

# PROVISIONAL SUMMARISED AUDITED GROUP RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2009, PRO FORMA FINANCIAL EFFECTS ON DISPOSAL OF AN INTEREST IN ANGEL DIAMONDS (PTY) LTD AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

SUMMARISED CONSOLIDATED BALANCE SHEET		Year ended 28 February 2009 Audited R'000	Year ended 29 February 2008 Audited R'000
	<b>Notes</b>		
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment		19 403	16 505
Exploration and evaluation assets	1	5 164	4 637
		<b>14 239</b>	<b>11 868</b>
<b>Current assets</b>			
Inventories		1 853	2 249
Short-term trading investments		1 215	1 276
Trade and other receivables		65	273
Short-term loans		493	344
Cash and cash equivalents		-	122
		<b>80</b>	<b>234</b>
<b>Total assets</b>		<b>21 256</b>	<b>18 754</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	2	9 478	15 516
Share premium		2 279	2 101
Accumulated loss		27 260	24 665
		<b>(20 061)</b>	<b>(11 250)</b>
<b>Non-current liabilities</b>			
	3	1 968	-
<b>Current liabilities</b>			
Bank overdraft		9 810	3 238
Trade and other payables		32	371
Short-term loans	4	3 029	1 999
Taxation payable		5 877	243
		<b>872</b>	<b>625</b>
<b>Total equity and liabilities</b>		<b>21 256</b>	<b>18 754</b>
<b>Shares in issue</b>			
		<b>22 786 887</b>	<b>21 006 887</b>
<b>Net asset value per share (cents)</b>			
		<b>41.59</b>	<b>73.86</b>
<b>Net tangible asset value per share (cents)</b>			
		<b>(20.90)</b>	<b>17.36</b>

SUMMARISED CONSOLIDATED INCOME STATEMENT		
Revenue	282	430
Cost of sales	(301)	(394)
<b>Gross (loss)/profit</b>	<b>(19)</b>	<b>36</b>
Other operating income	1 070	1 358
Administration expenses	(1 291)	(1 265)
Other operating expenses	(8 028)	(7 914)
<b>Operating loss</b>	<b>(8 268)</b>	<b>(7 785)</b>
Finance income	5	125
Finance expenses	(548)	(134)
<b>Loss before taxation</b>	<b>(8 811)</b>	<b>(7 794)</b>
Taxation	-	-
<b>Loss for the year</b>	<b>(8 811)</b>	<b>(7 794)</b>
<b>Attributable to:</b>		
Equity holders of Thabex	(8 811)	(7 794)
Minority interest	-	-
<b>Weighted average number of shares in issue</b>	<b>21 930 394</b>	<b>19 247 324</b>
<b>Basic loss per share (cents)</b>	<b>(40.18)</b>	<b>(40.49)</b>
<b>Diluted loss per share (cents)</b>	<b>(40.18)</b>	<b>(40.49)</b>
<b>Headline loss per share (cents)</b>	<b>(41.76)</b>	<b>(45.69)</b>
<b>Diluted headline loss per share (cents)</b>	<b>(41.76)</b>	<b>(45.69)</b>

Reconciliation between loss and headline loss		
Loss attributable to ordinary shareholders	(8 811)	(7 794)
Profit on disposal of unlisted investment	(500)	-
Impairment of unlisted investments	103	-
Loss on disposal of plant and equipment	49	-
Disposal of interest in subsidiary	-	(1 000)
<b>Headline loss</b>	<b>(9 159)</b>	<b>(8 794)</b>

SUMMARISED CONSOLIDATED CASHFLOW STATEMENT		
Net cash outflow from operating activities	(533)	(2 481)
Net cash (outflow)/inflow from investing activities	(59)	1 389
Net cash in/(out) flow from financing activities	777	(58)
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>185</b>	<b>(1 150)</b>
Cash at beginning of period	(137)	1 013
<b>Cash at end of period</b>	<b>48</b>	<b>(137)</b>

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		
<b>Share Capital</b>		
Issue of ordinary shares	2 279	2 101
Share capital at the beginning of the year	178	400
	<b>2 101</b>	<b>1 701</b>
<b>Share Premium</b>		
Share premium on issue of ordinary shares	27 260	24 665
Share issue expenses	2 602	7 520
Share premium at the beginning of the year	(7)	(58)
	<b>24 665</b>	<b>17 203</b>
<b>Accumulated Loss at end of the year</b>		
Loss for the year	(20 061)	(11 250)
Accumulated Loss at the beginning of the year	(8 811)	(7 794)
	<b>(11 250)</b>	<b>(3 456)</b>
<b>Fair value reserve at end of year</b>		
Change in fair value of available for sale financial instrument	-	-
Fair value reserve recycled through the income statement	500	-
	<b>(500)</b>	<b>-</b>

- Notes:**
- The increase in exploration and evaluation assets arises from the acquisition of Monastery Mine (Pty) Ltd ("Monastery Mine").
  - On 25 April 2008 Thabex issued 1 million ordinary shares at 200 cents per share for the acquisition of Monastery Mine and on 23 January 2009, 780 000 ordinary shares at 100 cents per share for cash.
  - The long term loan from Monastery Holdings (Pty) Ltd of R1 968 000 arose from the acquisition of Monastery Mine. This loan from Monastery Holdings (Pty) Ltd bears interest at 6% below prime and will become repayable once mine development commences. The interest on this loan resulted in an increase in the loss per share and in the headline loss per share of 0.76 cents.
  - Short term loans increased from R0,24 million in 2008 to R5.88 million and include short term loans from shareholders (R2.25 million), directors (R0.97 million) and other investors (R0. 34 million). Mantle Diamonds spent R8.30 million on the Angel Diamonds Kolo Kimberlite Project. R2.49 million of this amount is recognised as a short term loan at year end (R1.70 million as a prepayment for the purchase of 13.33% of Thabex's shareholding in Angel Diamonds, a foreign exchange loss of R0.29 million on this amount, and R0.50 million as a loan account to Angel Diamonds, respectively). The balance of the Mantle Diamonds expenditure was spent entirely at Mantle Diamonds' risk (refer to the contingent liability paragraph).
  - The increase in short term loans did not influence the loss or headline loss of the Group as these loans did not bear interest and had no fixed period of repayment.

## Review of results

### Operating results

The Group incurred a loss for the year of R8 811 068 (2008 : loss of R7 793 583). The headline loss per share decreased from 45.69 cents to 41.76 cents and the net asset value of the Group decreased from 73.86 cents per share in 2008 to 41.59 cents per share.

### Going concern

The Group incurred a net loss of R8 811 068 (2008 : loss of R7 793 583) for the year ended 28 February 2009 . At that date, the group's current liabilities exceeded its current assets by R7 957 197 (2008: current liabilities exceeded current assets by R989 556).

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

Should the operations of the subsidiary fail to achieve forecast cash flows, there will be a material uncertainty that may cast doubt on the ability of the Company and its subsidiaries to continue as going concerns. The cash flow assumptions are based on a production rate of 10 000 tons per month at an average grade of 14.1cpt and a modelled rough diamond price of US\$155/ct and an exchange rate of R/US\$7,50.

### Basis of preparation

The consolidated condensed financial results of the Thabex Group have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards which includes IAS 34 and the Companies Act of South Africa.

### Significant accounting policies

The accounting policies applied by the Group in the audited results are the same as those applied by the Group in the most recent annual financial statements as at and for the year ended 29 February 2008.

### Dividends

No dividend has been declared in the current year (2008 : nil).

### Contingent liability

During the year under review Mantle Diamonds spent R8.30 million on the Angel Diamonds Kolo Kimberlite Project. R2.49 million of this amount is recognised as a short term loan account from Mantle Diamonds to the Group at year end (R1.70 million as prepayment for a 13.33% shareholding in Angel Diamonds, excluding a foreign exchange loss of R0.29 million, and R0.50 million as a loan account to Angel Diamonds, respectively). The balance of R5.81 million of the Mantle Diamonds expenditure was spent entirely at Mantle's risk. Negotiations for the disposal of a further 46,67% in Angel Diamonds (Pty) Ltd has not been concluded. Although Mantle diamonds Ltd has not removed their 10th DMS plant from the Angel Diamonds (Pty) Ltd's site, there is a possibility that Mantle Diamonds Ltd could seek to recover its expenditure from Angel Diamonds (Pty) Ltd. The directors are of the opinion that the likelihood of success of such a claim is low and will defend any claim vigorously.

### Audit opinion

The annual financial statements for the year ended 28 February 2009 have been audited by KPMG Inc. and their audit report, which has been modified in respect of the going concern assumption, is available at the Company's registered office. The modification of the audit report is set out below:

### "Emphasis of matter

Without qualifying our opinion, we draw attention to the directors' report in the financial statements which indicates that the Group incurred a net loss of R8 811 068 (2008: R7 793 583) and the company incurred a net loss of R7 480 029 (2008: R7 621 820). At that date the Group's current liabilities exceeded its current assets by R7 957 197 (2008: R989 556) and the Company's current liabilities exceeded its current assets by R7 734 745 (2008: R3 925 262). The directors' report describes the steps taken by the directors in these circumstances. The directors' report also indicates that, in the event that the operations of its subsidiary fail to achieve the forecast cash flows, there will be a material uncertainty that may cast doubt on the ability of the company and its subsidiaries to continue as going concerns."

### Commentary

**Diamonds in the Kingdom of Lesotho**  
 Angel Diamonds (Pty) Ltd ("Angel Diamonds") submitted an application for a Mining License ("ML") to the Commissioner of Mines in Lesotho. It is hoped that after negotiations with the Lesotho Government have been completed a ML will be issued to Angel Diamonds. The present Prospecting License has been extended for a further six months until 10 December 2009. Angel Diamonds has submitted the final Environmental Impact Study to the National Environmental Secretariate of the Kingdom of Lesotho and is awaiting the finalisation of the ML.

Shareholders are referred to the SENS announcement dated 30 March 2009 announcing that The South African Reserve Bank declined to approve the implementation of the agreement to dispose of 60% in Angel Diamonds. It was announced on 1 July 2009 that the Company and the minority shareholders of Angel Diamonds have entered into an agreement with Mantle Diamonds Ltd ("Mantle Diamonds") to dispose of 13.33% in Angel Diamonds, pro rata to their shareholding, for US\$500 000. (US\$200 000 before year end and US\$300 000 after year end).

### Diamonds in South Africa Minnex Exploration (Pty) Ltd ("Minnex")

Minnex is currently engaged in the exploration of the alluvial diamondiferous gravels on the Farm Middlewater Remaining Extent about 40km north of Prieska in the Northern Cape Province.

### Monastery Mine (Pty) Ltd ("Monastery")

Monastery is situated about 15km south of the town of Marquard in the Free State Province. Prospecting activities have so far consisted of sampling, analysis and metallurgical test work to decrease the amount of ilmenite in the concentrate of the kimberlite with a Dense

Medium Separator plant. Shareholders are also referred to the SENS announcement relating to the acquisition of the Monastery kimberlite project, dated 14 April 2008.

### Diamonds in Namibia

Minnex Exploration Namibia (Pty) Ltd ("Minnex Namibia") (an 80% subsidiary of Minnex)  
 Namdeb Corporation (Pty) Ltd ("Namdeb") completed its initial stage prospecting activities on Minnex Namibia's properties in Northern Namibia. Namdeb has elected not to proceed with the project and provided Minnex Namibia with a comprehensive report. Minnex will consider doing diamond drilling on some of the unresolved anomalies of the percussion drilling results reported by Namdeb. The prospecting rights to the two Exclusive Prospecting License areas are valid until July 2011.

### Future prospects

At the Kolo Kimberlite project the Diamond Resource was upgraded from an Indicated Diamond Resource to 2.7 million tons of kimberlitic ore at a grade of 14.1 cpt to a Measured Diamond Resource up to 100m deep. It is Management's intention to commence commercial mining on the Kolo Kimberlite project once the application for a Mining License has been approved. Shareholders are referred to the SENS announcements, dated 30 March 2009 and 3 April 2009, relating to the Kolo Kimberlite project. Further metallurgical testing at Monastery is necessary to ensure the turning to account of this project. Salt River Resources Ltd ("SRR") is conducting a pre-feasibility study of the Salt River Base Mineral Project. SRR is also considering several funding options to complete a Bankable Feasibility Study of its poly-metallic (Cu-Pb-Zn-Ag-Au) project in the Kenhardt district of the Northern Cape Province. No other changes in the mineral information of the Company have occurred during year under review.

### PRO FORMA FINANCIAL EFFECT ON DISPOSAL OF AN INTEREST IN ANGEL DIAMONDS

Shareholders are referred to the SENS announcement dated 1 July 2009 and the SENS announcement dated today, relating to Thabex's Abridged Audited Results for the period ended 28 February 2009. Thabex disposed of 9.33% of its interest in Angel for R3.34 million. The Pro forma financial effects are presented below. The pro forma financial effects were not audited or reviewed by KPMG Inc.

The pro forma financial effects are the responsibility of the directors. The pro forma financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of Thabex's financial position nor of the effect on future earnings after the disposal:

Pro forma financial effects	Column 1 Before disposal	Column 2 After disposal	% Change
	(1)	(2)(3)	
Basic loss per share(cents)	(40.18)	(27.59)	31.33
Diluted loss per share(cents)	(40.18)	(27.59)	31.33
Headline loss per share(cents)	(41.76)	(41.76)	-
Diluted headline loss per share(cents)	(41.76)	(41.76)	-
Net asset value per share (cents)	41.59	56.66	36.23
Net tangible asset per share(cents)	(20.89)	(5.83)	72.12
Number of share in issue	22 786 887	22 786 887	-
Weighted average number of shares in issue	21 930 394	21 930 394	-

### Notes:

- The information in Column 1 has been extracted from the audited financial results of Thabex for the year ended 28 February 2009.
- The basic earnings, diluted earnings and headline earnings per share information in Column 2 have been calculated on the basis that the transaction was effective on 1 March 2008 based on the following assumptions:
  - the Company did not earn interest on the cash amount of R3.43 million paid by Mantle as it is assumed that the funds were utilised for operating expenses and to reduce non-interest bearing liabilities.
  - taxation has not been provided for as the Company has estimated tax losses of R11.74 million; and
  - the disposal was concluded at an exchange rate of R9.81/US\$.
- The net asset value and net tangible asset value per share information in Column 2 has been calculated on the basis that the disposal was effected on 28 February 2009.

### WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are hereby advised that the cautionary announcement, last of which was published on SENS on 6 November 2009 is herewith withdrawn.

On behalf of the board

Jeffrey Raymond Rapoo  
 Chairman  
 Johannesburg  
 Marius Welthagen  
 Chief Executive  
 21 December 2009

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