PALLINGHURST RESOURCES (GUERNSEY) LIMITED (GUERNSEY) LIMITED for the period ended 30 June 2008

LLINGHURS RESOURCES

NAV per share: A 27% (US\$) / A 45% (Rand). Successful listing on the JSE.

HIGHLIGHTS OF THE PERIOD TO 30 JUNE 2008

- Net asset value per share of \$1.30 (R10.15)
- Received exit proceeds of the Consolidated Minerals investment at an IRR in excess of 150%
- Share placing made in June 2008 to new and existing strategic equity partners in Fabergé Limited, implying a significantly higher rerating in the Fabergé investment valuation
- Successful reverse takeover of Gemfields by Rox Limited (a portfolio company) and GBP 30 million share placing completed in June 2008

HIGHLIGHTS SINCE 30 JUNE 2008

- · Successfully listed on the JSE
- Exercised entitlement to invest in a black empowered manganese investment in the Kalahari Basin of South Africa
- Exercised entitlement to invest in a black empowered platinum group metals (PGMs) investment in the Western Limb of the Bushveld Igneous Complex of South Africa
- Gemfields has released details of a potential offer for TanzaniteOne, the world's leading producer of tanzanite. If a bid proceeds and is successful, a combined Gemfields/ TanzaniteOne entity would create the world's leading coloured gemstone producer

	1 Jan 08 to 30 June 08 US\$ (reviewed)	4 Sept 07 to 31 Dec 07 US\$ (restated) (audited)
INCOME		
Revenue		
Realised profits on disposal of investments	-	4,876,409
Unrealised changes in the fair value of investments	59,545,397	-
Unrealised foreign exchange gains in the portfolio of investments	693,075	-
	60,238,472	4,876,409
Portfolio income		
Break fee income	-	2,025,736
Loan interest income	228,224	10,561
	228,224	2,036,297
Revenue and income from operations	60,466,696	6,912,706
EXPENSES		
Investment Manager's Benefit	(1,269,900)	(2,328,095
Performance Incentive accrual	(12,609,544)	-
Administrative expenses	(210,095)	(330,787
Other losses	(313,189)	-
	(14,402,728)	(2,658,882
Profit from operations	46,063,968	4,253,824
Net finance income	1,308,723	1,202,830
Profit before share in loss of associates	47,372,691	5,456,654
Share in loss of associates	(15,235)	(7,871
NET PROFIT FOR THE PERIOD	47,357,456	5,448,783
Earnings, diluted earnings and headline earnings per share	0.28	0.03

HEADLINE EARNINGS PER SHARE AND EARNINGS PER SHARE

EARNINGS PER SHARE (EPS)	1 Jan 08 to 30 June 08 US\$ (reviewed)	4 Sept 07 to 31 Dec 07 US\$ (restated) (audited)
Headline earnings	47,357,456	5,448,783
Number of shares	169,316,000	169,316,000 ¹
EPS after change in accounting policy and effect of 1000-for-1 share split	0.28	0.03 ²

A 1000-for-1 share split was approved by Investors on 9 June 2008; for the purpose of calculating EPS it has been assumed that the share sp occurred before 31 December 2007.

The EPS per the 2007 financial statements was \$24.40. The EPS assuming that the change in accounting policy had occ 31 December 2007, but the share split had not occurred, would have been \$32,18

CONDENSED CONSOLIDATED BALANCE SHEET

	2008 US\$ (reviewed)	2007 US\$ (restated) (audited)
ASSETS		
Non-current assets		
Investments in associates	178,022	193,257
Financial asset investment	1,588,339	-
	1,766,361	193,257
Investment portfolio		
Quoted investments	67,988,226	-
Unquoted investments	78,715,943	58,401,505
Loan receivable	15,970,758	2,298,490
	162,674,927	60,699,995
Total non-current assets	164,441,288	60,893,252
Current assets		
Trade and other receivables	26,583,810	25,609,537
Cash and cash equivalents	41,606,595	86,113,647
	68,190,405	111,723,184
TOTAL ASSETS	232,631,693	172,616,436
LIABILITIES		
Current liabilities		
Trade and other payables	(267,975)	(219,718)
Performance Incentive accrual	(12,609,544)	-
	(12,877,519)	(219,718)
TOTAL NET ASSETS	219,754,174	172,396,718
Capital and reserves attributable to equity holders		
Share capital	1,695	1,695
Share premium	166,928,777	166,928,777
Foreign exchange translation reserve	17,463	17,463
Retained earnings	52,806,239	5,448,783
TOTAL EQUITY	219,754,174	172,396,718
NAV and tangible NAV per share	1.30	1.02

	1 Jan 08 to 30 Jun 08	4 Sept 07 to 31 Dec 07
	US\$	US\$
Not profit for the period	(reviewed)	(restated) (audited) 5,448,783
Net profit for the period Adiustments for:	47,357,456	5,440,705
Additions to investments	(20.004.102)	(104 711 600)
Additions to investments Additions to financial asset investments	(28,064,192)	(104,711,568)
Loan interest reinvested	(1,901,528) (211,155)	
	,	-
Fair value changes to investment portfolio	(59,545,397)	-
Other losses	313,189	-
Unrealised foreign exchange gains on investments portfolio	(693,075)	(0.007.000)
Loans extended to investments	(23,461,113)	(2,287,929)
Loan repayments from investments	10,000,000	-
Part disposal of investments	-	51,186,594
Gain on return of capital and sale of investments	-	(4,876,409)
Net finance income	(1,308,723)	(1,202,830)
Share in loss of associates	15,235	7,871
Cash flows from operating activities before changes in working capital and provisions	(57,499,303)	(56,435,488)
Increase in trade and other receivables	(974,273)	(25,620,098)
Increase in trade and other payables	48,257	175,286
Increase in Performance Incentive accrual	12,609,544	-
	11,683,528	(25,444,812)
Cash flows from operating activities	(45,815,775)	(81,880,300)
Investing activities		
Investments in associates	-	(156,818)
Net cash used in investing activities	-	(156,818)
Financing activities		
lssue of ordinary and management shares	-	166,930,472
Net finance income	1,308,723	1,202,830
Net cash generated from financing activities	1,308,723	168,133,302
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(44,507,052)	86,096,184
Cash and cash equivalents at the beginning of the period	86,113,647	-
Foreign exchange translation	-	17,463
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	41,606,595	86,113,647

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					
	Share capital US\$	Share premium US \$	Retained earnings US \$	Foreign exchange translation reserve US\$	Total US \$
<i>2008 (reviewed) Balance at 1 Jan 2008</i>	1,695	166,928,777	5,448,783	17,463	172,396,718
Net profit for the period	-	-	47,357,456	-	47,357,456
Balance at 30 Jun 2008	1,695	166,928,777	52,806,239	17,463	219,754,174
2007 (restated) (audited) Balance at 4 Sept 2007	-	_	-	-	-
Net profit for the period	-	-	5,448,783	-	5,448,783
Foreign exchange translation reserve	_	_	_	17,463	17,463
Issue of share capital	1,695	166,928,777	-	-	166,930,472
Balance at 31 Dec 2007	1,695	166,928,777	5,448,783	17,463	172,396,718

		Unrealised fair value	Unrealised FX		Total
	Current cost	adjustments	gains	Accrued	valuation
Investment	US\$	US\$	US\$	interest	US\$
2008 (reviewed) Quoted equity investments					
Gemfields Resources plc	52,525,840	6,991,781	646,564	-	60,164,185
Jupiter Mines Ltd	4,707,201	(250,026)	41,296	-	4,498,471
Mindax Ltd	2,709,807	543,569	5,099	-	3,258,475
Iron Mountain Mining Ltd	61,468	5,511	116	-	67,095
-	60,004,316	7,290,835	693,075	-	67,988,226
Unquoted equity investments					
Fabergé Ltd	26,461,381	52,254,562	-	-	78,715,943
Loan investments					
Tshipi JV/ Pallinghurst Kalahari ¹	5,749,042	-	-	97,267	5,846,309
Fabergé Ltd ²	10,000,000	-	-	124,449	10,124,449
-	15,749,042	-	-	221,716	15,970,758
Total investment portfolio	102,214,739	59,545,397	693,075	221,716	162,674,927
		Unrealised	Unrealised		
	Current cost	fair value adiustments	FX gains	Accrued	Total valuation
	US\$		J		
Investment	USA	US\$	US\$	interest	US\$
	034	05\$	US\$	interest	US\$
2007 (restated) (audited)	039	05\$	US\$	interest	US\$
Investment 2007 (restated) (audited) Unquoted equity investments Fabergé Limited	26,461,381		US\$	interest	
2007 (restated) (audited) Unquoted equity investments		-	US\$ 	interest 	26,461,381
2007 (restated) (audited) Unquoted equity investments Fabergé Limited Rox Limited (relating to Gemfields	26,461,381		US\$ - -	<u>interest</u>	26,461,381 31,940,124
2007 (restated) (audited) Unquoted equity investments Fabergé Limited Rox Limited (relating to Gemfields	26,461,381 31,940,124		US\$ - _ _	<u>interest</u> _ _ _	26,461,381 31,940,124
2007 (restated) (audited) Unquoted equity investments Fabergé Limited Rox Limited (relating to Gemfields Resources) Loan investments	26,461,381 31,940,124				26,461,381 31,940,124 58,401,505
2007 (restated) (audited) Unquoted equity investments Fabergé Limited Rox Limited (relating to Gemfields Resources)	26,461,381 31,940,124 58,401,505				US\$ 26,461,381 31,940,124 58,401,505 2,287,929 60,699,995
2007 (restated) (audited) Unquoted equity investments Fabergé Limited Rox Limited (relating to Gemfields Resources) Loan investments Tshipi JV/ Pallinghurst Kalahari ¹	26,461,381 31,940,124 58,401,505 2,287,929 60,689,434 s) Limited ("Pallinghur, bent concluded with N ble within twelve moni red, bore interest at 1	– – – st Kalahari") is provideu tsimbintle Limited. The	- - - - - - - - - - - - - - - - - - -	- - - - acquire an initial nterest bearing (a	26,461,381 31,940,124 58,401,505 2,287,929 60,699,995 equity participation t a rate of 1 mont

Primary reporting format - by business segmen

	Luxury brands US\$	Steel Feed Corporation US\$	Coloured Gemstones US\$	Other US\$	Group US\$
2008 (reviewed)					
Realised profits on disposal of investments	-	-	-	-	-
Unrealised fair value/ FX gains of investments	52,254,562	345,565	7,638,345	-	60,238,472
Portfolio income	-	228,224	-	-	228,224
Revenue and income from operations	52,254,562	573,789	7,638,345	-	60,466,696
Other expenses, net finance income and share of loss in associates	_	_	-	(13,109,240)	(13,109,240)
Net profit/(loss) for the period	52,254,562	573,789	7,638,345	(13,109,240)	47,357,456
Valuation of investment portfolio1	88,840,392	13,670,350	60,164,185	-	162,674,927
Other net assets	-	-	-	57,079,247	57,079,247
Total net assets	88,840,392	13,670,350	60,164,185	57,079,247	219,754,174
2007 (restated) (audited)					
Realised profits on disposal of investments	473,624	4,402,785	-	-	4,876,409
Unrealised fair value/ FX gains of investments	_	_	-	-	-
Portfolio income	-	2,036,297	-	-	2,036,297
Revenue and income from operations	473,624	6,439,082	-	-	6,912,706
Other expenses, net finance income and share of loss in associates				(1,463,923)	(1,463,923)
Net profit/(loss) for the period	473,624	6,439,082	-	(1,463,923)	5,448,783
Valuation of investment portfolio1	25,986,846	2,298,490	32,414,659	-	60,699,995
Other net assets		25,608,459	-	86,088,264	111,696,723
Total net assets	25,986,846	27,906,949	32,414,659	86,088,264	172,396,718

Notes

Accounting policies

These results have been compiled in accordance with IAS34 Interim Financial Reporting, and the Companies (Guernsey) Law. 1994. The presentation of these results also conforms to the listing requirements of the JSE Limited for interim reporting.

The accounting policies used are in line with those disclosed in the audited financial statements for the period ending 31 December 2007, except for a change in accounting policy relating to the accounting for the portfolio of investments IAS 28 Investments in Associates allows investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement, with changes in fair value recognised in the income statement in the period of the change. This treatment has been applied to the current period and the comparative period restated accordingly. Users of the financial statements will now be provided with more reliable and more relevant information about the Group's financial position and financial performance. The change complies with IFRS, specifically IAS 8 Accounting Policy. Changes in Accounting Estimates and Errors, paragraph 14.

Also, in line with the requirements of IAS 14 Segment Reporting, the Group's segmental reporting has been amended to give user of the financial statements information that is similar to that used by management and the comparative figures have been restated accordingly.

For more detail please see the interim financial statements

www.pallinghurst.com

EVENTS OCCURRING AFTER THE END OF THE PERIOD

The most significant events occurring after the end of the period are detailed below. For the details of a number of less significant events occurring after the end of the period see the interim financial statements

Inward listing on the JSE on 20 August 2008

On 20 August 2008, the Company obtained an inward listing on the JSE Limited ("JSE").

In addition to complying with its undertaking to do so within a year of listing on the BSX, the Company sought to implement the JSE listing in order to achieve a number of strategic and financial benefits including:

- · facilitating investments by the Company within the Common Monetary Area;
- enhancing the liquidity and tradability of the Company's shares;
- facilitating the incremental investment and direct investment in its shares by South African institutional and retail investors respectively;
- appealing to a broader set of prospective investors, thus providing further access to capital markets in order to facilitate and accelerate the Company's growth and/or acquisition of investments falling within the Company's investment scope; and
- increasing the Company's public presence and profile.

The Company did not issue new shares as part of the inward listing. However, the Company may offer further shares for subscription in the future, subject to the funding requirements of its existing and prospective Investments.

New manganese investment in the Kalahari Basin

The Company has entered into a manganese investment in the Kalahari Basin of South Africa, in a joint venture with Ntsimbintle Mining (Proprietary) Limited, called Tshipi é Ntle Manganese Mining (Pty) Ltd ("Tshipi JV"). The purpose of the joint venture is to create a significant manganese producer within the next 3 year period.

Following the inward listing on 20 August 2008, the Company has invested approximately US\$2.8 million for a see-through equity stake of 9.80% in Tshipi JV

New PGM investment in Western Limb of the Bushveld Igneous Complex

The Company has entered into a new platinum investment in the Bushveld Igneous Complex of South Africa. The Company, along with certain strategic equity partners, have formed a broad-based and black-owned PGM investment vehicle with the Bakgatla-Ba-Kgafela tribe ("Bakgatla"), 49.9% by the Pallinghurst Consortium.

Following the inward listing on 20 August 2008, the Company invested approximately US\$25.2 million for a see-through equity stake of 9.26%.

Gemfields proposed offer to shareholders of TanzaniteOne (T1)

A proposed offer by Gemfields to the shareholders of T1 was made on 12 September 2008, at 45p for each share in T1. T1 is an AIM-listed producer of a variety of gemstones, including tanzanite, with operations in Tanzania and Kenya.

The valuations include both equity investments and loans made to the investments within the investment portfolio

The proposed offer described above does not amount to a firm intention to make an offer. The proposal is at an early stage and there can be no certainty that any offer will ultimately be made

As there is no guarantee that an offer will be made, and the Board of T1 are initially opposed to the proposed offer, there are clearly no guarantees that the strategy will succeed, but if the bid is successful the Investment Manager believes that the transaction would unlock significant value for Gemfields shareholders including the Company.

Further equity investment of US\$15 million into Faberaé Limited on 11 August 2008

On 11 August 2008, the Company invested a further US\$15 million directly into Fabergé Limited in return for an issue of new shares. This represents an additional stake of 7.61%, which, combined with the existing stake held through Fabergé Conduit (which is diluted by the new purchase), results in a total see-through interest in Fabergé Limited of 47.55% The cost of the new investment was in line with the recent cost of investment paid by other third party investors in April 2008, on which the fair value of the investment in Fabergé Limited at 30 June 2008 has been based. The directors therefore believe that the new stake has a fair value of US\$15 million, equivalent to cost.

Interim financial statements

Interim financial statements have been released and made available to shareholders. The independent review conclusion on the interim financial statements, from Saffery Champness, the auditors, was unqualified. The interim financial statements are available on the Pallinghurst website, www.pallinghurst.com.

On behalf of the Board

B Gilbertson

Chairman

A Frandsen	
Chief Executive Officer	

DIRECTORS Brian Gilbertson, Arne Frandsen, Stuart Platt-Bansom, Clive Harris, Martin Tolcher* *Appointed permanent alternate to Stuart Platt-Ransom on 3 June 2008 ADMINISTRATOR, SECRETARY AND REGISTERED OFFICE Legis Fund Services Limited, 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP, Channel Islands

INVESTMENT MANAGER Pallinghurst (Cayman) GP L.P., Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands INVESTMENT ADVISER Pallinghurst Resources LLP, 54 Jermyn Street, London, SW1Y 6LX, United Kingdom AUDITOR Saffery Champness, La Tonnelle House, St Sampson, Guernsey, GY1 3HS, Channel Islands

Investment Manager's Report INCORPORATION AND NEW PRIMARY LISTING ON THE JSE

The Company was incorporated on 4 September 2007, and listed on the Bermuda Stock Exchange (BSX). The JSE approved the application for a primary listing of all the issued shares of Pallinghurst in the "Equity Investment Instruments" sector of the JSE main board with effect from 20 August 2008.

Pallinghurst will continue to be listed on the BSX, as its secondary listing.

INVESTMENTS AND REALISATION

FABERGÉ LIMITED:

In May 2008, a US\$12.1 million share placing was made to new and existing strategic equity partners, diluting the Company's see-through interest to 43.2%, but resulting in an implied unrealised value of the Company's equity stake of approximately US\$79 million.

Fabergé enjoys excellent brand recognition globally, and will benefit from the rapid growth in the premium jewellery market and the strong appetite of high net worth individuals for superlative luxury items. Fabergé will be guided by the model pioneered by Peter Carl Fabergé, pursuing excellence in creativity, design and craftsmanship. The worldwide debut of its new collection, which will focus on high jewellery, is planned for the second quarter of 2009.

GEMFIELDS RESOURCES PLC:

During December 2007, the Company announced the proposed reverse takeover of Gemfields Resources plc by Rox Limited, a Pallinghurst portfolio company. The reverse takeover was successfully completed on 6 June 2008, together with a share placing of GBP 30 million (US\$ 58.9 million). Together with a further purchase of shares on the open market during June, the company's see through interest in Gemfields is approximately 28%, for a total aggregate cost of US\$52.5 million.

Gemfields intends to become the leading producer and supplier of coloured gemstones by pursuing consolidation and vertical integration opportunities in the industry on an international scale. Gemfields' operating scope will include acquiring and running mines of suitable scale, in-house cutting and polishing of its high-grade material and pursuing suitable marketing and branding programmes for coloured gemstones

Gemfields will seek to further enhance the market appeal of its coloured gemstones including improving consistency of supply, ensuring ethical sourcing of gemstones and focusing on natural, untreated stones.

CONSOLIDATED MINERALS LIMITED:

During the period ending 31 December 2007, the Company, along with certain strategic equity partners, acquired a stake in Consolidated Minerals Limited shares and convertible bonds. The Company realised this investment during 2007 and proceeds of US\$25.6 million were received during the current period. The overall profit from the investment to the Company was US\$6.2 million, or an IRR in excess of 150%