PALLINGHURST RESOURCES LIMITED
(Previously Pallinghurst Resources (Guernsey) Limited)
(Incorporated in Guernsey)
(Guernsey registration number: 47656)
(South African external company registration number 2009/012636/10)
Share code on the BSX: PALLRES ISIN: GG00B27Y8Z93
Share code on the JSE: PGL
("**Pallinghurst**" or the "**Company**")

ANNUAL RESULTS *for the year ended 31 December 2009*

NAV per share: US$0.68 ↑ 5% / EPS US$0.20 ↑ from US$(0.27)

PALLINGHURST
RESOURCES

HIGHLIGHTS OF PERIOD TO 31 DECEMBER 2009

- Platmin's Pilanesberg Platinum Mine ("PPM") entered its commissioning period and produced the first PGM concentrate.
- Commencement of the Bankable Feasibility Study on Magazynskraal.
- The Tshipi feasibility study was completed in March 2009, with inferred and indicated resources of 163.2 million tonnes of manganese ore at an average grade of 37%.
- Posco agreed to invest into the Tshipi project in June 2009, and will acquire part of the Company's stake in Tshipi for US$7 million.
- The Company significantly increased its stake in Jupiter to 25%.
- Posco agreed to invest AUD8 million into Jupiter in July 2009.
- Successful US$107 million/ZAR800 million capital raising by the Company completed in September 2009.
- Gemfields' successful London and Johannesburg auctions of rough emeralds raised US$12 million in the second half of 2009.
- The successful international launch of the reunited Fabergé brand in September 2009.
- In December 2009, Fabergé opened its first exclusive boutique in one of Geneva's most prestigious locations, the rue Pierre Fatio.

On 1 March 2010, after the year-end, Pallinghurst announced a transformational Tshipi/Jupiter transaction.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Year ended 31 December 2009 (audited) US$'000	Year ended 31 December 2008 (audited) US$'000
Net fair value adjustments	53,195	(27,467)
Net foreign exchange gain/(loss)	8,801	(10,940)
Net gain from the Jupiter transaction	4,617	–
Gains/(losses) on investments	**66,613**	**(38,407)**
Loan income	102	497
Dividend income	–	84
Portfolio income	**102**	**581**
Operating expenses	**(5,210)**	**(7,070)**
Profit/(loss) from operations	**61,505**	**(44,896)**
Finance income	599	1,383
Finance costs	–	(34)
Share of profit/(loss) from associates	328	(2,884)
Net profit/(loss) before taxation	**62,432**	**(46,431)**
Income tax expense	–	–
NET PROFIT/(LOSS) FOR THE YEAR	**62,432**	**(46,431)**
		Restated
Weighted average number of ordinary shares in issue ('000)	312,155	171,878
Headline earnings, basic earnings per share and diluted earnings/(loss) per share (US$) [1]	0.20	(0.27)

[1] *The denominator used to calculate the basic loss and headline loss per share in the prior year has been amended to be the weighted average number of ordinary shares in issue for 2008, not the closing number of ordinary shares in issue, increasing the basic loss and headline loss per share from (US$0.19) per share to (US$0.27) per share.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2009 (audited) US$'000	Year ended 31 December 2008 (audited) US$'000
Net profit/(loss) for the year	**62,432**	**(46,431)**
Net exchange loss on translation of foreign operations	(17)	–
Total comprehensive income/(expense) for the year	**62,415**	**(46,431)**

SEGMENTAL INFORMATION

	Year ended 31 December 2009 (audited) US$'000	Year ended 31 December 2008 (audited) US$'000
Luxury Brands – Cayman Islands	86,633	46,858
Steel Feed Corporation – Australia	15,845	2,939
Steel Feed Corporation – South Africa	31,261	30,459
Coloured Gemstones – Zambia	8,330	13,317
Platinum – South Africa	96,273	57,358
Net assets not allocated to a reportable segment	83,340	8,797
Net assets	**321,681**	**159,728**
Luxury Brands – Cayman Islands	20,633	5,579
Steel Feed Corporation – Australia	12,231	(5,745)
Steel Feed Corporation – South Africa	385	28,191
Coloured Gemstones – Zambia	(5,456)	(40,981)
Platinum – South Africa	38,915	(24,953)
Net fair value and foreign exchange gains/losses and portfolio income	**66,708**	**(37,910)**
Other reportable segment	–	84
Net income/(expenses) not allocated to a reportable segment	(4,277)	(8,605)
Net profit/(loss) for the year	**62,432**	**(46,431)**

CONDENSED CONSOLIDATED BALANCE SHEET

	Year ended 31 December 2009 (audited) US$'000	Year ended 31 December 2008 (audited) US$'000
ASSETS		
Investments in associates	2,205	1,805
Investment portfolio	238,342	150,932
Non-current assets	240,547	152,737
Trade and other receivables	1,112	765
Loan receivable from associate	–	11,127
Cash and cash equivalents	80,406	20,940
Current assets	81,518	32,832
Total assets	**322,065**	**185,569**
LIABILITIES		
Trade and other payables	384	25,841
Current liabilities	384	25,841
Total liabilities	**384**	**25,841**
Net assets	**321,681**	**159,728**
EQUITY		
Shareholders' equity	321,681	159,728
Capital and reserves attributable to equity shareholders	**321,681**	**159,728**
Total equity	**321,681**	**159,728**
Net number of ordinary shares in issue ('000)	475,804	247,232
Net asset value per ordinary share (US$)	0.68	0.65
Net tangible asset value per ordinary share (US$)	0.68	0.65

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December 2009 (audited) US$'000	Year ended 31 December 2008 (audited) US$'000
Net profit/(loss) for the year	**62,432**	**(46,431)**
Non-cash items	(66,965)	44,172
Cash items presented separately on the cash flow statement	219	(2,550)
Movement in working capital	(25,894)	25,912
Cash outflows/(inflows) from operating activities	**(30,207)**	**21,103**
Dividend received	–	84
Taxation paid[1]	–	–
Additions to investments	(20,720)	(104,703)
Decrease/(increase) in loans to investments	11,127	(13,390)
Proceeds from disposal of investments	19	-
Cash flows from operating activities	**(39,781)**	**(96,906)**
Net cash used in investing activities	**(72)**	**(4,495)**
Issue of shares net of costs	99,539	33,761
Finance income	599	1,383
Finance cost	–	(34)
Net cash generated from financing activities	**100,138**	**35,110**
Net increase/(decrease) in cash and cash equivalents	**60,285**	**(66,291)**
Cash and cash equivalents at the beginning of the year	20,940	86,114
Exchange (loss)/gain on cash and cash equivalents	(818)	1,117
Cash and cash equivalents at the end of the year	**80,406**	**20,939**

[1] *Taxation expenses amount to US$74 (2008: US$144)*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 31 December 2009 (audited) US$'000	Year ended 31 December 2008 (audited) US$'000
Balance at the beginning of the year	**159,727**	**172,397**
Shares issued – vendor consideration placing	–	33,761
Shares issued – capital raising	99,539	–
Net profit/(loss) for the year	62,432	(46,431)
Net exchange loss on translation of foreign operations	(17)	–
Balance at the end of the year	**321,681**	**159,727**

FAIR VALUATION OF INVESTMENTS

Investment	Opening fair value 31 Dec 2008 US$'000	Unrealised fair value adjust-ments US$'000	Unrealised foreign exchange gain/(loss) US$'000	Gains/losses on Jupiter transaction and other additions/disposals US$'000	Accrued interest US$'000	Closing fair value 31 Dec 2009 US$'000
Quoted equity investments						
Platmin Limited	32,361	20,984	5,432	–	–	58,777
Gemfields plc	13,317	(7,056)	1,600	469	–	8,330
Jupiter Mines Ltd	784	6,129	1,475	7,457	–	15,845
Mindax Ltd	2,147	–	–	(2,147)	–	–
Iron Mountain Mining Ltd	8	7	4	(19)	–	–
	48,617	20,064	8,511	5,760	–	82,952
Unquoted equity investments						
Fabergé Ltd[1]	46,858	20,633	–	19,142	–	86,633
Moepi Group (Boynton)	6,687	3,343	–	–	–	10,030
Richtrau No.123 Ltd (Magazynskraal)	18,311	9,155	–	–	–	27,466
Tshipi[2]	29,940	–	–	–	–	29,940
	101,796	33,131	–	19,142	–	154,069
Loan investments						
Tshipi[3]	519	–	290	416	96	1,321
Total investment portfolio	**150,932**	**53,195**	**8,801**	**25,318**	**96**	**238,342**

[1] *The investment in Fabergé was valued at US$61.16 a share at 31 December 2008. A recent capital raising has been successfully completed to a variety of investors, including the Company, at US$88.07 a share, and the investment has been valued at that level, in line with the IPEVC valuation guidelines and IFRS.*
[2] *In the prior year, the comparative numbers for the Tshipi investment are described as the Kalahari joint venture. Tshipi was incorporated and assumed the interests of the Kalahari joint venture on 31 March 2009.*
[3] *The Tshipi loan was originally provided to the Kalahari joint venture in terms of the agreement concluded with Ntsimbintle Mining (Pty) Limited. On 31 March 2009, Tshipi assumed the rights/obligations of the loan. The terms of the loan are that it is unsecured, and earns interest at the South African prime rate, currently 10.5% p.a.*

Investment	Current cost US$'000	Unrealised fair value adjustments US$'000	Unrealised foreign exchange gain/(loss) US$'000	Accrued interest US$'000	Closing fair value 31 December 2008 US$'000
Quoted equity investments					
Platmin Limited	32,317	–	44	–	32,361
Gemfields plc	54,401	(34,560)	(6,524)	–	13,317
Jupiter Mines Ltd	5,197	(3,029)	(1,384)	–	784
Mindax Ltd	3,350	(293)	(909)	–	2,147
Iron Mountain Mining Ltd	61	(37)	(17)	–	8
	95,326	(37,919)	(8,790)	–	48,617
Unquoted equity investments					
Fabergé Ltd[1]	41,461	5,397	–	–	46,858
Moepi Group (Boynton)	13,373	(6,688)	–	–	6,687
Richtrau No.123 Ltd (Magazynskraal)	36,621	(16,084)	(2,226)	–	18,311
Tshipi[2]	2,000	27,827	113	–	29,940
	93,455	10,452	(2,113)	–	101,796
Loan investments					
Tshipi[3]	521	–	(37)	38	519
Total investment portfolio	**189,302**	**(27,467)**	**(10,940)**	**38**	**150,932**

[1] *The investment in Fabergé was revalued in May 2008 in line with a third party round of funding, at US$78.7 million, significantly above cost of US$26.1 million. In August 2008, the Company invested a further US$15 million, at this price per share, increasing the total cost of investment to US$41.4 million and valuation to US$93.7 million. In line with the IPEVC valuation guidelines and IFRS, the valuation was then impaired by 50% from that level to US$46.9 million.*
[2] *The Tshipi joint venture investment related to an unincorporated manganese joint venture in the Kalahari Basin. The joint venture agreement gave the Company the right to take an equity interest in Tshipi è Ntle Manganese Mining (Pty) Ltd, the entity which will hold the relevant mining rights. The entity has been incorporated and assumed the interests of the joint venture on 31 March 2009.*
[3] *The loan was provided to the joint venture in terms of the agreement concluded with Ntsimbintle Limited, for the joint venture's prospecting and exploration expenditure and working capital requirements. The terms of the loan are that it is unsecured, and earns interest at the South African prime rate.*

ABRIDGED INVESTMENT MANAGER'S REPORT

US$107 MILLION CAPITAL RAISING

In August 2009, the Company announced an equity raising in the form of the partially underwritten, renounceable rights offer on the securities exchange of the JSE Limited ("JSE"), with a pre-placement. The rights issue was conducted during September 2009, successfully raising the total ZAR800 million (approximately US$107 million) intended through the issue of 228,571,376 shares at ZAR3.50 per share. The offer was significantly oversubscribed.

The rights issue will enable the Company to participate in its pro rata funding entitlement for each investment platform.

Net asset value per share

The Company's investment valuations, net of additions, increased by over US$60 million in the year, and the net asset value per share increased by 5% to US$0.68, despite challenging market conditions. However, the net asset value per share decreased by 12% in the six-month period since 30 June 2009, as a result of the dilutive effects of the capital raising in September 2009, which increased the number of shares in issue by approximately 92%. On a comparable basis, excluding the effect of the additional shares, the net asset value per share would have increased by 40% during the year, to US$0.90.

INVESTMENT PLATFORMS

PLATINUM GROUP METALS ("PGMs")

African Queen strategy

PGMs are essential to a wide range of industries. It is estimated that 20% of all consumer products either contain PGMs, or require them in their production. The African Queen strategy is to build Pallinghurst's unique portfolio of PGM investments into a significant PGM platform through the acquisition and consolidation of low-cost operations, thereby creating a new low-cost PGM producer of industry significance.

Background to the African Queen investments

The Company's first PGM investment was Boynton, via the Moepi Group of companies. Boynton is the 72.39% operating subsidiary of Platmin Limited. Boynton's flagship project, PPM, is located north of the Pilanesberg intrusion on the Western Limb of the BIC. In December 2008, the Department of Mineral Resources approved the acquisition by the Company and certain Pallinghurst Co-Investors, of an interest in Magazynskraal from the Bakgatla.

The Company and certain Pallinghurst Co-Investors have also secured the right to acquire 49.9% of the Bakgatla's interest in Sedibelo at "fair market value". Sedibelo is a property contiguous to both Magazynskraal and PPM. This transaction is currently being finalised.

Key developments

June 2009 saw the commissioning of the Merensky circuit and the second phase Eskom power was connected, giving PPM access to the full 37 MVA required for production capacity.

In October 2009, Platmin announced significant changes to the executive team, notably the appointment of mining veteran Tom Dale as chief executive officer, following the retirement of Ian Watson. Brian Gilbertson was appointed chairman of the board at the same time.

In January 2010, Platmin announced that the reaching of full capacity of 250,000 PGM ounces per annum would be delayed by some 12 months until early 2011.

STEEL FEED CORPORATION ("SFC")

The Steel Feed Corporation strategy

Competition for raw material supplies (particularly iron ore, coking coal and manganese) to the global steel industry is intensifying and the major steel producers and end consumers are seeking to secure their raw materials through equity ownership of mining companies. The Steel Feed Corporation strategy is to develop a platform that supplies these key raw materials to the steel industry.

Key developments

Tshipi

In March 2009, the manganese joint venture vehicle, Tshipi é Ntle Manganese Mining (Pty) Ltd ("Tshipi"), was established between the Pallinghurst Co-Investors and Ntsimbintle. Tshipi is owned 50.1% by Ntsimbintle, and 49.9% by the Pallinghurst Co-Investors, of which the Company's indirect see-through interest in Tshipi is 9.98%.

During June 2009, the Company announced that an agreement had been concluded whereby it would dispose of an indirect interest of 2.27% in Tshipi for US$6.9 million, subject to the completion of certain conditions, to a subsidiary of South Korea's Posco, one of the world's largest steel producers.

Also in June 2009, a feasibility study on Tshipi's southern property established inferred and indicated resources of 163.2 million tonnes open-pit "Mamatwan-type" ore at an average grade of 37% manganese (SAMREC compliant) to a depth of 250 metres.

Jupiter

During 2008, the Company entered into a joint venture with AIM-listed Red Rock Resources plc ("Red Rock") to pursue the Central Yilgarn iron ore strategy.

The Company significantly increased its existing ownership of Jupiter during the year to 25.15%.

Jupiter completed an extensive exploration and survey programme on its manganese projects in the Pilbara at Oakover and completed its drilling programme at Mount Ida during 2009.

GEMFIELDS plc ("GEMFIELDS")

The Gemfields strategy

The coloured gemstone industry has historically been overlooked, fragmented and undercapitalised. It is characterised by the absence of large, reliable suppliers able to consistently deliver meaningful quantities of gemstones in a professional and transparent manner. Notwithstanding this, the utilisation of coloured gemstones in the jewellery and fashion sectors has increased during the last decade.

Gemfields' strategy is to create the leading integrated 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 found in the diamond sector.

A core pillar of the Gemfields strategy is the ability to bring ethically produced, conflict-free gemstones of certified provenance directly from the mine to the market on an integrated basis.

Key developments

The Kagem mine is the largest emerald mine in Africa (and one of the largest in the world) and is Gemfields' key asset.

Gemfields' successful London and Johannesburg auctions of rough emeralds raised US$12 million in the second half of 2009.

Gemfields initiated a pioneering trial underground mining project in February 2009 and announced the first production of emerald and beryl in February 2010.

FABERGÉ

Fabergé strategy

The strategy is to re-establish Fabergé as one of the world's most exclusive and valuable luxury brands.

Key developments

The renaissance of Fabergé took place with a highly successful international launch on 9 September 2009 at which Fabergé's first High Jewellery collection since 1917, dubbed "*Les Fabuleuses*", was unveiled.

The launch also unveiled *www.fabergé.com*, a pioneering online "Global Flagship" store that replicates the traditional High Jewellery purchasing experience, which has until today been confined to a traditional retail environment.

Prior to the September 2009 launch, Fabergé completed a capital raising of US$35 million in new equity share capital, in which the Company participated, to further fund the development of the business by extending the product range and building sales momentum.

Fabergé's strategy of engaging directly and personally with its customers saw carefully tailored events hosted in St Moritz and Gstaad in Switzerland during February and March 2010 respectively.

ACCOUNTING POLICIES

The audited results for the year ended 31 December 2009 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 *Interim Financial Reporting*, the JSE Listing Requirements and The Companies Law (Guernsey), 2008. The accounting policies applied are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2008, other than as described below.

In the current year the Group has adopted IFRS 8 *Operating Segments* and IAS 1 (revised 2007) *Presentation of Financial Statements* (IAS 1R).

The adoption of IAS 1R has had no impact on the reported results or financial position of the Group although the adoption of the standard has resulted in a number of changes in presentation and disclosure.

IFRS 8 requires operating segments to be identified on the basis of internal reporting used by the Chief Operating Decision Maker ("CODM") (Brian Gilbertson) to assess performance and allocate resources. The Group's segmental reporting is presented in accordance with IFRS 8 and comparatives have been restated accordingly.

COMPARATIVE INFORMATION

Restatement of the cash flow statement

The cash flow statement has been restated to exclude the effect of a non-cash outflow for the Magazynskraal purchase; exclude the impact of a non-cash accrued expense from trade and other payables; and to include an exchange gain on cash balances as a reconciling item between net profit for the year and cash outflows from operations.

COMMITMENTS

Commitment to invest AUD5 million into Jupiter

The Group committed in March 2009 to provide a further AUD5 million to Jupiter for working capital purposes. Any expenditure is subject to the investment criteria of the Group and there has been no actual cash outflow to date of this announcement.

If the potential Jupiter/Tshipi transaction is successful it is likely that the terms of the commitment will be amended or will lapse.

Entering into commitment for Sedibelo

The Company has a commitment to take up its share of the investment in Sedibelo. This transaction is currently being finalised.

CONTINGENT LIABILITIES

There were no contingent liabilities in existence at 31 December 2009. All liabilities in existence at 31 December 2008 have been extinguished.

EVENTS OCCURRING AFTER THE END OF THE YEAR

In February 2010, the Group terminated its joint venture arrangement with Red Rock Resources.

On 1 March 2010, the Company announced a proposed transaction where the Pallinghurst Co-Investors' 49.9% interest in Tshipi would be sold into Jupiter for new shares in Jupiter. The acquisition consideration implies a value of approximately AUD490 million for 100% of Tshipi and AUD37.8 million for the Company's indirect interest of 7.71% of Tshipi. Following the implementation of the transaction, the Company will own approximately 17.79% of the enlarged Jupiter, and the Pallinghurst Co-Investors will collectively hold approximately 85% of Jupiter.

AUDIT OPINION

These results have been audited by the Company's auditors, Saffery Champness. The unqualified audit opinion is available for inspection at the company's registered office.

On behalf of the Board

Brian Gilbertson
Chairman

Arne H. Frandsen
Chief Executive Officer

GREYMATTER & FINCH # 5030

EXECUTIVE DIRECTORS: Brian Gilbertson, Arne H. Frandsen, Andrew Willis **INDEPENDENT NON-EXECUTIVE DIRECTORS:** Stuart Platt-Ransom, Clive Harris, Martin Tolcher
ADMINISTRATOR, SECRETARY AND REGISTERED OFFICE: 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP, Channel Islands **TRANSFER SECRETARIES:** Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001
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