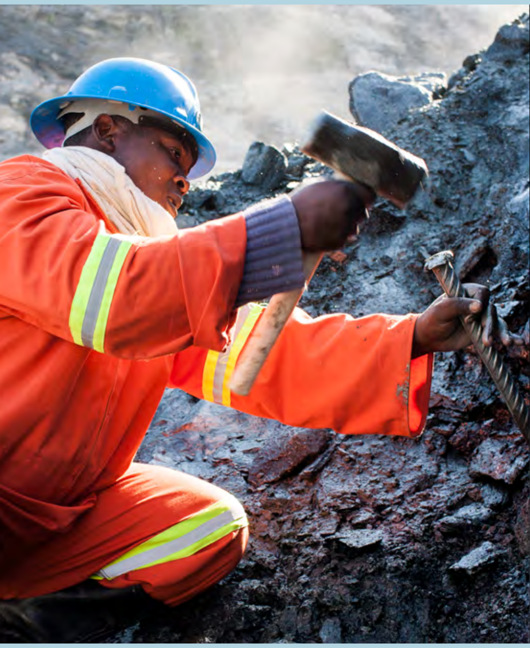
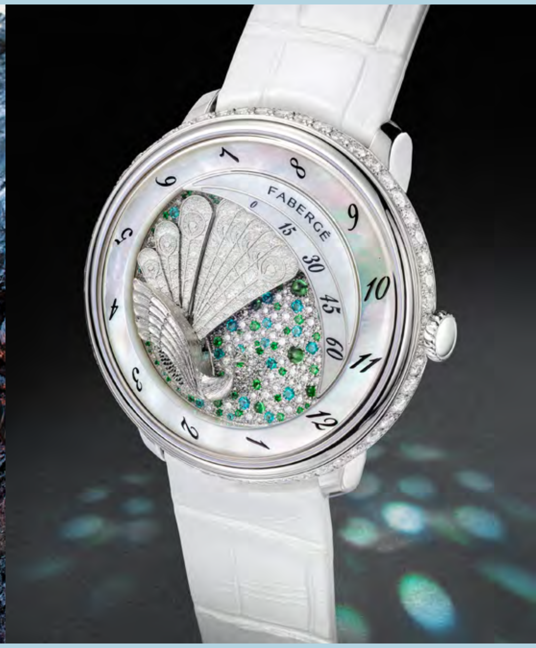
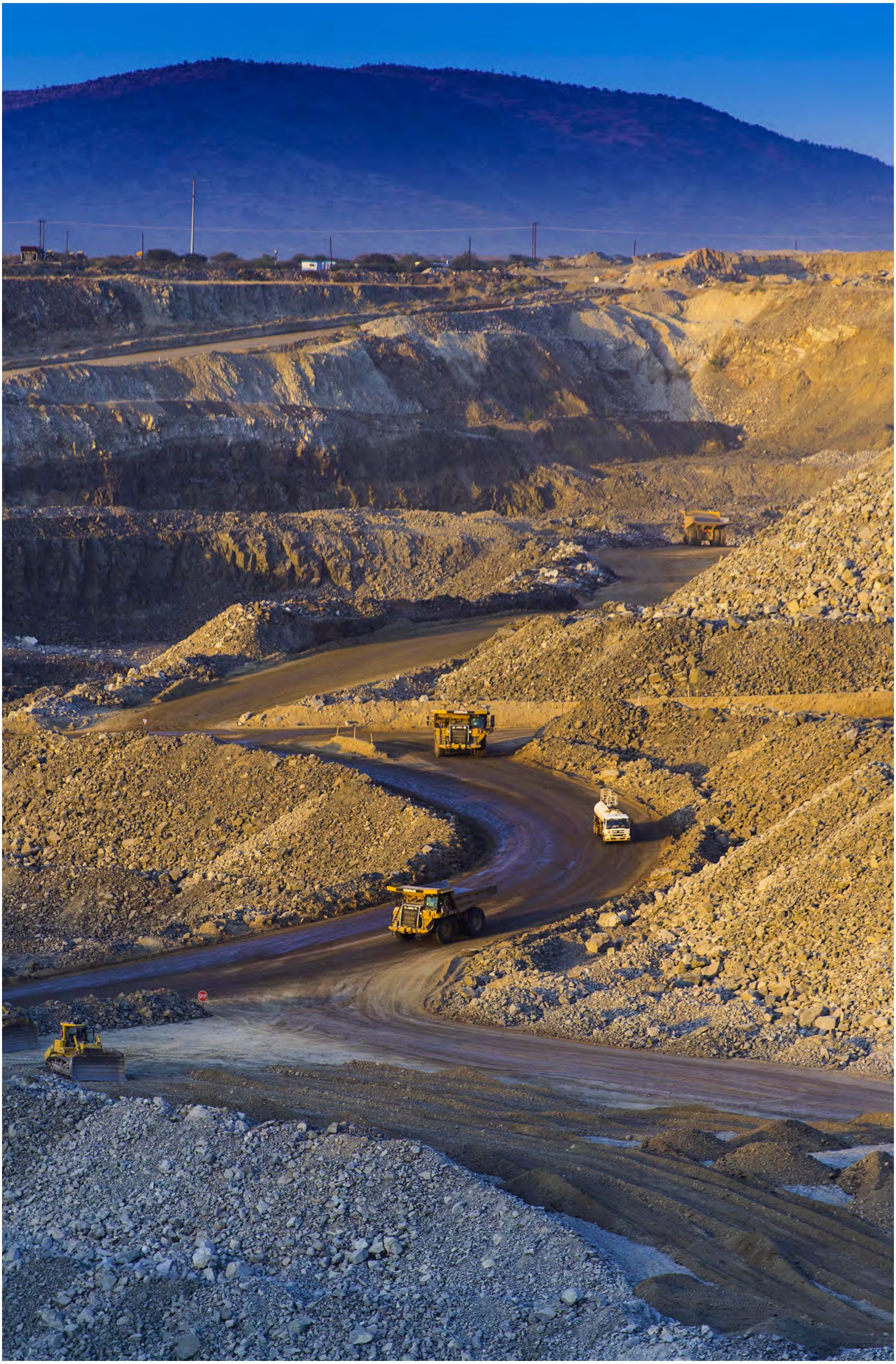
PALLINGHURST





Pallinghurst Resources Limited

AUDITED ANNUAL RESULTS
for the year ended 31 December 2015



Above: Opencast operations at the Pilanesberg Platinum Mine.

HIGHLIGHTS

Net Asset Value ("NAV")

ZAR5.0 billion/ US$322 million

- Sedibelo Platinum Mines achieved a record level of production with the lowest per ounce cost since its start of production in 2009.
- Sedibelo Platinum Mines recorded more than 3.7 million fatality-free shifts.
- Tshipi sold over 1.5 million tonnes of manganese ore in its financial year.
- Despite the very difficult price environment, rigorous cost management has helped Tshipi to achieve positive cash flows in every quarter.
- Record revenues for Gemfields' 2015 financial year.
- CPRs released for Kagem and Montepuez.
- Acquisition of two emerald projects in Colombia.

Cover images, from left to right:
Emerald extraction in the Chama Pit at Kagem, Zambia.
The Lady Compliquée Peacock timepiece by Fabergé.
Flotation section at the Pilanesberg Platinum Mine concentrator.

CONTENTS

CHAIRMAN'S STATEMENT

When we created the Company in 2007, we stressed the volatility and cyclical nature of the resources industry. We have since seen commodity markets reach significant highs, based on predictions of continued growth in emerging markets, but currently commodity prices are low and pessimism remains widespread. However, there have been early signs of a rebound in commodity and resource equities prices in recent weeks, with the FTSE Mining Index up 43% since 20 January 2016.

Since the formation of Pallinghurst, our strategy has been to create industry-leading businesses regardless of the market environment. In each of our three platforms, we have made significant strides to achieve that aim. Each is uniquely positioned to realise their inherent values as markets improve.

The past year has seen Gemfields making further strides towards becoming the "De Beers for Coloured Gemstones". There has been good progress in Zambia for our emerald interests and the prospect of entering Colombia cements our position as the world's largest and most important emerald miner. In 2015 we repeated the Zambian success in Mozambique, with Gemfields now positioned as the world's most important ruby miner. I now look forward to Gemfields applying our unique business model to sapphires, to be sourced from our properties in Sri Lanka.

In manganese, Tshipi has been built from a greenfields site into one of the world's largest and lowest cost manganese producers. In an environment of depressed manganese prices, we have focussed on our competitive position by implementing constructive cost-cutting measures. We have recently had to retrench some of our workforce in the face of market weakness but remain hopeful that once the market improves, we will be able to again expand our production and workforce. Despite the very difficult price environment, Tshipi has managed to achieve positive cash flows in every quarter. Together with our partner, Ntsimbintle, we have become an operator of a world-class mining asset with a life exceeding 60 years. The Pallinghurst/Ntsimbintle partnership has stood its test of time, with each partner bringing unique skills to the operation and its own financial backing.

Sedibelo, our PGM investment, recorded its seventh successive year of record production, with corresponding improvements in cost per ounce produced. The focus of 2015 has been on further cost reduction and preservation of cash. With the industry living through one of its most challenging years, it is clear that our strategy of avoiding debt funding has been vindicated. Many others have been under financial stress caused substantially by their heavy leverage. Whilst we are not immune to the challenges, we remain confident that when the market turns more supportive of PGM investments, Sedibelo will realise its full potential as an important producer. In the meantime, we are making good progress in our assorted initiatives, including the "Kell technology", which could become an industry-transforming beneficiation process.

Although commodity prices continue to be depressed, our operations have shown their ability to withstand the storm. Each remains well-positioned to deliver its full value for shareholders when the upturn comes, and the first signs of this might just be appearing.

I thank my fellow Directors and the management teams of our portfolio companies for their hard work and substantial contributions during the past year.

Brian Gilbertson
Chairman

CHIEF EXECUTIVE'S STATEMENT

The past year, 2015, will surely go down in the mining history as one of the greatest "*anni horribiles*". When we reported on 2014, few would have thought that 2015 would be even more challenging. No mining company was spared, with declines in market valuations to unprecedented levels. Our Company has also not been spared, and it gives me little comfort that PRL has been one of the better performers.

The high market volatility in 2015 has made it difficult to appropriately value our two unlisted platforms, Sedibelo and Jupiter. We have therefore written down these investments significantly, reflecting the depressed environment prevailing at the year end. Whilst we remain of the view that once markets recover, we will be able to realise values superior to these reduced book values, it is prudent to reflect the current market conditions. Since those unrealised write-downs for accounting purposes have to be reflected in the income statement, we have reported a loss of US$149 million. The Net Asset Value ("NAV") decreased by 8% in ZAR terms, partly off-set by the weakening ZAR. Whilst in 2014 PRL was one of the best performing stocks on the JSE, this year we have seen a decrease in the share price. However, the inherent value remains intact and the Company continues to pursue its full potential. Even with the write-downs and the unfavourable trading performance, the Company's shares are still trading at a significant discount to underlying NAV.

Platinum Group Metals

Sedibelo Platinum Mines achieved yet another production record in 2015 with annual dispatches of nearly 175,000 4E PGM ounces. However, with the metal prices being at very depressed levels, Sedibelo is expected to report a loss for the year. Whilst the metal prices have shown signs of recovery recently, it is too early to predict the return of higher and sustainable levels of pricing. Against that backdrop, having in excess of ZAR1 billion of cash on its balance sheet, and no long term debt, Sedibelo has positioned itself well for this challenging environment. I also want to highlight Sedibelo's safety record, which recently exceeded 3.7 million fatality-free shifts. Sedibelo remains committed to an IPO – once market conditions improve sufficiently.

Steel Making Materials

Tshipi Borwa has now successfully established itself as one of the world's largest manganese mines. In the challenging market conditions of the past year, Tshipi's management team performed superbly and demonstrated the mine's ability to produce at a rate well in excess of two million tonnes per annum. The focus has not been on volumes however but on profitability per tonne of ore produced and sold, and so we have recently decided to cut back on output. The rigorous cost management has helped position Tshipi Borwa in the lowest cost quartile and the mine remains able to rapidly increase its capacity to over three million tonnes per annum. Tshipi is well-positioned to generate superior returns for all stakeholders once the market recovers.

Coloured Gemstones

Gemfields' Mozambique operation has now established itself as one of the world's most important suppliers of high quality rubies. Montepuez markedly increased ruby production during the scaling-up of its operations. The unique auction system continues to generate value, realising attractive returns. Its potential is truly world-class and represents a valuable asset in the Gemfields portfolio. During the year, an independent technical report was completed, indicating a resources base which I don't think has its match anywhere else in the world. The emerald business maintained its strong performance, with increasing revenues and per carat prices seen throughout the year. During 2015, Gemfields announced an investment into Colombia, which is expected to increase its market share of emerald production. Through its successful auction system, Gemfields has now positioned itself as the world's leading supplier of emeralds, and potentially of rubies. Gemfields also continues to unlock Fabergé's growth potential, despite challenging market conditions.

Our strategy remains the same, with a firm focus on enhancing and unlocking the full value of each of our three investment platforms. Although the current market environment remains challenging, we continue to prepare the assets for eventual exit. When commodity prices and market sentiment recover, each of our investments will be well-positioned to realise significant value for all our shareholders.

Arne H. Frandsen
Chief Executive

Condensed Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	1 January 2015 to 31 December 2015 US$'000	1 January 2014 to 31 December 2014 US$'000
INCOME		
Investment Portfolio		
Unrealised fair value gains	–	80,146
Unrealised fair value losses	(142,176)	(19,109)
	(142,176)	**61,037**
Investment Portfolio revenue		
Loan interest income	731	556
	731	**556**
Net (loss)/gain on investments and income from operations	**(141,445)**	**61,593**
EXPENSES		
Investment Manager's Benefit	(6,212)	(5,593)
Operating expenses	(1,398)	(609)
Foreign exchange gains	2	–
	(7,608)	(6,202)
Net (loss)/gain from operations	**(149,053)**	**55,391**
Finance income	6	8
Finance costs	(5)	(2)
Net finance income	**1**	**6**
(Loss)/profit before fair value (loss)/gain of associates	**(149,052)**	**55,397**
Fair value (loss)/gain of associates	(70)	11
(Loss)/profit before tax	**(149,122)**	**55,408**
Tax	(4)	(4)
NET (LOSS)/PROFIT AFTER TAX	**(149,126)**	**55,404**
Other comprehensive income	–	–
TOTAL COMPREHENSIVE (LOSS)/INCOME	**(149,126)**	**55,404**
Basic and diluted (loss)/earnings per ordinary share – US$	**(0.20)**	**0.07**

All elements of total comprehensive expense for the period and all comparative periods are attributable to owners of the parent. There are no material non-controlling interests. The accompanying notes form part of these Financial Statements.

Condensed Consolidated Balance Sheet

as at 31 December 2015

	31 December 2015 US$ '000	31 December 2014 US$ '000
ASSETS		
Non-current assets		
Investments in associates	**1,194**	**1,264**
Investment Portfolio		
Listed equity investments	158,603	185,511
Unlisted equity investments	150,113	265,381
	308,716	**450,892**
Total non-current assets	**309,910**	**452,156**
Current assets		
Investment Portfolio		
Loans and receivables	9,804	15,256
Trade and other receivables	1,662	128
Cash and cash equivalents	1,610	4,082
Other investments	48	28
Total current assets	**13,124**	**19,494**
Total assets	**323,034**	**471,650**
LIABILITIES		
Current liabilities		
Trade and other payables	709	199
Total current and total liabilities	**709**	**199**
Net assets	**322,325**	**471,451**
Capital and reserves attributable to equity holders		
Share capital	8	8
Share premium	375,227	375,227
Retained (losses)/earnings	(52,910)	96,216
EQUITY	**322,325**	**471,451**

The Financial Statements were approved and authorised for issue by the Directors on 30 March 2016 and were signed on its behalf by:

Arne H. Frandsen
Chief Executive
30 March 2016

Andrew Willis
Finance Director
30 March 2016

The accompanying notes form part of these Condensed Financial Statements.

Condensed Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	1 January 2015 to 31 December 2015 US$ '000	1 January 2014 to 31 December 2014 US$ '000
Cash outflows from operations	**(8,454)**	**(5,125)**
Loans extended to investments	(19,576)	(14,700)
Loans repaid by investments	25,000	–
Loan interest received	556	–
Net cash outflows from operating activities	**(2,474)**	**(19,825)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,474)**	**(19,825)**
Cash and cash equivalents at the beginning of the year	4,082	23,907
Foreign exchange gains	2	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,610**	**4,082**

The accompanying notes form part of these Condensed Financial Statements.

Condensed Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital US$'000	Share premium US$'000	Retained (losses)/ earnings US$'000	Total equity US$'000
Balance at 1 January 2014	8	375,227	40,812	416,047
Total comprehensive income for the year	–	–	55,404	55,404
Balance at 31 December 2014	**8**	**375,227**	**96,216**	**471,451**
Total comprehensive loss for the year	–	–	(149,126)	(149,126)
Balance at 31 December 2015	**8**	**375,227**	**(52,910)**	**322,325**

The accompanying notes form part of these Condensed Financial Statements.

Notes to the Condensed Consolidated Financial Statements

for the year ended 31 December 2015

Investment Portfolio

The reconciliation of the Investment Portfolio valuations from 1 January 2015 to 31 December 2015 is as follows:

Investment	Opening at 1 January 2015 US$'000	Unrealised fair value gains US$'000	Unrealised fair value losses US$'000	Accrued interest income and structuring fee US$'000	Additions and disposals US$'000	Closing at 31 December 2015 US$'000
Listed equity investments						
Gemfields[1]	185,511	–	(26,908)	–	–	158,603
	185,511	–	(26,908)	–	–	158,603
Unlisted equity investments						
Jupiter Mines Ltd[2]	69,253	–	(33,548)	–	–	35,705
Sedibelo Platinum Mines[3]	196,128	–	(81,720)	–	–	114,408
	265,381	–	(115,268)	–	–	150,113
Total non-current	450,892	–	(142,176)	–	–	308,716
Loans and receivables						
Gemfields – US$10 million loan[4]	–	–	–	28	9,776	9,804
Gemfields – US$15 million loan[5]	15,256	–	–	368	(15,624)	–
Kagem Mining Limited – US$10 million loan[6]	–	–	–	335	(335)	–
	15,256	–	–	731	(6,183)	9,804
Total current	15,256	–	–	731	(6,183)	9,804
Total Investment Portfolio	**466,148**	**–**	**(142,176)**	**731**	**(6,183)**	**318,520**

1 The unrealised fair value loss on Gemfields of US$26.908 million includes an unrealised foreign exchange loss of US$9.200 million.

2 The unrealised fair value loss on Jupiter of US$33.548 million does not include any foreign exchange as the valuation is denominated in US$.

3 The unrealised fair value loss on SPM of US$81.720 million does not include any foreign exchange as the valuation is denominated in US$.

4 The Group has provided a loan to Gemfields of US$9.776 million (US$10 million less an arrangement fee of US$0.224 million). The loan was fully drawn down on 18 December 2015. Interest is also payable, calculated per the agreement at three month US$ LIBOR plus 4.5%. The outstanding balance of the loan at 31 December 2015 is US$9.804 million. The loan is repayable in instalments; US$1 million on 31 March 2016, US$2.5 million on 30 June 2016, US$2.5 million on 30 September 2016 and US$4 million with accrued interest on 15 December 2016.

5 The Group made a loan to Gemfields of US$15 million in two separate tranches during 2014. The loan, including interest and the arrangement fee was repaid by Gemfields on 30 April 2015.

6 The Group made a loan to Kagem Mining Limited ("Kagem") of US$9.8 million (US$10 million less an arrangement fee of US$0.2 million). Interest was payable, calculated per the agreement at three month US$ LIBOR plus 4.5%. The loan, including interest and the arrangement fee was repaid by Kagem on 18 December 2015.

Investment Portfolio/continued

The reconciliation of the Investment Portfolio valuations from 1 January 2014 to 31 December 2014 is as follows:

Investment	Opening at 1 January 2014 US$'000	Unrealised fair value gains US$'000	Unrealised fair value losses US$'000	Accrued interest income and structuring fee US$'000	Additions and disposals US$'000	Closing at 31 December 2014 US$'000
Listed equity investments						
Gemfields[1]	144,361	41,150	–	–	–	185,511
	144,361	41,150	–	–	–	185,511
Unlisted equity investments						
Jupiter Mines Ltd[2]	30,257	38,996	–	–	–	69,253
Sedibelo Platinum Mines[3]	215,237	–	(19,109)	–	–	196,128
	245,494	38,996	(19,109)	–	–	265,381
Total non-current	389,855	80,146	(19,109)	–	–	450,892
Loans and receivables						
Gemfields – US$15 million loan[4]	–	–	–	556	14,700	15,256
	–	–	–	556	14,700	15,256
Total current	–	–	–	556	14,700	15,256
Total Investment Portfolio	**389,855**	**80,146**	**(19,109)**	**556**	**14,700**	**466,148**

1 *The unrealised fair value gain on Gemfields of US$41.150 million includes an unrealised foreign exchange loss of US$8.252 million.*
2 *The unrealised fair value gain on Jupiter of US$38.996 million does not include any foreign exchange as the valuation is denominated in US$.*
3 *The unrealised fair value loss on SPM of US$19.109 million does not include any foreign exchange as the valuation is denominated in US$.*
4 *The Group committed to provide a loan to Gemfields of up to US$15 million for general working capital purposes. At 31 December 2014 the balance of the loan was US$15.256 million including interest and a pro-rated element of the arrangement fee. The loan, including interest and the arrangement fee was fully repaid by Gemfields on 30 April 2015.*

Sedibelo Platinum Mines Limited – equity

Nature of investment

The Group holds an equity interest in SPM, a producer of PGMs with interests in the Bushveld Complex in South Africa.

Fair value methodology

Directors' estimate

The Directors have estimated that the value of SPM is US$1.75 billion; the Group's indirect 6.54% interest has therefore been valued at US$114 million.

The primary source in determining the valuation of SPM at 31 December 2015 is a competent person's report prepared by an independent third party as at 31 December 2015. The competent person's report includes discounted cash flow ("DCF") analysis to value SPM's key assets and includes a range of valuations. The preferred valuation of SPM at 31 December 2015 given by the competent person's report is US$2.47 billion; the Group's indirect 6.54% interest on this basis would be valued at US$162 million.

The DCF analysis is based on a number of predictions and uncertainties including forecast PGM prices, costs, exchange rates and the consolidated mine plan. Changing any of these assumptions may materially affect the implied valuation. These factors will have an impact on the likely valuation of SPM for its IPO, which is expected to occur once market conditions are favourable.

Investment Portfolio/continued

Sedibelo Platinum Mines Limited – equity/continued

The market price of listed PGM companies often differs to the underlying Net Asset Value ("NAV") – the size of the discount or premium is dependent on many factors and can fluctuate significantly, particularly during periods of significant equity market volatility, which has been seen over the past few months. Members of SPM's peer group of listed PGM companies were trading at an average discount to NAV of approximately 29% on 31 December 2015 and the Directors believe that an equivalent discount should be applied to the valuation given by the competent person's report. Accordingly the Directors have determined the fair value of SPM at 31 December 2015 to be US$1.75 billion. The Directors' valuation of SPM at 31 December 2014 was US$3.0 billion.

The competent person's report used information from a range of sources to forecast PGM prices. The platinum price was forecast to be within a range of US$956 per ounce to US$1,300 per ounce over SPM's life-of-mine. The palladium price was forecast to be within a range of US$700 per ounce to US$831 per ounce over SPM's life-of-mine. For the purposes of the disclosures required by IFRS13, if the forecast PGM prices were 10% lower than the current consensus for forecast PGM prices, presuming all other indicators and evidence were unchanged, and using sensitivity analysis included within the competent person's report, the valuation of the Company's interest in SPM included in the balance sheet would decrease from US$114 million to US$98 million. The related fair value decrease of US$16 million would be recognised in profit or loss. Alternatively a 10% movement to the discount to NAV, presuming all other indicators and evidence were unchanged, would adjust the valuation of the Company's interest in SPM included in the balance sheet also by US$16 million, the related fair value movement would be recognised in profit or loss.

Other considerations

No secondary valuation methodologies have been considered for the Company's investment in SPM, as the competent person's report has an effective date of 31 December 2015.

The Group's cash cost of investment for SPM is approximately US$123 million and the Group's initial PGM investment was made in August 2008.

Gemfields plc – equity

Nature of investment

The Group holds an equity interest in Gemfields, the producer of coloured gemstones. Gemfields owns Zambian emerald and amethyst assets, ruby assets in Mozambique and sapphire interests in Sri Lanka. Gemfields is listed on AIM.

The Group owns a see-through interest of 47.59% in Gemfields at 31 December 2015, valued at US$159 million.

Fair value methodology

Listed share price

The Group's interest in Gemfields is valued at the 31 December 2015 mid-price of GBP0.41 per share, translated at the closing rate of US$1/GBP0.6755.

Other considerations

No secondary valuation methodologies have been considered for the Company's investment in Gemfields as it is a listed equity.

The Group's cost of investment is approximately US$119 million and the Group's initial investment was made in October 2007.

Investment Portfolio/continued

Jupiter Mines Limited – equity

Nature of investment

The Group holds an equity interest in Jupiter. Jupiter is based in Perth, Western Australia and its main asset is a 49.9% interest in the Tshipi manganese joint venture in South Africa.

Fair value methodology

Directors' estimate

Each of Jupiter's material assets has been valued separately to determine an appropriate valuation for 100% of Jupiter. The Directors have estimated that the fair value of Jupiter at 31 December 2015 is US$194 million; the implied valuation of the Group's 18.45% interest is US$36 million.

Jupiter's 49.9% interest in Tshipi Borwa has been valued based on an independent valuation report, prepared as at 31 December 2015. The independent valuation report includes a DCF analysis for Tshipi Borwa and includes a range of valuations. The DCF analysis is based on a large number of predictions and uncertainties including costs and exchange rates. Revenue is derived assuming that a single manganese price (consensus of recent analyst reports of the long-term forecast manganese price) will prevail over the life of mine. Changing any of the assumptions may materially affect the implied valuation, in particular the long-term forecast manganese price. The Directors believe that the preferred valuation given in the competent person's report represents a fair valuation without applying an adjustment.

The Tshipi Borwa valuation is particularly sensitive to the manganese price. The independent valuation report used information from a range of sources to forecast the manganese price. The manganese price was forecast to be within a range of US$2.26 per dry metric tonne unit ("dmtu") to US$3.22 per dmtu over Tshipi Borwa's life-of-mine. For the purposes of the disclosures required by IFRS13, if the manganese price used in the valuation declined by 10% at the balance sheet date and presuming all other indicators and evidence was unchanged, the valuation of Jupiter included in the balance sheet would decrease from US$36 million to US$26 million. The related fair value decrease of US$10 million would be recognised in profit or loss.

Jupiter's other assets have been valued using a range of different valuation methodologies. Jupiter has made certain shareholder loans to Tshipi which have been valued at fair value (equal to principal plus accrued interest). Tshipi Bokone is no longer included as an asset as it was relinquished during the period. Jupiter's interests in Mount Mason and Mount Ida have been written down to zero due to the uncertainty over the future prospects for each asset as well as the distressed iron ore market. Jupiter's cash has been included at cost. Jupiter has no material liabilities.

Other considerations

No secondary valuation methodologies have been considered for the Company's investment in Jupiter, as the independent valuation report of Tshipi Borwa has an effective date of 31 December 2015.

The Group owned an effective 18.45% interest in Jupiter at 31 December 2015. The Group's cash cost of investment is approximately US$29 million and the Group's initial investment into Jupiter was made in May 2008.

Gemfields plc – US$10 million loan

Nature of investment

On 18 December 2015, the Group agreed to provide a loan of up to US$10 million to Gemfields, in line with the Group's strategy of providing support to its investments. The loan is repayable in instalments; US$1 million on 31 March 2016, US$2.5 million on 30 June 2016, US$2.5 million on 30 September 2016 and US$4 million with accrued interest on 15 December 2016. There are no penalties for early repayment.

Notes to the Condensed Consolidated Financial Statements

for the year ended 31 December 2015

Investment Portfolio/continued

Gemfields plc – US$10 million loan/continued

Valuation methodology	Amortised cost-effective interest method Interest on the loan to Gemfields has been calculated using the effective interest method meaning that any interest income, fees or similar amounts are accrued for evenly as the loan becomes due for repayment. The outstanding balance of the loan at 31 December 2015, including interest, is US$9.804 million. The effective interest rate of the loan at 31 December 2015 is approximately 7.5%.

Gemfields plc – US$15 million loan

Nature of investment	On 16 April 2014, the Group agreed to provide a loan of up to US$15 million to Gemfields, in line with the Group's strategy of providing support to its investments. The loan was repaid, with accrued interest, on 30 April 2015.
Valuation methodology	Amortised cost-effective interest method The value of the loan to Gemfields was calculated using the effective interest method, with the arrangement fee accruing evenly over the projected life of the loan. The outstanding balance on the date of repayment, 30 April 2015, including interest and arrangement fee, was US$15.6 million. The effective interest rate on the loan during the period was approximately 7.5%, and throughout the duration of the loan was approximately 7.4%.

Kagem Mining Limited – US$10 million loan

Nature of investment	On 10 August 2015, the Group agreed to provide a loan of up to US$10 million to Kagem Mining Limited ("Kagem"), a 75% subsidiary of Gemfields, in line with the Group's strategy of providing support to its investments. The loan was repaid, with accrued interest, on 18 December 2015.
Valuation methodology	Amortised cost-effective interest method The value of the loan to Kagem was calculated using the effective interest method, with the arrangement fee accruing evenly over the projected life of the loan. The outstanding balance on the date of repayment, 18 December 2015, including interest and arrangement fee, was US$10.1 million. The effective interest rate on the loan throughout the duration of the loan was approximately 10.48%.

Fair value hierarchy

IFRS13 requires disclosure of fair value measurements under the following hierarchy:

Level	Fair value input description
Level 1	Listed prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than listed prices included within level one that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The Group's valuation of Jupiter is based on a number of different valuation methodologies, with each of Jupiter's material assets valued separately. However, the investment in Jupiter as a whole has been categorised as Level 3 as the most significant inputs to the Jupiter valuation as a whole are Level 3 inputs.

Investment Portfolio/continued

A breakdown of the Group's financial assets at FVTPL, categorised as Level 1, Level 2 and Level 3 assets is included below:

31 December 2015	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at FVTPL				
Equity investments	158,603	–	150,113	**308,716**
Investments in associates[1]	–	–	1,194	**1,194**
Other investments	48	–	–	**48**
	158,651	–	151,307	**309,958**

31 December 2014	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at FVTPL				
Equity investments	185,511	–	265,381	**450,892**
Investments in associates[1]	–	–	1,264	**1,264**
Other investments	28	–	–	**28**
	185,539	–	266,645	**452,184**

1 *Since the adoption of the Investment Entities Amendments on 1 January 2014, certain investments in associates which were previously equity accounted are now accounted for at fair value and accordingly are included in the table above.*

Level 3 fair value reconciliation

A reconciliation of the Group's investments during the year is provided below:

	2015 US$'000	2014 US$'000
Opening[1]	266,645	216,490
Fair value (loss)/gain of associates[1]	(70)	11
Unrealised fair value gains	–	38,996
Unrealised fair value losses	(115,268)	(19,109)
Jupiter reclassification upon delisting[2]	–	30,257
Closing	**151,307**	**266,645**

1 *Since the adoption of the Investment Entities Amendments on 1 January 2014, certain investments in associates which were previously equity accounted are now accounted for at fair value and accordingly are included in the table above.*

2 *Jupiter delisted from the ASX effective 10 January 2014. The investment in Jupiter has been reclassified from a Level 1 to a Level 3 investment, effective the date of the delisting.*

Notes to the Condensed Consolidated Financial Statements

for the year ended 31 December 2015

Segmental reporting

The Chief Operating Decision Maker ("CODM") is Mr Gilbertson, the Chairman, who measures the performance of each operating segment by assessing the fair value of the Group's Investment Portfolio on a regular basis. The Group's segmental reporting is based around three Investment Platforms, PGMs, Steel Making Materials, and Coloured Gemstones, each of which is categorised as an operating segment.

The segmental information provided to the CODM for the year ended 31 December 2015 is as follows:

31 December 2015	PGMs[1] US$'000	Steel Making Materials[2] US$'000	Coloured Gemstones[3] US$'000	Unallocated US$'000	Total US$'000
Income statement					
Unrealised fair value gains	–	–	–	–	–
Unrealised fair value losses	(81,720)	(33,548)	(26,908)	–	(142,176)
Loan interest income	–	–	731	–	731
Net segmental expense	(81,720)	(33,548)	(26,177)	–	(141,445)
Other income				–	–
Net loss on investments and income from operations					(141,445)
Expenses, net finance income, fair value (loss)/gain of associates and taxation				(7,681)	(7,681)
Net segmental loss	**(81,720)**	**(33,548)**	**(26,177)**	**(7,681)**	**(149,126)**
Balance sheet					
Net Asset Value	**114,408**	**35,705**	**168,407**	**3,805**	**322,325**

1 The unrealised fair value loss on the PGMs segment of US$81.720 million does not include any foreign exchange as the valuation is denominated in US$.

2 The unrealised fair value loss on the Steel Making Materials segment of US$33.548 million does not include any foreign exchange as the valuation is denominated in US$.

3 The unrealised fair value loss on the Coloured Gemstones segment of US$26.908 million includes an unrealised foreign exchange loss of US$9.200 million.

Segmental reporting/continued

The Consolidated Statement of Comprehensive Income segmental information provided to the CODM for the year ended 31 December 2014 is as follows:

31 December 2014	PGMs[1] US$'000	Steel Making Materials[2] US$'000	Coloured Gemstones[3] US$'000	Unallocated US$'000	Total US$'000
Income statement					
Unrealised fair value gains	–	38,996	41,150	–	80,146
Unrealised fair value losses	(19,109)	–	–	–	(19,109)
Loan interest income	–	–	556	–	556
Net segmental (expense)/income	(19,109)	38,996	41,706	–	61,593
Other income				–	–
Net gains on investments and income from operations					61,593
Expenses, net finance income, fair value gain/(loss) of associates and taxation				(6,189)	(6,189)
Net segmental (loss)/profit	**(19,109)**	**38,996**	**41,706**	**(6,189)**	**55,404**
Balance sheet					
Net Asset Value	**196,128**	**69,253**	**200,767**	**5,303**	**471,451**

1 The unrealised fair value loss on the PGMs segment of US$19.109 million does not include any foreign exchange as the valuation is denominated in US$.
2 The unrealised fair value gain on the Steel Making Materials segment of US$38.996 million does not include any foreign exchange as the valuation is denominated in US$.
3 The unrealised fair value gain on the Coloured Gemstones segment of US$41.150 million includes an unrealised foreign exchange loss of US$8.252 million.

Notes to the Condensed Consolidated Financial Statements
for the year ended 31 December 2015

Per share information

NAV per share and (Loss)/Earnings Per Share ("LPS" or "EPS") are key performance measures for the Group. NAV per share is based on net assets divided by the number of ordinary shares in issue at 31 December 2015. (LPS)/EPS is based on (loss)/profit for the year divided by the weighted average number of ordinary shares in issue during the year. There are no dilutive indicators or dilutive ordinary shares in issue.

Headline (Loss)/Earnings Per Share ("HLPS" or "HEPS") is similar to (LPS)/EPS, except that attributable profit specifically excludes certain items, as set out in Circular 2/2015 "Headline earnings" ("Circular 2/2015") issued by SAICA. None of these exclusions are relevant to the Group and (LPS)/EPS is equal to (HLPS)/HEPS in the current and prior year.

NAV per share
The Group's US$ NAV per share is as follows:

	31 December 2015	31 December 2014
Net assets – US$'000	322,325	471,451
Number of shares in issue	*760,452,631*	*760,452,631*
NAV per share – US$	**0.42**	**0.62**

Tangible NAV is similar to NAV but excludes intangible assets such as goodwill or IT software. The Group does not hold any intangible assets and NAV is equal to Tangible NAV.

The Group's (LPS)/EPS is as follows:

	31 December 2015	31 December 2014
(Loss)/profit for the year – US$'000	(149,126)	55,404
Weighted average number of shares in issue	*760,452,631*	*760,452,631*
(Loss)/Earnings Per Share – US$	**(0.20)**	**0.07**

There are no dilutive shares and (LPS)/EPS is equal to Diluted (Loss)/Earnings Per Share.

Basis of preparation

The Group Financial Statements for the year ending 31 December 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the financial reporting guides issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants (the "SAICA Reporting Guides") and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the "FRSC Pronouncements"). The Financial Statements also comply with the JSE Listings Requirements, the BSX Listing Regulations and The Companies (Guernsey) Law, 2008 and show a true and fair view.

The Financial Statements have been audited by the Company's auditors, Saffery Champness; their audit opinion was unqualified, and did not draw attention to any emphases of matter. The audit opinion is available for inspection at the Company's registered office. The Financial Statements will be mailed to shareholders during April 2016, and made available on the Company's website, *www.pallinghurst.com*.

This preliminary announcement includes condensed financial statements (the "Condensed Financial Statements"). The Condensed Financial Statements have been prepared in accordance with IAS34 *Interim Financial Reporting* and do not contain sufficient information to fully comply with IFRS. The Condensed Financial Statements comply with the SAICA Reporting Guides and the FRSC Pronouncements, the JSE Listings Requirements and the BSX Listing Regulations and show a true and fair view.

Accounting policies

The Group's accounting policies were last described in full in the Group`s financial statements for the year ended 31 December 2014.

Various new and revised accounting standards, amendments to standards and new interpretations have been issued by the International Accounting Standards Board but are not yet effective. At this stage, the Directors do not believe that these changes will have a material impact on the Group or its financial reporting. The accounting policies applied are consistent with those adopted and disclosed in the Group`s financial statements for the year ended 31 December 2014 other than in respect of these changes.

Contingent liabilities and contingent assets

The Group has acted as a limited guarantor for the lease of Fabergé's New York retail outlet at 694 Madison Avenue since 31 August 2011. One of the conditions of the Gemfields/Fabergé Merger, which completed on 28 January 2013, was that Gemfields either take over as guarantor from the Company, or that Gemfields indemnify the Group against any potential liability to the landlord. Gemfields have provided an indemnity to the Group against any loss from this guarantee. The Directors' assessment is that the maximum amount of the contingent liability continues to be US$0.219 million, although any such loss should be recoverable from Gemfields under the terms of the indemnity.

The Group had no other significant contingent liabilities or contingent assets at 31 December 2015 or 31 December 2014.

Commitments

The Group had no material commitments at the date of signature of the Financial Statements.

Events occurring after the end of the year

Approval of Annual Report

The Annual Report was approved by the Directors and authorised for issue on 30 March 2016.

Notes to the Condensed Consolidated Financial Statements

for the year ended 31 December 2015

Pallinghurst Resources Limited | (Incorporated in Guernsey) | (Guernsey registration number: 47656) | (South African external company registration number 2009/012636/10) | **Share code on the JSE:** PGL | **Share code on the BSX:** PALLRES | **ISIN:** GG00B27Y8Z93 | ("Pallinghurst" or the "Company") **EXECUTIVE DIRECTORS:** Brian Gilbertson, Arne H. Frandsen, Andrew Willis[1] **NON-EXECUTIVE DIRECTOR:** Dr Christo Wiese **INDEPENDENT NON-EXECUTIVE DIRECTORS:** Stuart Platt-Ransom[2], Martin Tolcher, Clive Harris, Lumkile Mondi[3] **PERMANENT ALTERNATES:** Chris Powell[1], Brian O'Mahoney[2] **ADMINISTRATOR AND COMPANY SECRETARY:** Orangefield Legis Fund Services Limited, 11 New Street, St Peter Port, Guernsey, GY1 2PF, Channel Islands **REGISTERED OFFICE:** 11 New Street, St Peter Port, Guernsey, GY1 2PF, Channel Islands **SOUTH AFRICAN TRANSFER SECRETARY:** Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa **AUDITOR:** Saffery Champness, PO Box 141, La Tonnelle House, Les Banques, St Sampson, Guernsey, GY1 3HS, Channel Islands **JSE SPONSOR:** Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196, South Africa **BSX SPONSOR:** Clarien Investments Limited, 25 Reid Street, 4th Floor, Hamilton, HM11, Bermuda.

1 *Mr Powell resigned as Permanent Alternate to Mr Willis on 25 June 2015.*
2 *Mr O'Mahoney resigned as Permanent Alternate to Mr Platt-Ransom on 12 May 2015.*
3 *Mr Mondi was appointed as Director on 29 October 2015.*