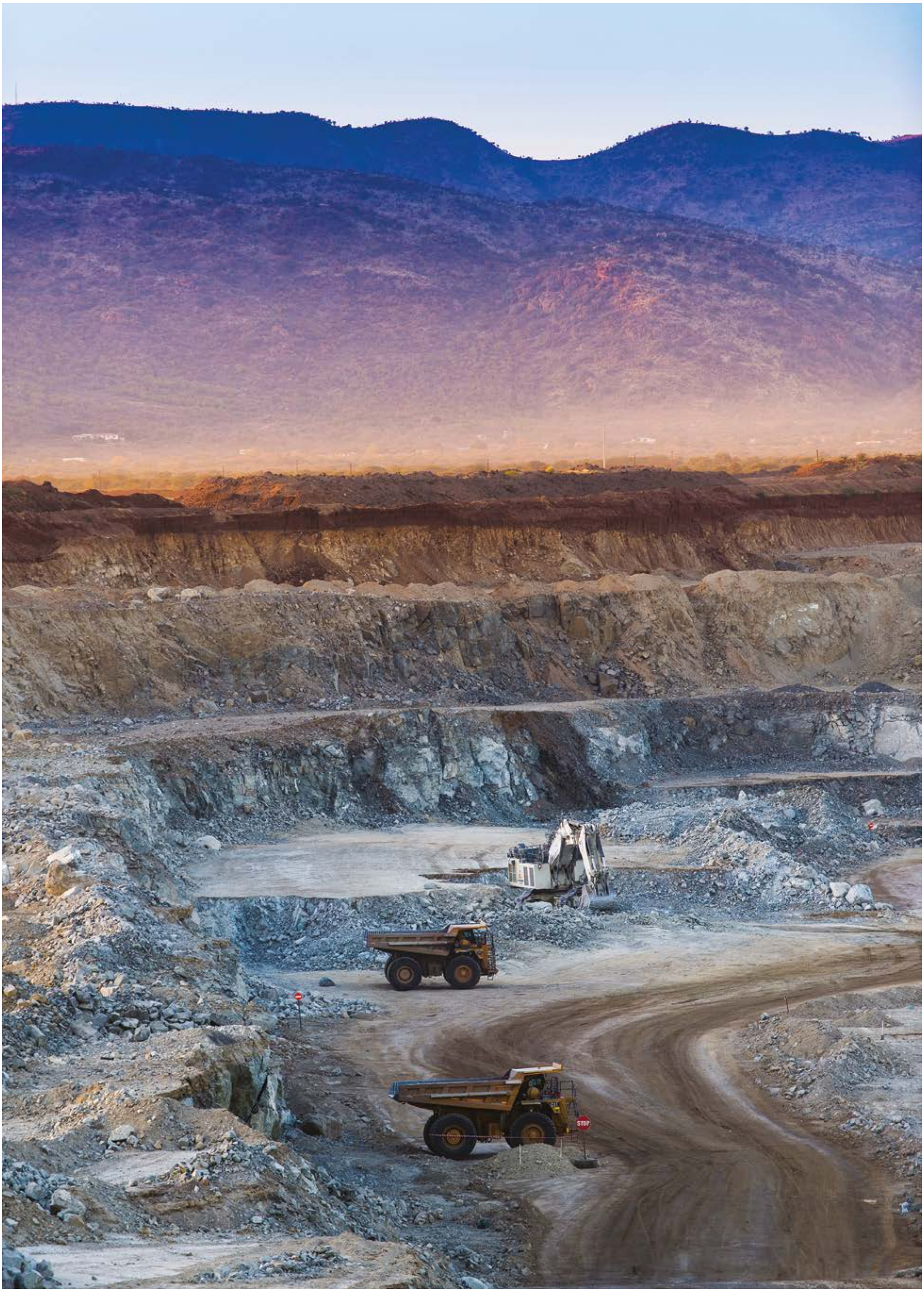
PALLINGHURST



Pallinghurst Resources Limited

INTERIM REPORT 2016



Above:
Opencast operations at the Pilanesberg Platinum Mine.

Cover images, from left to right:
UG2 milling section at the Pilanesberg Platinum Mine.
Cut and polished emeralds from Kagem, Zambia.
Tshipi's manganese ore being loaded onto a vessel.

CONTENTS

Investment Manager's Report

for the six months ended 30 June 2016

Whilst it is too early to declare the departure of the bear market, commodity prices have improved since the start of the year and even more so since the end of the reporting period. Prudently, and despite the more positive market conditions, we have continued to focus the investment portfolio on reducing costs and increasing profitability rather than production levels. The philosophy is simple: "the ore in the ground is not turning sour" and so it is value-accretive to maximise current profitability and to preserve long-term value. This strict cost focus and the proven ability to operate within the scope of each company's own balance sheet, should enable the investments to withstand a future downturn and to maximise profitability in the event of sustained higher prices.

Some of the key investment highlights so far this year include:

- SPM achieved PGM dispatches of 80,000 ounces for the first six months of the year.
- An impressive 4 million fatality-free shifts were recorded at SPM.
- Tshipi sold 1.5 million tonnes of manganese ore in its financial year to 29 February 2016 and 960,000 tonnes in the six months to 31 August 2016.
- Tshipi produced positive cashflow in each quarter, despite the low manganese price environment.
- Gemfields generated record auction revenues of US$174 million for its financial year to 30 June 2016.
- Gemfields' two emerald auctions in 2016 achieved record average per carat prices for their respective categories.

Despite the positive financial and operational performance from Gemfields, the share price performance was disappointing, declining markedly over the six-month period. As a consequence, it weighed negatively on the Gemfields investment valuation during the period, accounting for most of the US$33 million of unrealised losses that we have reported for the first six months of the year. However, the inherent value of our three investment platforms remain intact and we continue to focus on enhancing their full value. If the improving environment is sustained, each of our investments will be well-positioned to realise their significant inherent value for shareholders.

Arne H. Frandsen
Chief Executive

Platinum Group Metals ("PGM")

The first half of the year continued to be challenging for the PGM industry with many producers publishing profit warnings. The low metal prices are putting pressure on all PGM producers, many of whom have only recently raised capital. Whilst the US Dollar prices for platinum and palladium price increased by 14% and 6% respectively over the six-month period, they remain at relatively low levels despite the platinum market being forecast to experience another supply deficit this year. Furthermore, the strengthening of the South African Rand to the US Dollar has negatively impacted the overall profitability of the industry.

Sedibelo Platinum Mines Limited ("SPM") has responded to this difficult environment by further reducing costs and focussing on cash preservation rather than maximising volumes produced. Uniquely amongst the PGM producers, and despite adverse market conditions, SPM has not asked its shareholders to contribute any incremental capital since its creation in 2012. Given this conservative strategy, it is reassuring that metal dispatches of 80,000 ounces of 4E PGM for the six months to 30 June 2016 were only slightly below the comparative period in 2015. SPM management has also been successful in improving operational efficiency with unit operating costs continuing their downward trend.

SPM places a strong emphasis on workplace safety and has recently achieved a record of over 4 million fatality-free shifts, a considerable achievement in any mining environment. SPM continues to support the social and economic development of the local community, including building health clinics, schools, water and road projects and offering internships to community members at the mine.

A second pilot plant test run was completed for the "Kell" technology, an innovative hydrometallurgical alternative to the smelting of PGM concentrates. Testing has provided encouraging results with increased recoveries of not only 4E PGMs, but also base metals such as copper, cobalt and nickel. SPM is looking to develop the technology into what could become an industry-transforming beneficiation process. SPM has also commissioned the first stage of a tailings plant in March 2016, which when fully operational, will be contributing low cost ounces to its production profile.

The cost-cutting initiatives and technological advances at SPM are providing support through the difficult market conditions. The long-term supply and demand fundamentals remain positive. SPM, with its large and relatively shallow resource base, is well-positioned to benefit from any recovery in the PGM industry.

Steel Making Materials

The manganese market has had a volatile year so far, with depressed prices in the first few months resulting in many producers either closing operations or reducing their production. These actions led to a steep, but volatile recovery, with the spot manganese price increasing by 72% over the first six months of the year.

Tshipi é Ntle Manganese Mining Limited ("Tshipi") responded to the low price environment by reducing production, focussing mining operations on already exposed ore, utilising stockpiles and reducing costs. Accordingly, Tshipi sold 1.5 million tonnes of manganese ore in its financial year to 29 February 2016, some 25% lower than the prior year. In the six months to 31 August 2016, Tshipi sold 960,000 tonnes of manganese ore, with a similar amount expected for the remaining six months of the financial year.

Tshipi's strategy to minimise its costs has enabled the operation to produce positive cashflow for each quarter, a significant achievement in the recent low price environment. The recovery of the manganese price has also benefited Tshipi, with the operation expected to outperform its budget this year if recent manganese prices continue.

Tshipi's commitment to the safety of its employees has resulted in only two lost time injuries being recorded in the first six months of 2016. Tshipi is also committed to improving the local communities, with recent projects including funding for bulk water infrastructure, an enterprise development project for young entrepreneurs and an adult education training programme. Tshipi is also investing in the upgrade of local schools and health clinics.

Despite a slight recovery in the iron ore price during the first six months of 2016, Jupiter Mines Limited's ("Jupiter") Mount Ida magnetite and Mount Mason hematite projects in the Central Yilgarn region of Western Australia remain on care and maintenance. Jupiter continues to monitor the iron ore market and is ready to recommence work on these projects once market conditions are favourable.

Coloured Gemstones

Gemfields plc ("Gemfields") has continued its strong performance, once again generating record auction revenues (of US$174 million) in its financial year to 30 June 2016, whilst maintaining strong production at its Kagem emerald mine and a significant increase in production at its Montepuez ruby deposit in Mozambique.

Gemfields achieved its highest ever auction revenue in June 2016 in Singapore when US$44.3 million of high, medium and commercial grade rough rubies were sold at an average price of US$29.21 per carat. This was the sixth auction of rubies and corundum produced at Montepuez, which have collectively generated revenues of US$195 million.

Global demand also remains strong for Gemfields' emeralds with both auctions held so far during 2016 achieving record average per carat prices for their respective categories. A higher quality rough emerald auction was held in Lusaka, Zambia in March/April 2016 generating revenues of US$33.1 million at an average price of US$70.68 per carat, some 7% higher than ever achieved previously. In May 2016, a predominantly commercial quality rough emerald and beryl auction was held in Jaipur, India generating revenues of US$14.3 million at an average price of US$5.15 per carat, almost 20% higher than achieved previously. Gemfields' 22 auctions of emerald and beryl mined at Kagem since July 2009 have generated US$426 million in aggregate revenues.

These successful auction results are underpinned by Gemfields' global marketing campaigns, which have helped build the profile and recognition of Zambian emeralds as among the best in the world. Gemfields' latest campaign, 'A Story in Every Gemstone', highlights rubies' association with passion and prosperity. High profile partnerships such as the collaboration with luxury Swiss jeweller Chopard and the renowned Danish design house Georg Jensen have also helped in positioning Gemfields' gemstones at the highest level of luxury.

During its financial year to 30 June 2016, Gemfields maintained its strong emerald and beryl production at Kagem, with 30 million carats produced at a grade of 241 carats per tonne. Kagem surpassed US$100 million of auction revenue for the financial year ending 30 June 2016, the first business unit within the Gemfields group to achieve that milestone. During the same period, ruby and corundum production at Montepuez increased by 23% to 10 million carats, at a grade of 35 carats per tonne.

Gemfields aims to maintain excellence in the safety of its employees and mine coloured gemstones in a responsible and transparent way with minimal impact to the environment. Kagem recently received the "Green Award" from the Zambia Environmental Management Authority for exemplary environment management practices. Kagem continues to engage in inclusive community strategies and recently completed the construction of a secondary school and the upgrade of a village health centre. The operation in Montepuez continues to make improvements to the local infrastructure, with a particular focus on health, education and community development.

Gemfields' luxury brand, Fabergé, increased its number of boutiques and distribution channels by 30%, contributing to an increase in revenues for its financial year to 30 June 2016. Despite an increase in advertising spend to promote the brand, total operating costs decreased year-on-year. Fabergé's position as a future leader in the watch-making industry was enhanced by winning the "Ladies Complication" award at Watchfair Luxembourg for the "Lady Peacock Emerald", a variant of the award-winning "Lady Compliquée Peacock" timepiece.

Gemfields is also planning to apply its successful seven-year track record to its new emerald interests in Colombia and Ethiopia and to sapphires in Sri Lanka. Trading centres have been established in Sri Lanka and early stage exploration has commenced. There is also significant expansion potential at both Montepuez and Kagem, with a combined post-tax net present value for these two projects well in excess of US$1.5 billion. In July 2016, Gemfields announced the finalisation of US$65 million in debt financing facilities, which provide Gemfields with the necessary funding to sustain its growth and expansion plans at both Montepuez and Kagem.

Although Gemfields continues to perform strongly, its aim is to become the global "coloured gemstone champion", gaining market share through the development of its existing deposits and targeted expansion opportunities. Global demand remains strong for Gemfields' responsibly sourced gemstones and Gemfields is well-positioned to retain and strengthen its position as the world's foremost gemstone supplier.

Pallinghurst (Cayman) GP L.P.
September 2016

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2016

	Notes	1 January 2016 to 30 June 2016 US$ '000 (reviewed)	1 January 2015 to 30 June 2015 US$ '000 (reviewed)	1 January 2015 to 31 December 2015 US$ '000 (audited)
INCOME				
Investment Portfolio				
Unrealised fair value gains	2	3,987	57,801	–
Unrealised fair value losses	2	(34,177)	(51,314)	(142,176)
		(30,190)	**6,487**	**(142,176)**
Investment Portfolio revenue				
Loan interest income	2	358	368	731
		358	**368**	**731**
Net (loss)/gain on investments and income from operations		**(29,832)**	**6,855**	**(141,445)**
EXPENSES				
Investment Manager's Benefit	5	(2,715)	(3,124)	(6,212)
Operating expenses		(466)	(550)	(1,398)
Foreign exchange gains		11	2	2
		(3,170)	**(3,672)**	**(7,608)**
Net (loss)/gain from operations		**(33,002)**	**3,183**	**(149,053)**
Finance income		–	5	6
Finance costs		(2)	–	(5)
Net finance (costs)/income		**(2)**	**5**	**1**
(Loss)/profit before fair value gain/(loss) of associates		**(33,004)**	**3,188**	**(149,052)**
Fair value gain/(loss) of associates		61	13	(70)
(Loss)/profit before tax		**(32,943)**	**3,201**	**(149,122)**
Tax		(2)	–	(4)
NET (LOSS)/PROFIT AFTER TAX		**(32,945)**	**3,201**	**(149,126)**
Other comprehensive income		–	–	–
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(32,945)**	**3,201**	**(149,126)**
Basic and diluted (loss)/earnings per ordinary share – US$	8	**(0.043)**	**0.004**	**(0.196)**

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

Condensed Consolidated Balance Sheet

as at 30 June 2016

	Notes	30 June 2016 US$ '000 (reviewed)	30 June 2015 US$ '000 (reviewed)	31 December 2015 US$ '000 (audited)
ASSETS				
Non-current assets				
Investments in associates	3	1,255	1,277	1,194
Investment Portfolio				
Listed equity investments	2, 3	124,426	243,312	158,603
Unlisted equity investments	2, 3	154,100	214,067	150,113
		278,526	**457,379**	**308,716**
Total non-current assets		**279,781**	**458,656**	**309,910**
Current assets				
Investment Portfolio				
Loans and receivables	2	6,662	–	9,804
Trade and other receivables		1,376	1,690	1,662
Cash and cash equivalents		1,690	14,383	1,610
Other investments	3	21	77	48
Total current assets		**9,749**	**16,150**	**13,124**
Total assets		**289,530**	**474,806**	**323,034**
LIABILITIES				
Current liabilities				
Trade and other payables		150	154	709
Total current and total liabilities		**150**	**154**	**709**
Net assets		**289,380**	**474,652**	**322,325**
Capital and reserves attributable to equity holders				
Share capital		8	8	8
Share premium		375,227	375,227	375,227
Retained (losses)/earnings		(85,855)	99,417	(52,910)
EQUITY		**289,380**	**474,652**	**322,325**

The accompanying notes form part of these Financial Statements.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2016

	Notes	1 January 2016 to 30 June 2016 US$ '000 (reviewed)	1 January 2015 to 30 June 2015 US$ '000 (reviewed)	1 January 2015 to 31 December 2015 US$ '000 (audited)
Cash flows from operations	6	(3,431)	(5,325)	(8,454)
Loans extended to investments		–	–	(19,576)
Loans repaid by investments		3,500	15,256	25,000
Loan interest received		–	368	556
Net cash flows from operating activities		**69**	**10,299**	**(2,474)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**69**	**10,299**	**(2,474)**
Cash and cash equivalents at the beginning of the period/year		**1,610**	**4,082**	**4,082**
Foreign exchange gain on cash		11	2	2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		**1,690**	**14,383**	**1,610**

The accompanying notes form part of these Financial Statements.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2016

	Share capital US$ '000	Share premium US$ '000	Retained earnings/(losses) US$ '000	Total equity US$ '000
Balance at 1 January 2015 (audited)	8	375,227	96,216	471,451
Total comprehensive income for the period	–	–	3,201	3,201
Balance at 30 June 2015 (reviewed)	**8**	**375,227**	**99,417**	**474,652**
Total comprehensive loss for the period	–	–	(152,327)	(152,327)
Balance at 31 December 2015 (audited)	**8**	**375,227**	**(52,910)**	**322,325**
Total comprehensive loss for the period	–	–	(32,945)	(32,945)
Balance at 30 June 2016 (reviewed)	**8**	**375,227**	**(85,855)**	**289,380**

The accompanying notes form part of these Financial Statements.

Notes to the Interim Financial Statements

for the six months ended 30 June 2016

1. Accounting policies

The financial statements within the Interim Report are for the period from 1 January 2016 to 30 June 2016 (the "Interim Financial Statements"). The financial information for the year ended 31 December 2015 that has been included in these Interim Financial Statements does not constitute full statutory financial statements as defined in The Companies (Guernsey) Law, 2008.

The information included in this document for the comparative year was derived from the Annual Report and Financial Statements for the year ended 31 December 2015 (the "Annual Financial Statements"), a copy of which has been delivered to the Guernsey Financial Services Commission, the Johannesburg Stock Exchange ("JSE") and the Bermuda Stock Exchange. The auditor's report on the Annual Financial Statements was unmodified, and stated that the Annual Financial Statements had been properly prepared in accordance with The Companies (Guernsey) Law, 2008.

Basis of accounting

These Interim Financial Statements have been prepared in accordance with IAS34 *Interim Financial Reporting* ("IAS34") and applicable legal requirements of The Companies (Guernsey) Law, 2008. They do not include all of the information required for full financial statements and are to be read in conjunction with the Annual Financial Statements. The Annual Financial Statements were prepared under 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 Annual Financial Statements also comply with the JSE Listings Requirements and the BSX Listing Regulations.

The principal accounting policies applied are consistent with those adopted and disclosed in the Annual Financial Statements. The Interim Financial Statements have been prepared on the historic cost basis, except for the valuation of certain investments held within the Investment Portfolio. The equity investments are measured at fair value not historic cost. Historic cost is generally based on the fair value of the consideration given in exchange for the assets. Loans made to portfolio companies are initially recognised at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Other than information contained within the Condensed Consolidated Statement of Cash Flows, the Interim Financial Statements have been prepared on the accruals basis.

Interim results

Materially all of the Group's results are related to investment valuations and are not directly affected by seasonality or the cyclicality of operations. An investment's most recent financial results do not necessarily directly impact upon the fair value of that investment and other factors are usually more relevant in determining fair value than seasonality or the cyclicality of operations.

Going concern basis of accounting

The Directors have considered the likely cash flows and costs of the Group, for twelve months subsequent to the signature of the Interim Financial Statements, and have concluded that the Group has adequate resources to continue in its activities for the foreseeable future. Whilst the Group's cash balance is relatively low at the present time, the scheduled repayments of the Gemfields loan are expected to provide additional liquidity. The Directors do not have any concerns over the receipt of these repayments. In addition, the Group has significant liquid assets that could be either sold or leveraged for short term finance, should this be necessary. The Interim Financial Statements have, therefore been prepared on the going concern basis.

Changes and amendments to IFRS

A number of amendments to IFRS have become effective for financial periods beginning on (or after) 1 January 2016, these amendments have not had a material impact on the Group.

2. Investment Portfolio

The reconciliation of the Investment Portfolio valuations from 1 January 2016 to 30 June 2016 is as follows:

Investment	Opening at 1 January 2016 US$ '000 (reviewed)	Unrealised fair value gains US$ '000 (reviewed)	Unrealised fair value losses US$ '000 (reviewed)	Accrued interest income and structuring fee US$ '000 (reviewed)	Additions and disposals US$ '000 (reviewed)	Closing at 30 June 2016 US$ '000 (reviewed)
Listed equity investments						
Gemfields[1]	158,603	–	(34,177)	–	–	124,426
	158,603	–	(34,177)	–	–	124,426
Unlisted equity investments						
Jupiter[2]	35,705	3,987	–	–	–	39,692
Sedibelo Platinum Mines	114,408	–	–	–	–	114,408
	150,113	3,987	–	–	–	154,100
Total non-current	308,716	3,987	(34,177)	–	–	278,526
Loans and receivables						
Gemfields – US$10 million loan[3]	9,804	–	–	358	(3,500)	6,662
Total current	9,804	–	–	358	(3,500)	6,662
Total Investment Portfolio	**318,520**	**3,987**	**(34,177)**	**358**	**(3,500)**	**285,188**

1 The unrealised fair value loss on Gemfields of US$34.177 million includes an unrealised foreign exchange loss of US$15.104 million.
2 The unrealised fair value gain on Jupiter of US$3.987 million does not include any foreign exchange as the valuation is denominated in US$.
3 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 30 June 2016 is US$6.662 million. The loan is repayable in instalments; US$1 million was repaid on 31 March 2016 and US$2.5 million on 30 June 2016, US$2.5 million is due for repayment on 30 September 2016 and US$4 million with accrued interest on 15 December 2016.

The reconciliation of the Investment Portfolio valuations from 1 January 2015 to 30 June 2015 is as follows:

Investment	Opening at 1 January 2015 US$ '000 (reviewed)	Unrealised fair value gains US$ '000 (reviewed)	Unrealised fair value losses US$ '000 (reviewed)	Interest income and structuring fee US$ '000 (reviewed)	Additions and disposals US$ '000 (reviewed)	Closing at 30 June 2015 US$ '000 (reviewed)
Listed equity investments						
Gemfields[1]	185,511	57,801	–	–	–	243,312
	185,511	57,801	–	–	–	243,312
Unlisted equity investments						
Jupiter[2]	69,253	–	(7,847)	–	–	61,406
Sedibelo Platinum Mines[3]	196,128	–	(43,467)	–	–	152,661
	265,381	–	(51,314)	–	–	214,067
Total non-current	450,892	57,801	(51,314)	–	–	457,379
Loans and receivables						
Gemfields – US$15 million loan[4]	15,256	–	–	368	(15,624)	–
Total current	15,256	–	–	368	(15,624)	–
Total Investment Portfolio	**466,148**	**57,801**	**(51,314)**	**368**	**(15,624)**	**457,379**

1 The unrealised fair value gain on Gemfields of US$57.801 million includes an unrealised foreign exchange gain of US$1.8 million.
2 The unrealised fair value loss on Jupiter of US$7.847 million does not include any foreign exchange as the valuation is denominated in US$.
3 The unrealised fair value loss on SPM of US$43.467 million does not include any foreign exchange as the valuation is denominated in US$.
4 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.

2. Investment Portfolio (continued)

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 (audited)	Unrealised fair value gains US$ '000 (audited)	Unrealised fair value losses US$ '000 (audited)	Accrued interest income and structuring fee US$ '000 (audited)	Additions and disposals US$ '000 (audited)	Closing at 31 December 2015 US$ '000 (audited)
Listed equity investments						
Gemfields[1]	185,511	–	(26,908)	–	–	158,603
	185,511	–	(26,908)	–	–	158,603
Unlisted equity investments						
Jupiter[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$31.603 million does not include any foreign exchange as the valuation is denominated in US$.

3 The unrealised fair value loss on SPM of US$104.602 million does not include any foreign exchange as the valuation is denominated in US$.

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%. At 31 December 2015 the balance of the loan was US$9.804 million including interest and a pro-rated element of the arrangement fee. The loan is repayable in instalments; US$1 million was repaid on 31 March 2016 and US$2.5 million on 30 June 2016, US$2.5 million is due for repayment 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 2014.

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.

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 30 June 2016 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.

2. Investment Portfolio (continued)

Sedibelo Platinum Mines Limited – equity (continued)

The DCF analysis is based on a number of predictions and uncertainties including forecast PGM prices, production levels, 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.

At 31 December 2015, the Directors adjusted the preferred valuation given by the competent person's report by a discount factor of approximately 29%, representing the median discount to Net Asset Value ("NAV") that SPM's peer group of listed PGM companies were trading at. Since 31 December 2015, the discount to NAV has become a small premium. However, as stated below, the Directors have agreed that the valuation of SPM should be maintained, in US$ terms, at the same level as at 31 December 2015, US$1.75 billion.

The Directors note that the valuation of SPM is sensitive to various key inputs, in particular the platinum price, the palladium price and production levels. The prices of other PGMs, as well as costs, inflation and foreign exchange rates are also key estimates. Significant differences between the assumptions as included in the DCF model and the actual rates will have a material impact on the valuation.

The competent person's report used information from a range of independent sources to forecast PGM prices. The platinum price was forecast to be within a range of US$956 to US$1,300 over SPM's life-of-mine. Using a range of broker forecasts at 30 June 2016, the platinum price is now forecast to be within a range of US$989 to US$1,372 over SPM's life-of-mine. The palladium price was forecast to be within a range of US$700 to US$831 over SPM's life-of-mine. Using a range of broker forecasts at 30 June 2016, the palladium price is now forecast to be within a range of US$585 to US$825 over SPM's life-of-mine.

The Directors note that SPM's actual production for the first six months of 2016 is slightly below the comparative period in 2015 and also below budget, which implies a decrease in valuation. The Directors however also note that forecast PGM prices are either in line or slightly above forecasts used in the competent person's report dated 31 December 2015, which imply an increase in the valuation. The Directors have therefore determined that a valuation of SPM at US$1.75 billion continues to be reasonable, as the positive price variances are considered to offset the negative production variances experienced throughout the period.

For the purposes of the disclosures required by IFRS13 Fair Value Measurement ("IFRS13") and using sensitivity analysis included within the competent person's report, if the forecast PGM prices used in the competent person's report declined by 10% at the balance sheet date and presuming all other indicators and evidence were unchanged, the valuation of SPM included in the balance sheet would decrease from US$114 million to US$91 million. The related fair value decrease of US$23 million would be recognised in profit and loss.

Other considerations

No secondary valuation methodologies have been considered for the Company's investment in SPM, as the competent person's report has a recent effective date, being 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.

Notes to the Interim Financial Statements/cont.

for the six months ended 30 June 2016

2. Investment Portfolio (continued)

Gemfields plc – equity

Nature of investment	The Group holds an equity interest in Gemfields, a producer of coloured gemstones. Gemfields owns emerald assets in Zambia and Colombia, ruby assets in Mozambique, amethyst assets in Zambia and sapphire assets in Sri Lanka. Gemfields is listed on AIM. The Group owns a see-through interest of approximately 47.57% in Gemfields at 30 June 2016, valued at US$124 million.
Fair value methodology.	Listed share price The Group's interest in Gemfields is valued at the 30 June 2016 mid-price of GBP0.36 per share, translated at the closing rate of US$1/GBP0.7466.
Other considerations	No secondary valuation methodologies have been considered for the Company's investment in Gemfields as it is a listed equity in an active market. The Group's cost of investment is approximately US$119 million and the Group's initial investment was made in October 2007.

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 30 June 2016 is US$215 million; the implied valuation of the Group's 18.45% interest is US$40 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 preferred valuation of Tshipi Borwa at 31 December 2015 given by the independent valuation report is ZAR4,926 million; the Group's indirect interest (through Jupiter's 49.9% interest in Tshipi) on this basis would be valued at ZAR454 million. The DCF analysis is based on a large number of predictions and uncertainties including revenues, production levels, costs and exchange rates. 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 as at 30 June 2016 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. The Directors have considered whether the manganese price forecasts have changed from those used in the independent valuation report. As the current forecasts for manganese prices are not materially different to those used in the independent valuation report, the Directors do not consider that any adjustment is required to the valuation. For the purposes of the disclosures required by IFRS13, if the forecast manganese prices used in the valuation decline by 10% (compared to 31 December 2015) and presuming all other indicators and evidence were unchanged, and using sensitivity analysis included within the independent valuation report, the valuation of Jupiter included in the balance sheet would decrease from

2. Investment Portfolio (continued)

Jupiter Mines Limited – equity (continued)

US$40 million to US$29 million. The fair value decrease of US$11 million would be recognised in profit and 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 2015 financial year. 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 has made the decision to market its 49.9% share of Tshipi Borwa's manganese ore production itself where previously this had been outsourced. A DCF model has been used to value the new marketing entity and forms part of the overall valuation. Jupiter's cash has been included at cost which approximates to fair value. Jupiter has no material liabilities.

Other considerations	Jupiter's net assets per its most recent audited balance sheet at 28 February 2016 were US$205 million. After making certain adjustments (mostly foreign exchange), Jupiter's net assets at 30 June 2016 were estimated to be US$204 million. This compares with the Directors' valuation of Jupiter of US$215 million which implies that the Directors' valuation is reasonable. The Group owned an effective 18.45% interest in Jupiter at 30 June 2016. 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 was repaid on 31 March 2016 and US$2.5 million on 30 June 2016, US$2.5 million is due for repayment on 30 September 2016 and US$4 million with accrued interest on 15 December 2016. There are no penalties for early repayment.
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 30 June 2016, including interest, is US$6.662 million. The effective interest rate of the loan at 30 June 2016 is approximately 7.3%.

2. Investment Portfolio (continued)

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. There are no penalties for early repayment.
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 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%.

3. Fair value hierarchy

This note explains the methodology for valuing the Group's assets and liabilities at fair value, and for fair value disclosures. It also provides an analysis of these according to a 'fair value hierarchy', determined by the market observability of valuation inputs. The Group owns certain financial instruments that are measured at fair value subsequent to initial recognition. The equity investments held within the Investment Portfolio fall into this category and are detailed in Note 2 *Investment Portfolio*. The Group holds certain investments in associates that do not form part of the Investment Portfolio (usually as investment holding companies). Since the adoption of the "Investment Entities Amendments" on 1 January 2014, these associates have been accounted for at fair value, where previously these associates were equity accounted. The Group also owns certain other equity investments which do not form part of the Investment Portfolio, held within Other investments on the balance sheet.

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.

3. Fair value hierarchy (continued)

A breakdown of the Group's financial assets at Fair Value through Profit or Loss ("FVTPL"), categorised as Level 1, Level 2 and Level 3 assets is included below:

30 June 2016	Level 1 US$ '000 (reviewed)	Level 2 US$ '000 (reviewed)	Level 3 US$ '000 (reviewed)	**Total US$ '000 (reviewed)**
Financial assets at FVTPL				
Equity investments	124,426	–	154,100	**278,526**
Investments in associates	–	–	1,255	**1,255**
Other investments	21	–	–	**21**
	124,447	–	155,355	**279,802**

30 June 2015	Level 1 US$ '000 (reviewed)	Level 2 US$ '000 (reviewed)	Level 3 US$ '000 (reviewed)	**Total US$ '000 (reviewed)**
Financial assets at FVTPL				
Equity investments	243,312	–	214,067	**457,379**
Investments in associates	–	–	1,277	**1,277**
Other investments	77	–	–	**77**
	243,389	–	215,344	**458,733**

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

Level 3 fair value reconciliation

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

	30 June 2016 US$'000	30 June 2015 US$'000	31 December 2015 US$'000
Opening[1]	151,307	266,645	266,645
Fair value gain/(loss) of associates[1]	61	13	(70)
Unrealised fair value gains	3,987	–	–
Unrealised fair value losses	–	(51,314)	(115,268)
Closing	**155,355**	**215,344**	**151,307**

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.*

4. 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. Each of SPM, Jupiter and Gemfields is a separate legal entity and each has a discrete board of directors with a clear set of responsibilities. Each investment is assessed on this basis and as such, each of the Group's operating segments may include multiple mines and other assets.

The segmental information provided to the CODM for the period ended 30 June 2016 is as follows:

30 June 2016	PGMs US$ '000 (reviewed)	Steel Making Materials[1] US$ '000 (reviewed)	Coloured Gemstones[2] US$ '000 (reviewed)	Unallocated US$ '000 (reviewed)	Total US$ '000 (reviewed)
Income statement					
Unrealised fair value gains	–	3,987	–	–	3,987
Unrealised fair value losses	–	–	(34,177)	–	(34,177)
Loan interest income	–	–	358	–	358
Net segmental income/(expense)	–	3,987	(33,819)	–	(29,832)
Other income				–	–
Net loss on investments and income from operations					(29,832)
Expenses, net finance income, fair value gain of associates and taxation				(3,113)	(3,113)
Net segmental profit/(loss)	**–**	**3,987**	**(33,819)**	**(3,113)**	**(32,945)**
Balance sheet					
Net Asset Value	**114,408**	**39,692**	**131,088**	**4,192**	**289,380**

1 The unrealised fair value gain on the Steel Making Materials segment of US$3.987 million does not include any foreign exchange as the valuation is denominated in US$.
2 The unrealised fair value loss on the Coloured Gemstones segment of US$34.177 million includes an unrealised foreign exchange loss of US$15.104 million.

The segmental information provided to the CODM for the period ended 30 June 2015 is as follows:

30 June 2015	PGMs[1] US$ '000 (reviewed)	Steel Making Materials[2] US$ '000 (reviewed)	Coloured Gemstones[3] US$ '000 (reviewed)	Unallocated US$ '000 (reviewed)	Total US$ '000 (reviewed)
Income statement					
Unrealised fair value gains	–	–	57,801	–	57,801
Unrealised fair value losses	(43,467)	(7,847)	–	–	(51,314)
Loan interest income	–	–	368	–	368
Net segmental (expense)/income	(43,467)	(7,847)	58,169	–	6,855
Other income				–	–
Net gains on investments and income from operations					6,855
Expenses, net finance income, fair value gain of associates and taxation				(3,654)	(3,654)
Net segmental (loss)/profit	**(43,467)**	**(7,847)**	**58,169**	**(3,654)**	**3,201**
Balance sheet					
Net Asset Value	**152,661**	**61,406**	**243,312**	**17,273**	**474,652**

1 The unrealised fair value loss on the PGMs segment of US$43.467 million does not include any foreign exchange as the valuation is denominated in US$.
2 The unrealised fair value loss on the Steel Making Materials segment of US$7.847 million does not include any foreign exchange as the valuation is denominated in US$.
3 The unrealised fair value gain on the Coloured Gemstones segment includes an unrealised foreign exchange gain of US$1.8 million.

4. Segmental reporting (continued)

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

31 December 2015	PGMs[1] US$ '000 (audited)	Steel Making Materials[2] US$ '000 (audited)	Coloured Gemstones[3] US$ '000 (audited)	Unallocated US$ '000 (audited)	Total US$ '000 (audited)
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)/income	(81,720)	(33,548)	(26,177)	–	(141,445)
Other income				–	–
Net gains 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)/profit	**(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.

5. Investment Manager's benefits

Pallinghurst (Cayman) GP L.P. (the "Investment Manager") was appointed on 4 September 2007. The Investment Manager acts through its general partner, Pallinghurst GP Limited. The Investment Manager provides investment advisory and management services to the Group and to certain other Pallinghurst Co-Investors.

The Investment Manager is entitled to an Investment Manager's Benefit ("IMB") each accounting period. The basis for calculation of the IMB changed subsequent to 14 September 2012, the end of the Investment Period[1]. Prior to the end of the Investment Period, the IMB was calculated as 1.5% per annum of the amount subscribed for by shareholders in the Company. Since the end of the Investment Period, the basis for calculation is 1.5% per annum of the lower of either the aggregate acquisition cost, or the fair value, of the Group's unrealised investments (based on the Group's most recent published financial statements).

The total charge to the Consolidated Statement of Comprehensive Income for the IMB during the six months ending 30 June 2016 was US$2,715,000 (six months to 30 June 2015: US$3,124,000; year ending 31 December 2015: US$6,212,000). It is not possible to accurately predict the future annualised Investment Manager's Benefit as the calculation is affected by the valuation of the Group's investments and by any investment acquisitions or disposals. The IMB is paid in advance per the terms of the Investment Management Agreement; as at 30 June 2016 the IMB prepaid for the third quarter of 2016 is US$1,199,000. As at 30 June 2015 the IMB prepaid for the third quarter of 2015 was US$1,571,000 and as at 31 December 2015 the IMB prepaid for the first quarter of 2016 was US$1,516,000.

Performance Incentive

Subject to certain conditions, the Investment Manager is entitled to a Performance Incentive related to the performance of the Group's investments. The excess of the total funds returned, and/or available for return, to shareholders, over the total amount subscribed in each separate capital raising to date, will be split between the shareholders (80%) and the Investment Manager[2] (20%). This is subject to a Hurdle[3] of 8% per annum; until the Hurdle is reached, the Investment Manager is not entitled to any Performance Incentive.

The Investment Manager would only receive the Performance Incentive if aggregate returns to shareholders over the life of the Company are in excess of 8% per year.

Notes to the Interim Financial Statements/cont.

for the six months ended 30 June 2016

5. Investment Manager's benefits (continued)

Performance Incentive (continued)

The Directors assess whether a provision for the Performance Incentive should be made at the end of each reporting period. The Directors also assess whether the provision should be accounted for as a current or non-current liability, based on their best assessment of the likely timing of any outflow.

The provision for the Performance Incentive is calculated as follows:

(a) The Group's Aggregate Proceeds[4] are allocated entirely to shareholders until such time as shareholders have received an aggregate amount of the Company's Funds[5] plus the Hurdle.
(b) Thereafter, the Investment Manager is allocated all further Aggregate Proceeds until it has been allocated an amount equal to 25% of the Hurdle.
(c) Aggregate Proceeds are then allocated 80% to Investors and 20% to the Investment Manager.

1 *The Investment Period commenced on 14 September 2007 and ended on 14 September 2012.*
2 *Any Performance Incentive payment may be made to the Investment Manager or an affiliate, at the election of the Investment Manager.*
3 *The Hurdle is calculated as 8% of the Company's Funds, compounded annually and calculated daily.*
4 *Aggregate Proceeds are equal to the Group's NAV after adding back any provision for the Performance Incentive. For this calculation, it is assumed that all investments will be disposed of at their current fair value, with no associated transaction costs, and that all proceeds will be distributed immediately. The Group's NAV, after adding back any provision for the Performance Incentive, is therefore the best estimate of the total amount available for distribution.*
5 *The Company's Funds is equal to the amounts subscribed for by shareholders in the Company, prior to certain related costs and foreign exchange.*

6. Cash flows from operations

	Notes	1 January 2016 to 30 June 2016 US$ '000 (reviewed)	1 January 2015 to 30 June 2015 US$ '000 (reviewed)	1 January 2015 to 31 December 2015 US$ '000 (audited)
Net (loss)/profit after tax		(32,945)	3,201	(149,126)
Adjustments for:				
Unrealised fair value gains	2	(3,987)	(57,801)	–
Unrealised fair value losses	2	34,177	51,314	142,176
Loan interest income and structuring fee	2	(358)	(368)	(528)
Unrealised fair value loss/(gain) on other investments		27	(49)	(20)
Fair value (gain)/loss of associates	3	(61)	(13)	70
Finance income		–	(5)	(6)
Finance costs		2	–	5
Tax expense		2	–	4
Foreign exchange gain on cash		(11)	(2)	(2)
Operating cash flows before movements in working capital		**(3,154)**	**(3,723)**	**(7,427)**
Decrease/(increase) in trade and other receivables		286	(1,562)	(1,534)
(Decrease)/increase in trade and other payables		(559)	(45)	510
Cash used in operations		**(3,427)**	**(5,330)**	**(8,451)**
Finance income		–	5	6
Finance costs		(1)	–	(5)
Tax paid		(3)	–	(4)
Cash flows from operations		**(3,431)**	**(5,325)**	**(8,454)**

7. Related party transactions

The Group's subsidiaries, joint ventures and associates are related parties. Investments within the Group's Investment Portfolio are also usually related parties. The Investment Portfolio consists of investments held at fair value and loans to portfolio companies. Certain individuals act as both Directors of the Company and as directors of the Group's investments. Mr Gilbertson is the chairman of SPM and Jupiter, and Mr Frandsen is executive deputy chairman of SPM.

The Investment Manager acts through its general partner, Pallinghurst GP Limited. The directors of Pallinghurst GP Limited are Mr Gilbertson, Mr Frandsen, Mr Willis, Mr Harris and Mr Tolcher. The Investment Manager is a related party due to the common directorships between the Company and Pallinghurst GP Limited.

Vistra Fund Services (Guernsey) Limited ("Vistra Guernsey", previously Orangefield Legis Fund Services Limited) acts as the Group's administrator, company secretary and registrar. Mr Platt-Ransom is the non-executive chairman of Vistra Guernsey. The Group's transactions with Vistra Guernsey are at arm's length. The Group's expense for services rendered by Vistra Guernsey during the six months ending 30 June 2016 was US$78,000 (six months to 30 June 2015: US$80,000; year ending 31 December 2015: US$161,000). The Group's outstanding balance with Vistra Guernsey at 30 June 2016 was US$Nil (30 June 2015: US$Nil; 31 December 2015: US$43,000).

Related party transactions include entering into equity investments, exiting from equity investments and loan transactions. Related party transactions related to the Group's investments are detailed in Note 2 *Investment Portfolio*. Certain amounts are payable by the Group to the Investment Manager as disclosed in Note 5 *Investment Manager's benefits*.

The amounts paid to the Non-Executive Directors for services during the six months to 30 June 2016 are set out below:

1 January 2016 to 30 June 2016	Directorship of the Company US$ '000 (reviewed)	Directorship of other Group companies US$ '000 (reviewed)	Audit Committee US$ '000 (reviewed)	Lead Independent Director US$ '000 (reviewed)	Total US$ '000 (reviewed)
Stuart Platt-Ransom	18	–	1	1	20
Clive Harris	18	1	1	–	20
Martin Tolcher	18	–	2	–	20
Dr Christo Wiese	18	–	–	–	18
Lumkile Mondi	18	–	–	–	18
Total	**90**	**1**	**4**	**1**	**96**

The fee payable for each Non-Executive Director increased from US$30,000 per annum to US$35,000 per annum with effect from 1 January 2016.

The amounts paid to the Non-Executive Directors for services during the six months to 30 June 2015 are set out below:

1 January 2015 to 30 June 2015	Directorship of the Company US$ '000 (reviewed)	Directorship of other Group companies US$ '000 (reviewed)	Audit Committee US$ '000 (reviewed)	Lead Independent Director US$ '000 (reviewed)	Total US$ '000 (reviewed)
Stuart Platt-Ransom	15	–	1	1	17
Clive Harris	15	2	2	–	19
Martin Tolcher	15	–	3	–	18
Dr Christo Wiese	15	–	–	–	15
Total	**60**	**2**	**6**	**1**	**69**

Notes to the Interim Financial Statements/cont.

for the six months ended 30 June 2016

7. Related party transactions (continued)

The amounts paid to the Non-Executive Directors for services during 2015 are set out below:

1 January 2015 to 31 December 2015	Directorship of the Company US$ '000 (audited)	Directorship of other Group companies US$ '000 (audited)	Audit Committee US$ '000 (audited)	Lead Independent Director US$ '000 (audited)	Total US$ '000 (audited)
Stuart Platt-Ransom	30	–	3	2	35
Clive Harris	30	5	3	–	38
Martin Tolcher	30	–	5	–	35
Dr Christo Wiese	30	–	–	–	30
Lumkile Mondi[1]	5	–	–	–	5
Total	**125**	**5**	**11**	**2**	**143**

1 This relates to the period 29 October 2015 – 31 December 2015.

8. Per share information

Accounting policy

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 30 June 2016. (LPS)/EPS is based on (loss)/profit for the year divided by the weighted average number of ordinary shares in issue during the period. 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 periods.

NAV per share

The Group's NAV per share is as follows:

	30 June 2016 (reviewed)	30 June 2015 (reviewed)	31 December 2015 (audited)
Net assets – US$ '000	289,380	474,652	322,325
Number of shares in issue	*760,452,631*	*760,452,631*	*760,452,631*
NAV per share – US$	**0.381**	**0.624**	**0.424**

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 EPS is as follows:

	30 June 2016 (reviewed)	30 June 2015 (reviewed)	31 December 2015 (audited)
(Loss)/profit for the year – US$ '000	(32,945)	3,201	(149,126)
Weighted average number of shares in issue	*760,452,631*	*760,452,631*	*760,452,631*
(Loss)/Earnings Per Share – US$	**(0.043)**	**0.004**	**(0.196)**

There are no reconciling items between EPS and HEPS as they are equal to each other. There are no dilutive shares and HEPS is equal to dilutive HEPS.

9. Financial instruments and risk management

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities to provide sustainable returns to shareholders. The Group's capital structure has not changed since the year-end.

10. 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 30 June 2016, 30 June 2015 or 31 December 2015.

11. Commitments

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

12. Events occurring after the end of the period

Approval of Interim Financial Statements

The Interim Financial Statements were approved by the Directors and authorised for issue on 15 September 2016.

There have been no material events subsequent to 30 June 2016.

Review by Saffery Champness

The Interim Report has been reviewed by the Group's auditor, Saffery Champness, who have provided a report to the Company (the "Independent Review Report"). The Independent Review Report confirms that nothing has come to the auditor's attention that might cause them to believe that the Interim Report was not prepared, in all material respects, in accordance with IAS34. The Independent Review Report does not necessarily report on all of the information contained in this Interim Report. Any reference to future financial information included in the Interim Report has not been reviewed or reported on by the auditors. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the Independent Review Report together with the accompanying financial information. The Independent Review Report is available from the Company's registered office.

Company Details

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Arne H. Frandsen
Andrew Willis
Dr Christo Wiese
Stuart Platt-Ransom
Martin Tolcher
Clive Harris
Lumkile Mondi

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