



# Pallinghurst Resources Limited

Annual Results presentation  
31 December 2010



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# Agenda

**Introduction** – Brian Gilbertson, Chairman

**Operational overview** – Arne H. Frandsen, Chief Executive

- PGMs/"African Queen"

- Steel Feed Corporation ("SFC")

- Gemfields

- Fabergé

**Financial overview** – Andrew Willis, Finance Director

**Questions and answers** – Brian Gilbertson, Chairman



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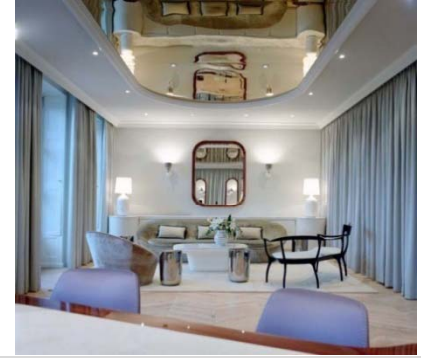
# Introduction

Brian Gilbertson, Chairman



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## The Pallinghurst vision – Four high growth investment platforms

### Platinum Group Metals

To consolidate three contiguous properties into a single, significant low cost, PGM producer

### Steel Feed Corporation

To build a strong diversified supplier of raw materials to the steel industry

### Gemfields

To create the world's leading supplier of coloured gemstones, ethically produced and of certified provenance, from mine to market

### Fabergé

To re-establish Fabergé as one of the world's most exclusive and valuable luxury brands



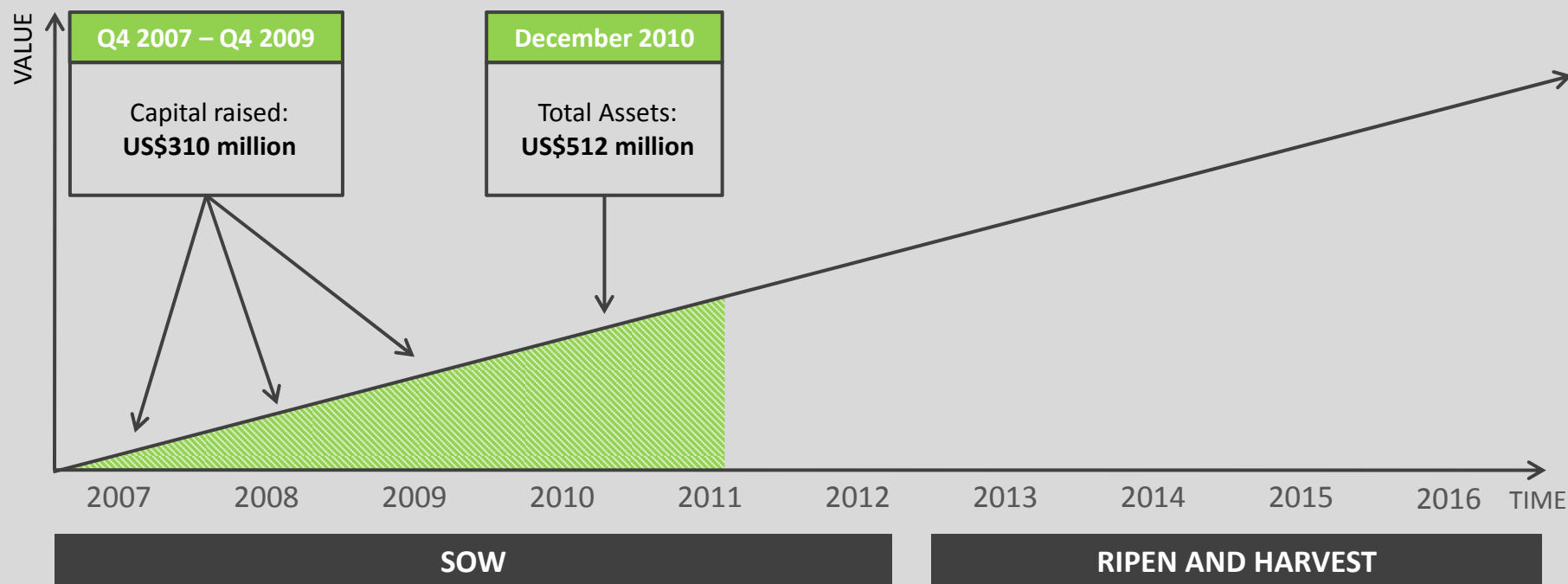
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# Pallinghurst Value Curve

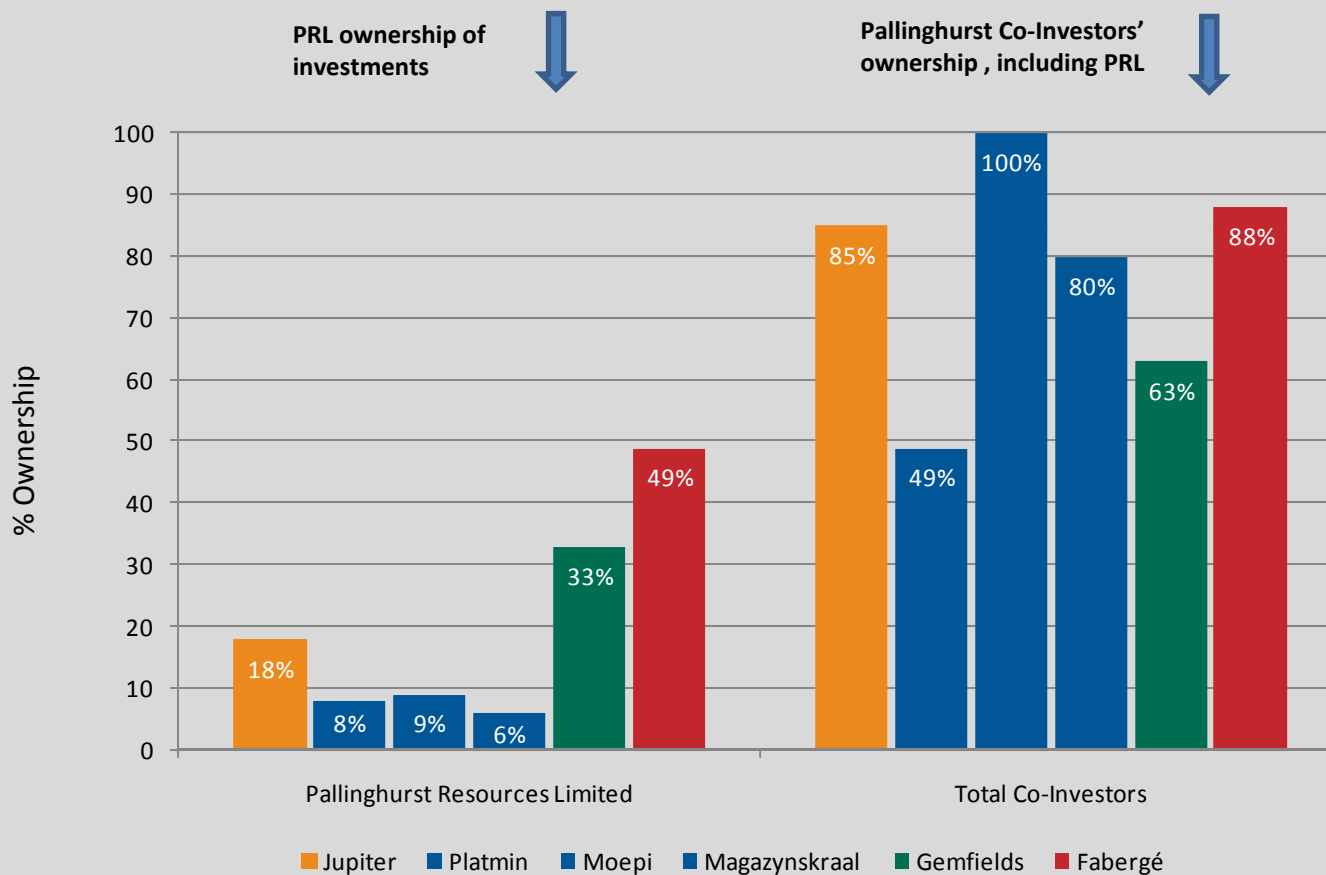
- > Investment Horizon: five years to invest followed by five years to exit at profit.
- > Pallinghurst has entered its fourth year in 2011.
- > All four strategies well underway.
- > After only three years, total assets have already increased in value by 65%.



# PRL benefits from the active management and control of each investment



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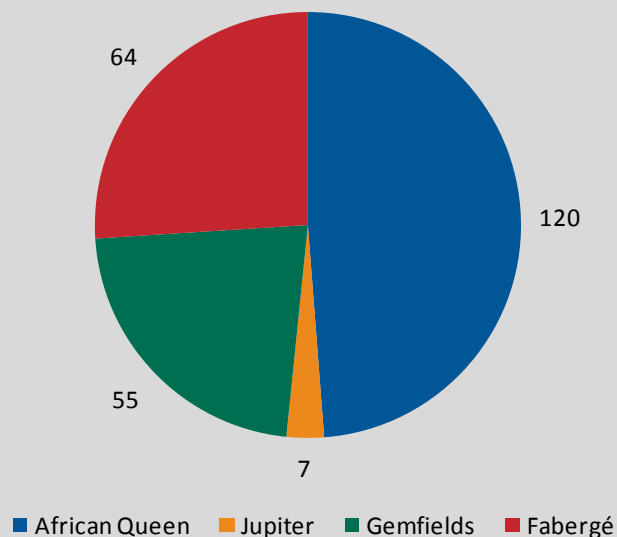
Pallinghurst controls each of its investment platforms.....

# Investment value almost doubled in three years

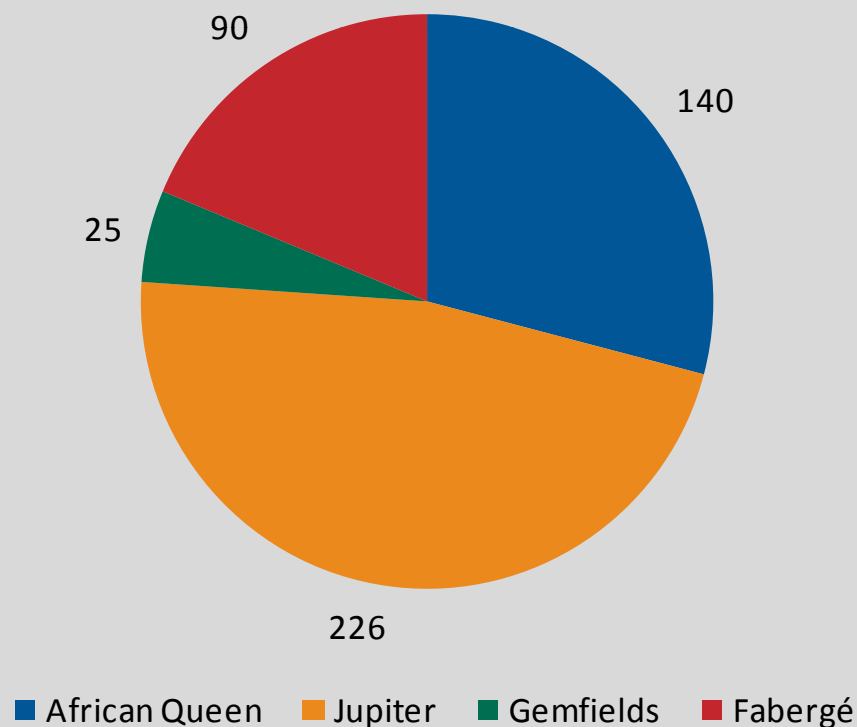


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Net funds invested by investment  
(US\$246 million)




NAV per investment  
at 31 December 2010  
(US\$481 million)



## 2010 – A year of strong performance

NAV per share: US\$0.92  36%

Net profit: US\$116 million  86%







# Operational review

Arne H. Frandsen, Chief Executive



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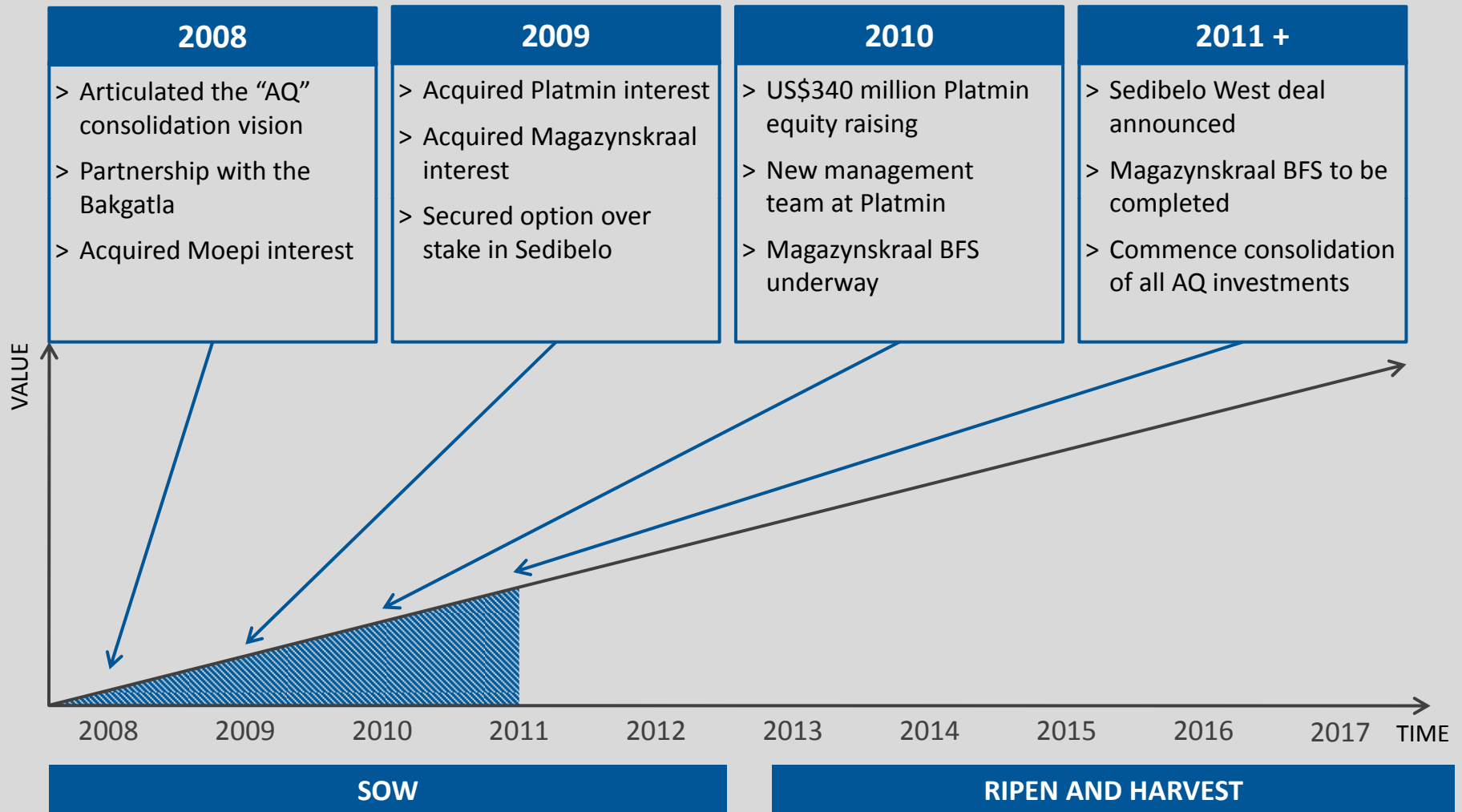
## Platinum Group Metals / "African Queen"



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# The Pallinghurst Value Curve

## Platinum Group Metals – PGMs



# The consolidation vision







## Platmin/Sedibelo West deal announced 23 March 2011

### Benefits

- > Six million incremental PGM ounces to Platmin
- > Significant potential for synergies
- > Strategic power and water assets and rights secured



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# Commencing the consolidation



Since year end, the Investment Manager has concluded agreements to commence consolidation of three contiguous properties (PPM, Sedibelo and Magazynskraal): These cover:

- > Loan funding to the Bakgatla, including their acquisition of Barrick's 10% interest in Sedibelo
- > A new infrastructure SPV (owned by Platmin, the Pallinghurst Co-investors and the Bakgatla) acquired strategically important infrastructure assets from Barrick
- > Pallinghurst Co-Investors increased Magazynskraal ownership interest (to 40% from 33.4%)
- > Platmin to acquire Sedibelo West for US\$75 million
- > Pallinghurst Co-Investors to acquire a 49.9% interest in Sedibelo

These landmark transactions represent a significant first step to the development of the last shallow PGM resource on the western limb of the Bushveld Complex



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# Other key developments



## Platmin

- > Platmin produced in excess of 60,000 4E PGM ounces during 2010.
- > New equity raised: US\$250 million (May 2010) and US\$90 million (December 2010).
- > Platmin agreed US\$135 million convertible notes to convert at US\$0.84 per share.
- > Acquisition of Sedibelo West for US\$75 million, an incremental 6 million 4E *in situ* ounces. Optimisation studies underway to maximise the extraction and accelerate mining of deeper, unaltered ore.

## Magazynskraal

- > Drilling programme (108 boreholes) completed.
- > Feasibility Study underway.
- > Potential combination with Sedibelo East being evaluated.

## Sedibelo

- > Bakgatla acquired Barrick's 10% interest in Sedibelo.
- > Pallinghurst Co-Investors agreed to acquire 49.9% of the remaining Sedibelo property.



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# An exciting year for African Queen







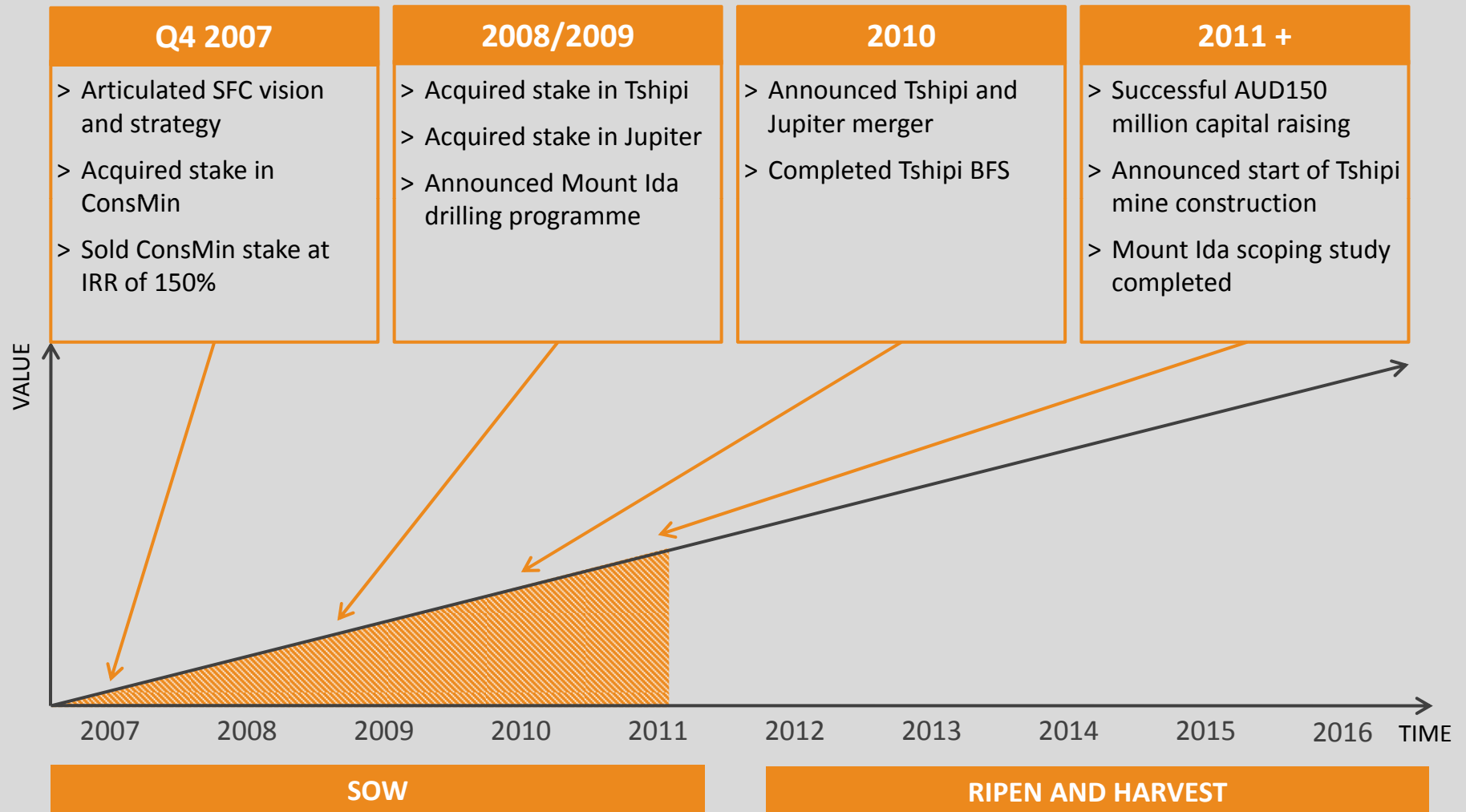
## Steel Feed Corporation



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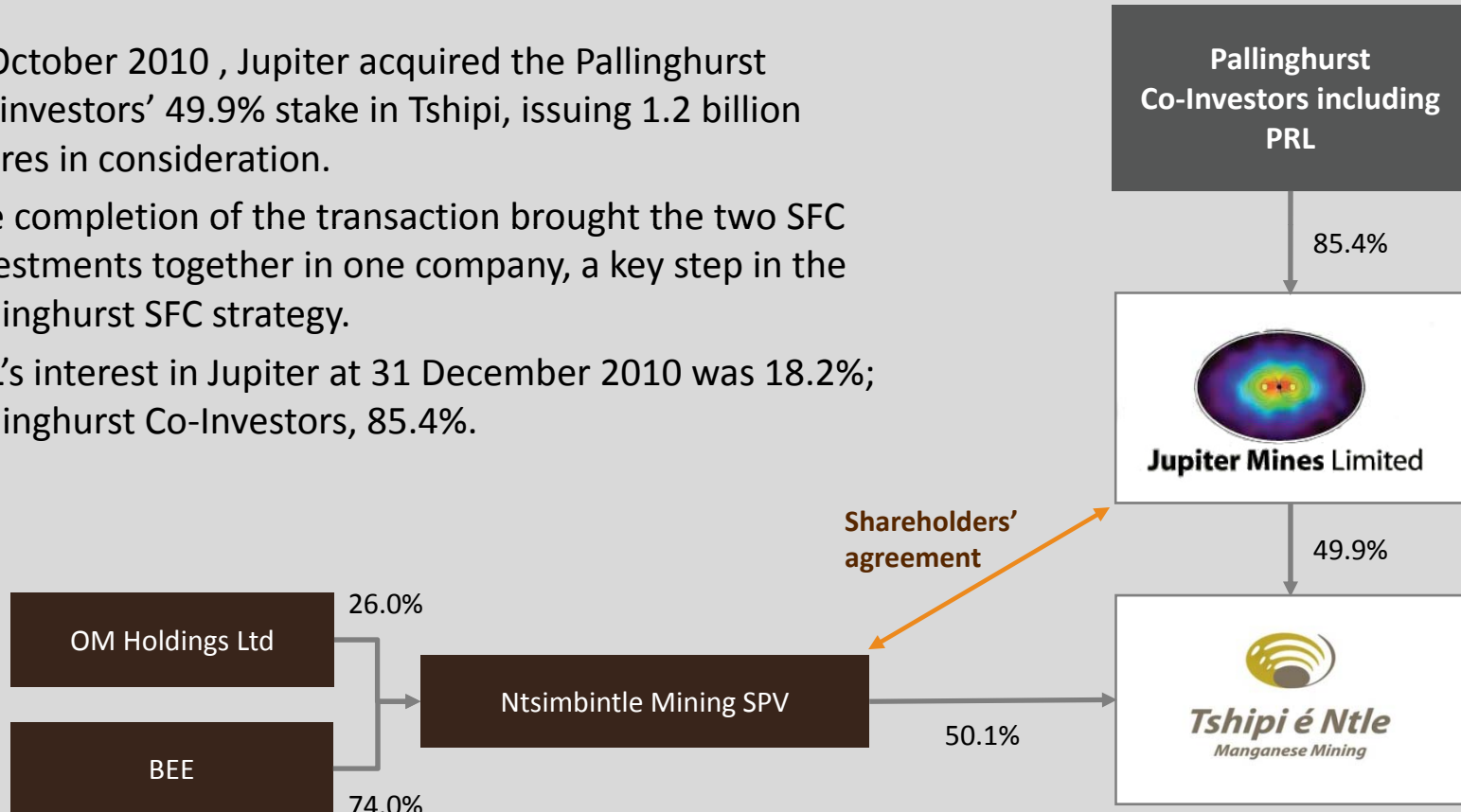
# The Pallinghurst Value Curve

## Steel Feed Corporation – SFC



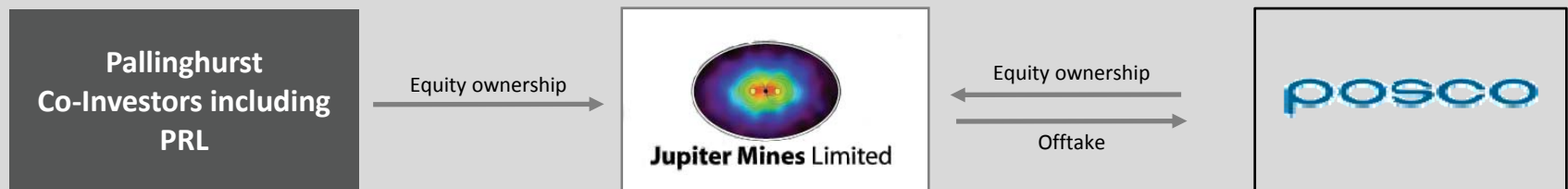
# Completion of Jupiter/Tshipi transaction...

- > In October 2010 , Jupiter acquired the Pallinghurst Co-investors' 49.9% stake in Tshipi, issuing 1.2 billion shares in consideration.
- > The completion of the transaction brought the two SFC investments together in one company, a key step in the Pallinghurst SFC strategy.
- > PRL's interest in Jupiter at 31 December 2010 was 18.2%; Pallinghurst Co-Investors, 85.4%.



## ...with POSCO as key strategic partner...

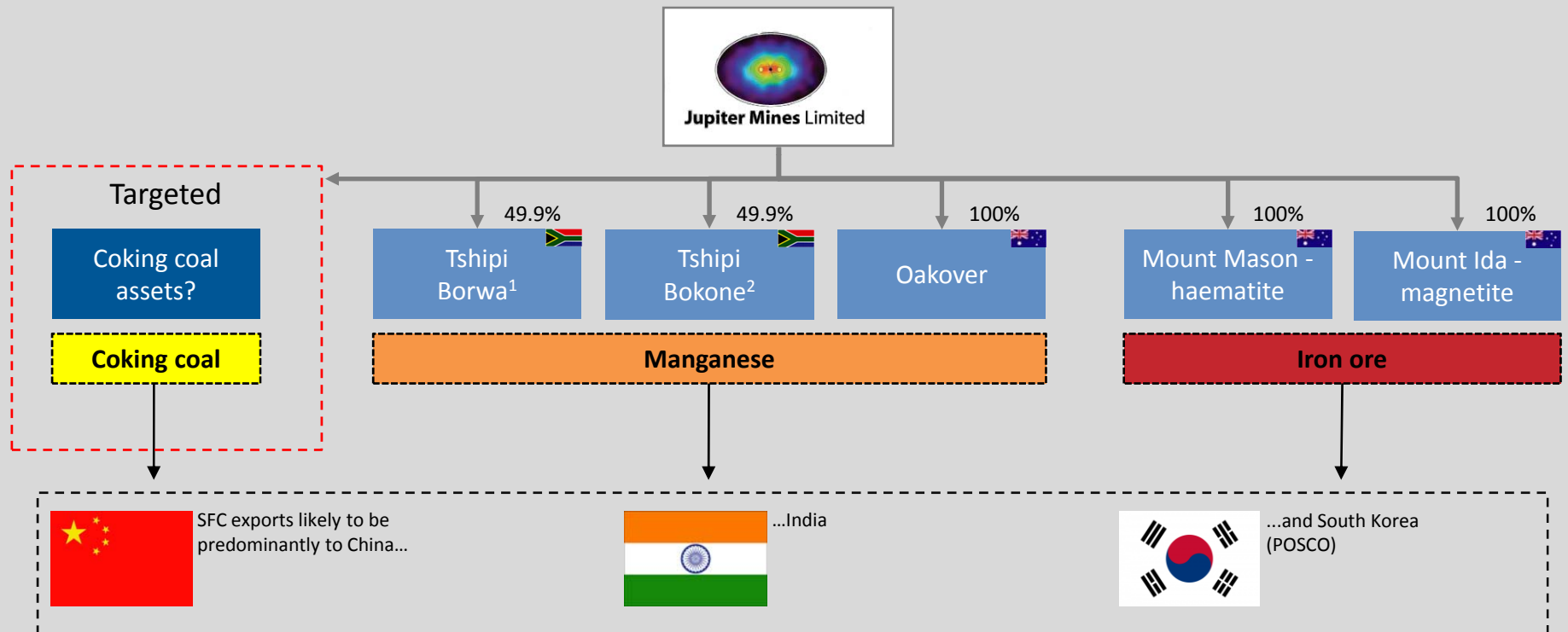
- > Jupiter is now Pallinghurst's consolidated Steel Feed Corporation vehicle.
- > POSCO, one of the world's largest steel producers (US\$39 billion market capitalisation), held a 20.4% stake in Jupiter at 31 December 2010, a significant endorsement of the SFC strategy.
- > POSCO is a key strategic partner with offtake rights to part of Tshipi's manganese production and Yilgarn direct shipping ore, at future prevailing prices.



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# ...creating a diversified Steel Feed Corporation



<sup>1</sup> Tshipi Borwa is the name of Tshipi's project in the south of the Kalahari Manganese Field ("KMF"), Borwa meaning "South" in the Setswana and Sesotho languages.

<sup>2</sup> Tshipi Bokone is the name of Tshipi's prospect in the north of the KMF. Bokone means "North" in the Setswana and Sesotho languages.

## Key developments – Tshipi Borwa

- > Tshipi Borwa is one of the largest and last open pit manganese projects within the KMF.
- > Adjacent to the open pit Mamatwan mine, which has been in production for 46 years.
- > Tshipi Borwa awarded its new order Mining Right.
- > Indicated and inferred resource of 163 million tonnes of manganese ore at 37.1%.
- > Additional “Top-Cut” resource of 145 million tonnes at 31.7%.
- > February 2011: Board approved development of Tshipi Borwa to produce 2.4mtpa of manganese ore.
- > Production to commence in 2012; with potential to increase to 5mtpa.
- > Total capital expenditure estimated to be US\$200 million.
- > BEE partner and project fully funded.
- > Jupiter raised AUD150 million in equity funding at AUD0.70 per share in January 2011, *inter alia*, to fund Jupiter’s 49.9% share of Tshipi Borwa capex (US\$100 million) and to fast-track the Mount Ida Magnetite Project and Mount Mason DSO Haematite Project.



# Key developments – Jupiter’s Australian assets

## Key developments

### **Oakover (manganese)**

- > First two phases of drilling completed.
- > Host rock mineralisation similar to Consolidated Minerals’ “Woodie Woodie” mine.

### **Mount Ida – magnetite (iron ore)**

- > Inferred magnetite resource of 530 million tonnes at 31.9% Fe announced, based on only 30% of target length strike; supports expectation of 1.1 – 1.3 billion tonnes.
- > Scoping Study supports extraction of 25mtpa of iron ore to produce 10 million tonnes per annum of high grade magnetite concentrate, estimated iron grade of 68%+.
- > Potential for Jupiter to lead regional consolidation.
- > Feasibility study to be completed within twelve months.

### **Mount Mason – haematite (iron ore)**

- > Major haematite potential, in close proximity of existing infrastructure.
- > Relative modest capital expenditure, with early cash flow potential.



# Mount Ida and Mount Mason: Both potential world-class iron ore projects







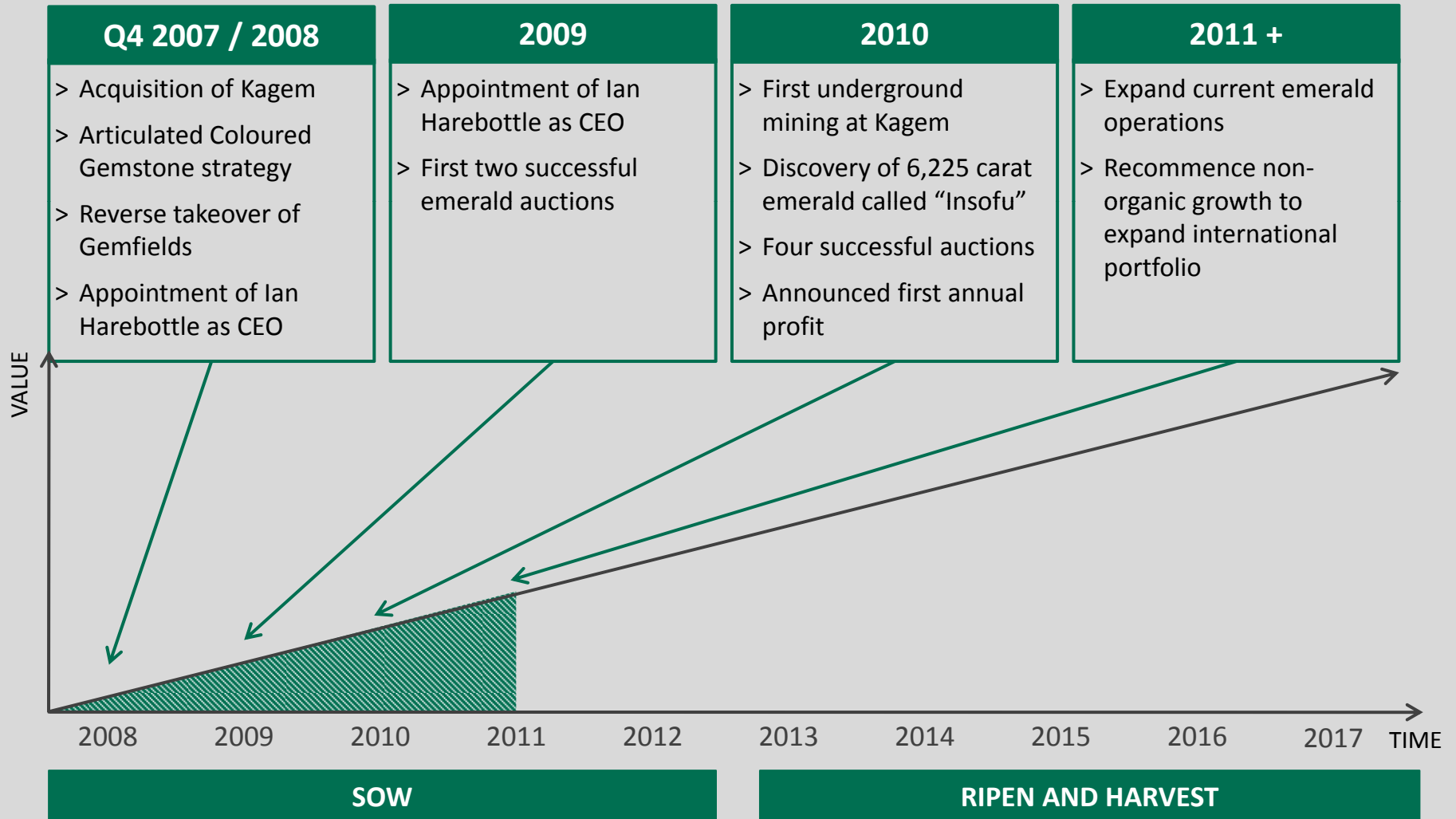
**Gemfields**



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# The Pallinghurst Value Curve

## Coloured Gemstones – Gemfields





# Gemfields – strategy

## Industry background

- > The coloured gemstone industry has historically been overlooked, fragmented and undercapitalised. There are no large suppliers able to consistently deliver meaningful quantities of gemstones.
- > The demand for coloured gemstones in the jewellery and fashion sectors, particularly ethically produced material, has increased markedly during the last decade.

## Vertical integration and coordinated supply

- > Gemfields' strategy is to create the leading coloured gemstone producer, pursuing consolidation and vertical integration on an international scale. With an initial focus on the emerald sector, Gemfields is working to put in place coordinated marketing and supply mechanisms akin to those in the diamond sector.



## Gemfields – strategy (cont)



### Operational efficiency

- > Increased production at the Kagem mine through capital expenditure on modern equipment and an experienced management team.

### Ethical production and marketing

- > A core pillar of the Gemfields' strategy is the supply of ethically-produced, conflict-free gemstones of certified provenance, from mine to market.

### Sales only by auction

- > Gemfields' supply of graded and ethically-sourced emeralds via closed auctions has transformed distribution and marketing, leading to increased demand, sales, prices and profits.



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# Gemfields – auction results and sales



## Auction results 2010 – 11

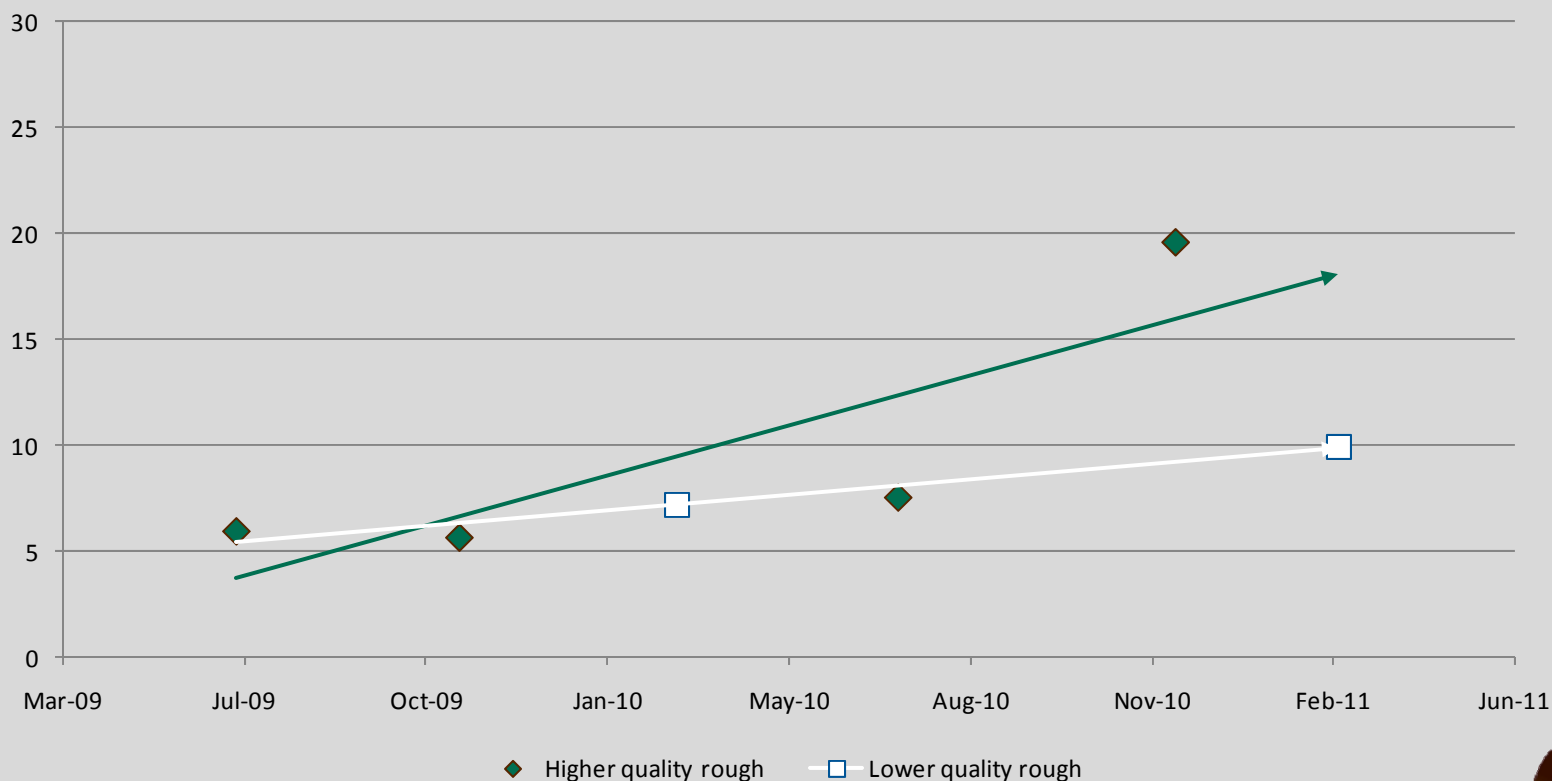
- > Jaipur auction, March 2010 was a successful low grade rough emerald and beryl auction.
- > London auction, July 2010, of rough emeralds realised sales of US\$7.5 million, with per carat prices improving 83% over November 2009.
- > Johannesburg auction, December 2010 saw significant price increases of 180% per carat over the July 2010 auction, raising US\$19.6 million.
- > Jaipur auction, March 2011 saw per carat revenues for lower quality rough more than double from US\$0.31 to US\$0.77 per carat.
- > Jaipur also tested demand for rough amethyst from Gemfields' 50% owned Kariba amethyst mine in Zambia, with encouraging results.



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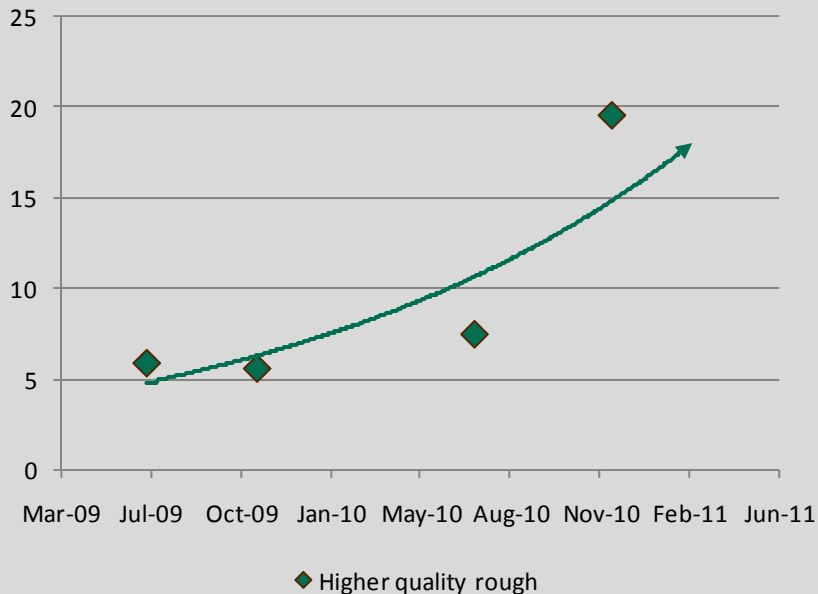
# Gemfields – auction results and sales (cont)

Total sales in US\$ (million)

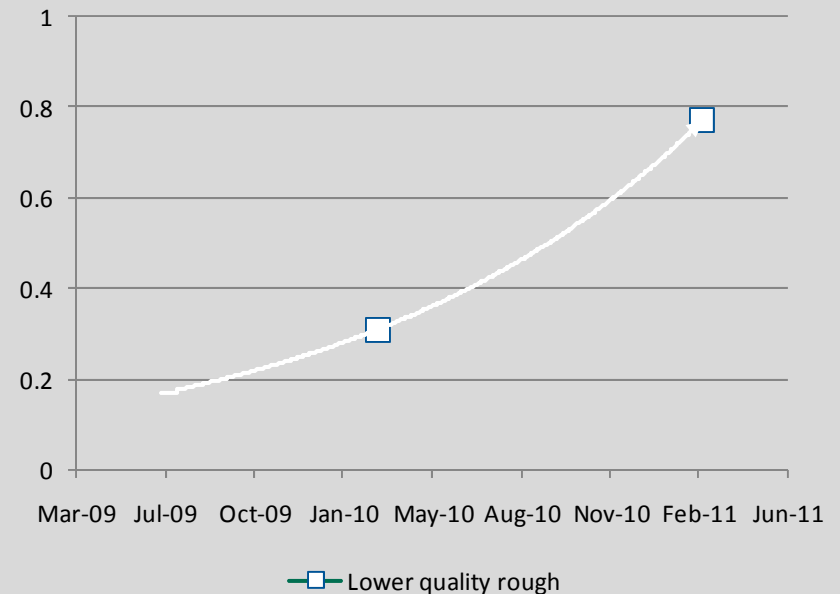


# Gemfields – auction results – per carat sales

Increasing average US\$ per carat sales:



Increasing average US\$ per carat sales:



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# Gemfields – key finds, financial results and outlook

## Exceptional finds

- > Two exceptional emerald finds at Kagem during 2010:
  - > “Insofu”, 6,225 carat rough emerald, discovered 5 February 2010;
  - > “The Divine Green of Zambia”, 720 carat emerald, discovered 2010, was sold in July 2010 London auction; set a Gemfields record in terms of achieved value per carat.

## Strong financial results to December 2010

- > Gemfields achieved excellent interim results for the six months ended December 2010:
  - > Pretax profit of US\$15.5 million (2009: US\$5.8 million loss).
  - > Revenue US\$29.1 million (2009: US\$12.1 million).
  - > Cash balance US\$15.5 million (2009: US\$7.7 million).
  - > All bank loans and leases repaid; Gemfields is debt free.

## Outlook

- > Gemfields’ next auction of (predominantly higher quality) rough emeralds is scheduled for July 2011.
- > Expectations of increasing demand for emeralds over time.
- > Ongoing inventory and market building initiatives.





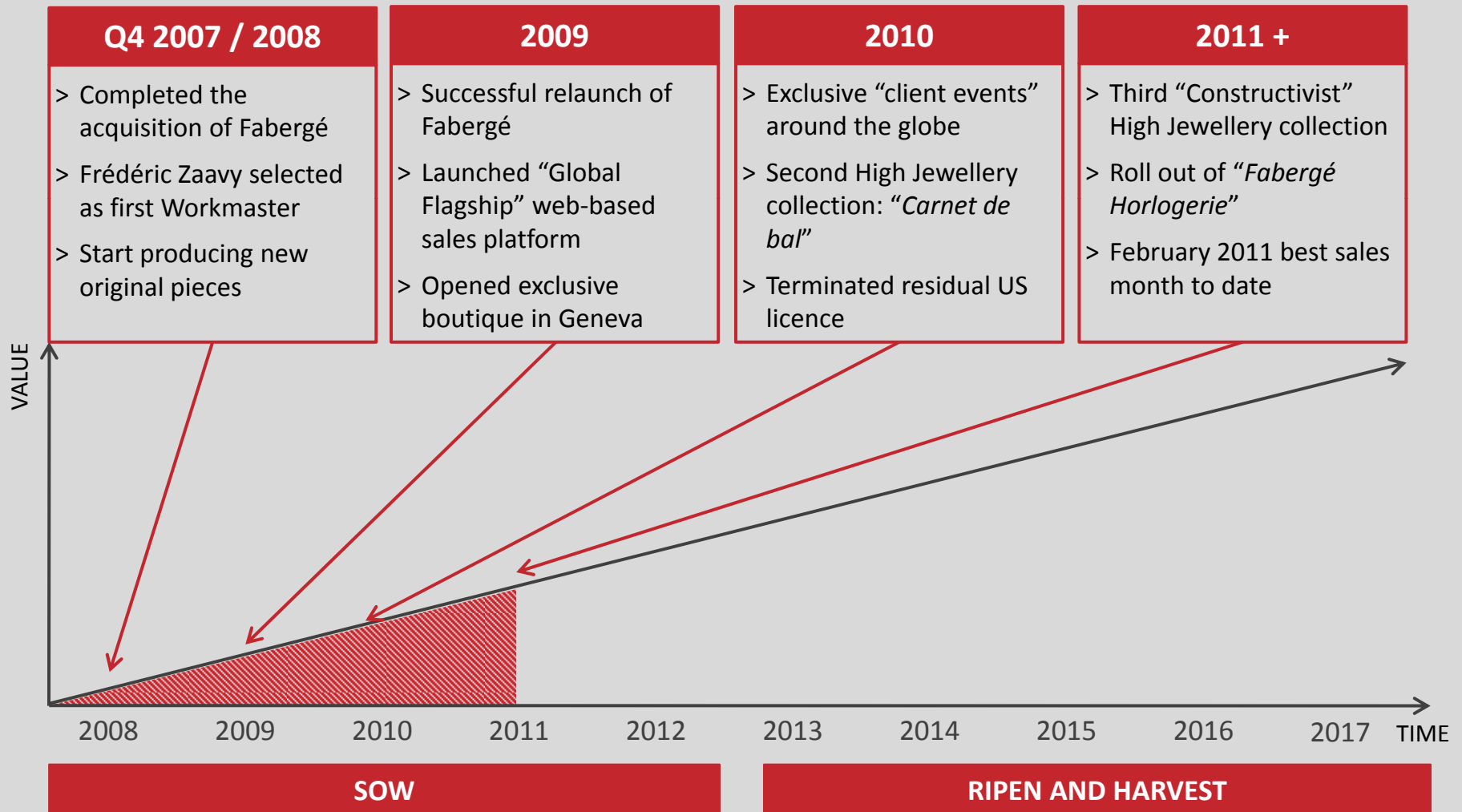
# 2010 – a profitable year for Gemfields





**Fabergé**

# The Pallinghurst Value Curve – Fabergé



# Fabergé – strategy



## Product

- > Fabergé embraces the ethos and philosophy of Carl Fabergé to bring about a new era of contemporary Fabergé masterpieces.
- > Extraordinary and enduring personal possessions of distinguished design and unsurpassed quality, which will be preserved as heirloom pieces.
- > Continuation of the unique-to-Fabergé “workmaster” concept to ensure unsurpassed craftsmanship.
- > Customers are invited to commission unique and bespoke pieces in all categories.

## Place

- > Being free of legacy infrastructure, Fabergé sells directly to its customers.
- > A pioneering “Global Flagship” at Fabergé.com provides an immediate worldwide interface with a twist: traditional, discreet VIP sales methods on a global scale without the stores!
- > Fabergé opened a boutique salon in Geneva for discreet face-to-face sales.

## Promotion

- > The direct-to-customer approach allows absolute control to build enduring relationships.
- > A strong focus on editorial and PR activities is supported by tactical advertising, sponsorship and word-of-mouth opportunities.



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# Fabergé – key developments



## Client events

- > Series of focused client events initiated in St Moritz, Gstaad, Courchevel, London, Geneva, Uzbekistan, Hong Kong, Kuala Lumpur and New York.
- > Launch of the all-white-diamond “Carnet de Bal” collection.
- > First celebrity placement with Julia Roberts at the UK premiere of *“Eat, Pray, Love”*.
- > iPhone application launched.
- > During August 2010, Fabergé terminated the Franklin Mint licence. Only one licence remains of those inherited from Unilever.

## Since 31 December 2010

- > Build-up of sales continues. February 2011 best sales month to date
- > March 2011: Fabergé unveiled its latest collections at “BaselWorld 2011”, the world’s largest luxury goods trade fair, including;
  - > “Fabergé Horlogerie”
  - > The third “Constructivist” High Jewellery collection



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# Image gallery

## Fabergé's Geneva boutique



## The latest Fabergé collection





# Financial review

Andrew Willis, Finance Director



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# Net asset value, profit and earnings per share performance

	31 December 2009 (audited)	31 December 2010 (reviewed by auditor)	31 December 2010 (non-IFRS compliant) <sup>1</sup>
Net assets	US\$321,680,833	US\$437,711,111	US\$512,336,862
Number of shares in issue	475,803,860	475,803,860	475,803,860
NAV per ordinary share (US\$)	US\$0.68	US\$0.92	US\$1.08
<b>NAV increase in US\$ terms<sup>2</sup></b>	-	<b>36.1%</b>	<b>59.3%</b>
NAV per ordinary share (ZAR)	ZAR5.02	ZAR6.10	ZAR7.14
<b>NAV increase in ZAR terms<sup>2</sup></b>	-	<b>21.6%</b>	<b>42.3%</b>
Profit for the year	US\$62,431,677	US\$116,030,278	US\$190,656,029
<b>Profit increase in US\$ terms<sup>2</sup></b>	-	<b>85.9%</b>	<b>205.4%</b>
Earnings per share	US\$0.20 <sup>3</sup>	US\$0.24	US\$0.40
<b>EPS increase in US\$ terms<sup>2</sup></b>	-	<b>20%</b>	<b>100%</b>

<sup>1</sup> Excludes the impact of the Performance Incentive accrual and deferred tax liability.

<sup>2</sup> Percentage increase compared to 31 December 2009.

<sup>3</sup> Based on weighted average number of shares in issue of 312,155,327.

Headline earnings per share is equal to earnings per share and diluted earnings per share.



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## Questions and answers...



# Disclaimer

*Pallinghurst Resources Limited was previously named Pallinghurst Resources (Guernsey) Limited and is described as Pallinghurst Resources throughout this document. Pallinghurst Resources is registered in Guernsey (registration number 47656) and is listed on the JSE and BSX. Pallinghurst Resources is an Authorised Closed-ended Investment Scheme regulated by the Guernsey Financial Services Commission.*

*Shareholders and prospective shareholders are advised to consult their lawyer, broker, tax manager, or other professional adviser, who specialises in advising on the acquisition of shares and other securities before entering into the transactions described in this document. Investment in shares involves above average risk. Investment is only suitable for sophisticated shareholders and prospective shareholders who are in a position to understand the nature of the risks involved in investing in equities, take risks and satisfy themselves that such investment in equities is suitable for them.*

*Sophisticated shareholders and prospective shareholders means sophisticated or professional shareholders who can afford to take a higher degree of risk, which may include the risk of the loss of their entire investment, and who have extensive knowledge and experience in financial and business matters and are capable of evaluating the merits and risks associated with an equity investment in Pallinghurst Resources Limited.*



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