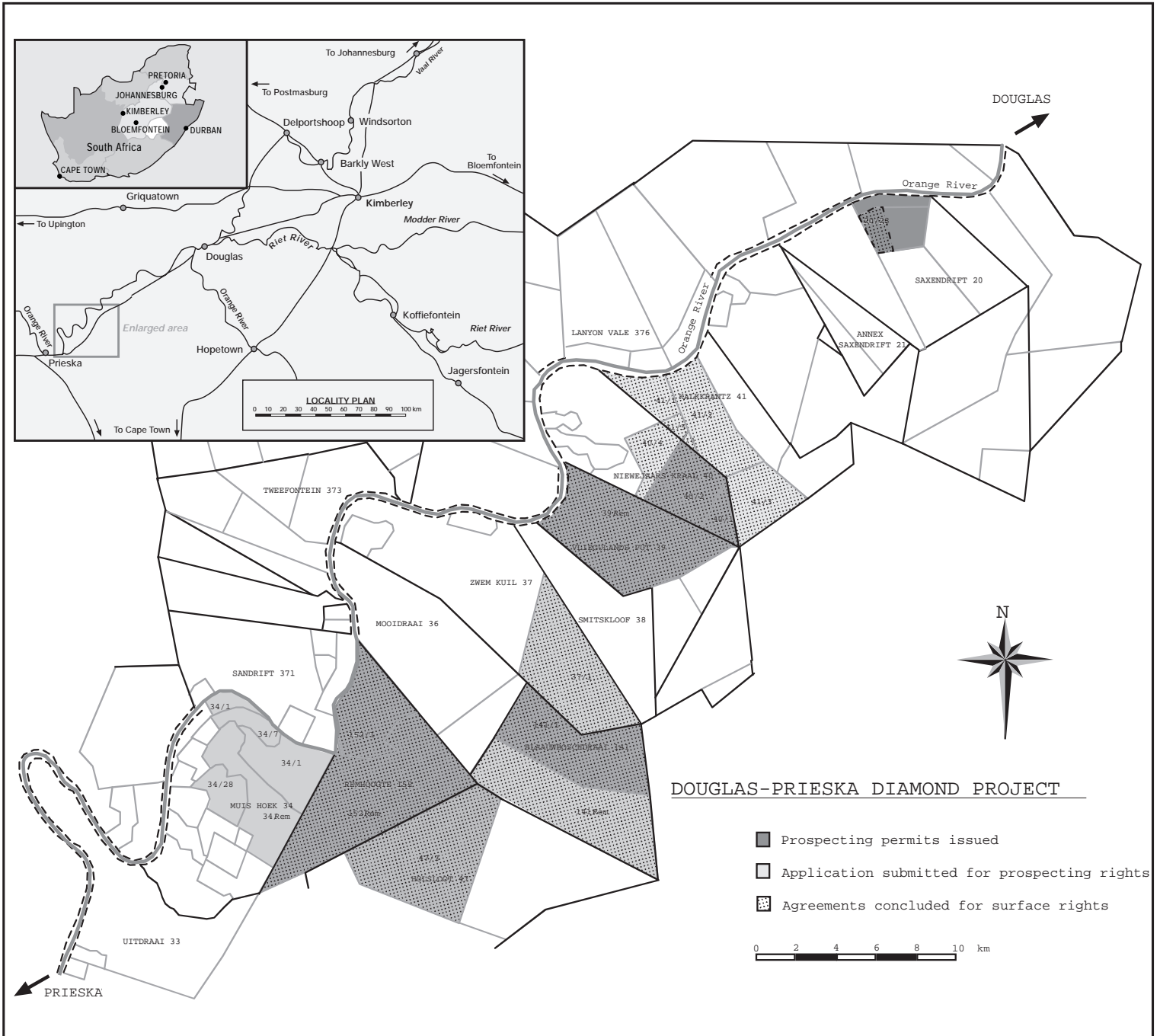
Improvements in infrastructure, decrease in mining costs and an increase in diamond values have reached the point where these deposits have probably become economically viable. Thorough evaluation of the deposits is therefore justified at this time.

I hereby consent for Thabex to include this report in this circular to Thabex shareholders.

Professor TS McCarthy
Geological Consultant

annexure 5

map of pioneer's mineral and option rights



Douglas-Prieska Diamond Project

annexure 6

schedule of mineral rights

List of prospecting and option agreements and mining permits of Thabex and Pioneer.

1 DOUGLAS PROJECT

Farms or portions thereof	District	Area in ha	Prospecting permit
Remaining Extent of Stand 1 Douglas Municipal Area	Herbert	454	T23/98

2 PIONEER PROPERTIES

Farms or portions thereof	District	Area in ha	Prospecting permit
Remhoogte 152 – Remaining extent	Prieska	4 097,8108	PP 29/98
Remhoogte 152 – Portion 1	Prieska	1 283,1842	PP 29/98
Niewejaarskraal 40 – Portion 1	Prieska	323,8712	PP 43/98
Niewejaarskraal 40 – Portion 2	Prieska	996,7805	PP 43/98
Muishoek 34 – Remainder of portion 1	Prieska	1 275,9468	Approved by Minister
Muishoek 34 – Remainder of portion 7	Prieska	296,5354	Approved by Minister
Muishoek 34 – Portion 28	Prieska	482,9024	Approved by Minister
Muishoek 34 – Portion 31	Prieska	1 109,1249	Approved by Minister
Viegulands Put 39 – Remainder	Prieska	3 249,4882	PP 28/98
Viegulands Put 39 – Portion 3	Prieska	398,2060	PP 28/98
Blaauboschdraai 141 – Portion 1	Prieska	2 141,3283	PP 15/98
Blaauboschdraai 141 – Remaining extent	Prieska	2 641,0439	PP 15/98
Holsloot 47 – Remainder of portion 3	Prieska	3 015,2789	PP 16/98
Total		21 311,5015	

Applications for prospecting permits have been submitted over a further eight farms in the area covering an area of approximately 7 500 ha.



Thabex Exploration Limited

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

Directors

M Welthagen (Executive Chairman)
JR Rapoo
Prof DL Reid
AP Roux

notice of general meeting

Notice is hereby given that a general meeting of Thabex shareholders will be held at KPMG Forum, 2nd Floor, 427 Hilda Street, Hatfield, Pretoria at 10:00 on Wednesday, 17 March 1999, for the purpose of considering and, if deemed fit, passing, with or without modification, the following resolutions set out below:

Ordinary resolution number 1

"RESOLVED that, the agreement for the proposed sale by the Company of the entire issued share capital of and claims against Douglas Mining & Exploration (Proprietary) Limited to HC van Wyk Diamonds CC as well as the appointment of HC van Wyk Diamonds CC as contractor, be and it is hereby ratified and approved and that the directors of the Company be, and they are hereby, authorised to take all such steps as are necessary or required to implement such agreement."

Ordinary resolution number 2

"RESOLVED that, subject to:

- (i) a quorum for the passing of an ordinary resolution in terms of the Company's articles of association being present at the general meeting at which this resolution will be proposed on the basis that neither R Cooke nor the Company's shares beneficially held by R Cooke will be taken into account in determining that quorum; and
- (ii) this ordinary resolution being passed by a simple majority of those shareholders present in person or by proxy and voting at the general meeting at which this resolution will be proposed other than R Cooke or the Company's shares registered in the name of R Cooke,

the agreement for the proposed acquisition by the Company of a further 60% of the issued share capital of and claims against Pioneer Minerals (Proprietary) Limited be and it is hereby ratified and approved and that the directors of the Company be, and they are hereby, authorised to take all such steps as are necessary or required to implement such agreement."

Ordinary resolution number 3

"RESOLVED that, subject to the passing and registration of the special resolution number 1 below, the 70 000 000 ordinary shares created by that special resolution be and they are hereby placed under the control of the directors of the Company until the next annual general meeting and that, together with the existing authorised and unissued ordinary shares in the capital of the Company already under their control, the directors be authorised to allot, grant options over or otherwise dispose of such ordinary shares at their absolute discretion, subject to the provisions of section 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, and to the Listings Requirements of the Johannesburg Stock Exchange."

Ordinary resolution number 4

"RESOLVED that any previous action by the directors in terms of Article 130 of the Articles of Association of the Company is hereby

ratified and that the directors of the Company are hereby authorised, in terms of the said Article 130, in respect of their borrowing powers, to exceed the aggregate from time to time of:

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

Special resolution number 1

"RESOLVED that the authorised share capital of Thabex be and is hereby increased from 30 000 000 ordinary shares of 10 cents each to 100 000 000 ordinary shares of 10 cents each by the creation of 70 000 000 new ordinary shares of 10 cents each, ranking pari passu in all respects with the existing ordinary shares in Thabex's authorised share capital."

Reason for and effect of the special resolution

The reasons for and effects of the special resolution are set out in the circular which accompanies this notice and of which this notice of meeting forms part. The effect of the special resolution is the increase of the authorised share capital of the Company.

Voting

All holders of ordinary shares will be entitled to attend and vote at the general meeting, subject to the proviso contained in ordinary resolution number 2 in respect of R Cooke. On a show of hands, every holder of ordinary shares who is present in person or, in the case of a company, the representative appointed in terms of section 188 of the Act, shall have one vote.

On a poll, the holders of ordinary shares present in person or by proxy will each be entitled to one vote for every ordinary share held.

Proxies

Each member entitled to attend and vote at the general meeting is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and, on a poll, to vote in his/her stead.

The form of proxy for the general meeting, which sets out the relevant instructions for its completion, accompanies this notice and may also be obtained on request from the transfer secretaries of the Company.

In order to be effective, duly completed forms of proxy must be received at the office of the transfer secretaries of the Company by not later than 10:00 on Monday, 15 March 1999.

By order of the board

THABEX EXPLORATION LIMITED

SA Mineral Investments (Pty) Limited
Company Secretaries

Johannesburg
11 January 1999

Registered office

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

Transfer secretaries

Mercantile Registrars Limited
(Registration number 87/00519/06)
11 Diagonal Street
Johannesburg
2001



Thabex Exploration Limited

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

form of proxy

For use at the general meeting of members of the Company, to be held at KPMG Forum, 2nd Floor, 427 Hilda Street, Hatfield, Pretoria at 10:00 on Wednesday, 17 March 1999.

I/We _____ of _____

being the holders of _____ ordinary shares in the Company, do hereby appoint

1 _____ or failing him

2 _____ or failing him

3 the chairperson of the general meeting,

as my/our proxy to act for me/us at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at each adjournment thereof and to vote on the ordinary and special resolutions in respect of the ordinary shares in the issued capital of the Company registered in my/our name/s in accordance with the following instructions (see note 2):

	Number of votes (one vote per share)		
	In favour	Against	Abstain
Ordinary resolution 1			
Ordinary resolution 2			
Ordinary resolution 3			
Ordinary resolution 4			
Special resolution 1			

Insert an 'X' in the relevant space above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of less than all the shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote. Unless otherwise instructed my proxy may vote as he/she thinks fit.

Signed at _____ on _____ 1999

Signature _____

Assisted by me (where applicable) _____

Each member is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and, on a poll, vote in place of that member at the general meeting.

Please read the notes on the reverse side hereof.

Notes

- 1 A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- 2 Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
- 3 Forms of proxy must be received at the Company's transfer secretaries, Mercantile Registrars Limited, 11 Diagonal Street, Johannesburg 2001 (PO Box 1053, Johannesburg 2000) by not later than 10:00 on Monday, 15 March 1999.
- 4 The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
- 5 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the general meeting.
- 6 Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
- 7 A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
- 8 The chairman of the general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the member wishes to vote.

